SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

May 21, 1998
(Date of Report (Date of Earliest Event Reported))

LA-Z-BOY INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

Michigan
(State or Other Jurisdiction of Incorporation)

1-9656
(Commission File Number)

38-0751137
(I.R.S. Employer Identification No.)

1284 N. Telegraph Road
Monroe, Michigan 48162
(Address of Principal Executive Offices, Including Zip Code)

(734) 242-1444
(Registrant's Telephone Number, Including Area Code)

[not applicable]
(Former Name or Former Address If Changed Since Last Report

Item 5. Other Events

Exhibit Number	Description
(27)	Financial Data Schedule (EDGAR only)
(99)(a)	News Release and Financial Information Release
(99)(b)	Annual Report Financial Section

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LA-Z-BOY INCORPORATED

/S/Gene M. Hardy
Date: May 21, 1998 Gene M. Hardy
Secretary and Treasurer

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1,000

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APR-25-1998
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91,904
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178,621
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825,312
205,523
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49,920
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49,920
2.79
2.78
Receivables are reported net of allowances for doubtful accounts on the Statement of Financial Position.

News Release

LA-Z-BOY, INC. FINISHES 1998 FISCAL YEAR WITH A STRONG FOURTH QUARTER

MONROE, MI., May 21, 1998: La-Z-Boy Incorporated, the nation's largest producer of upholstered and solid wood furniture, continued reaching record levels of quarterly sales and profits in closing out its 1998 fiscal year.

Financial Details

For the FOURTH QUARTER that ended 4/25/98, sales reached $322.0 million, up 12% from last year's fourth quarter of $287.5 million. Operating profit was up 15% to $28.3 million vs. $24.6 million. Net income was up 27% to $19.9 million vs. $15.6 million, and net income per share was up 28% to $1.11 vs. $0.87.

1998 FISCAL YEAR sales were $1.108 billion, up 10% from last year's $1.006 billion. Operating profit was up 4% to $77.2 million vs. $73.9 million. Net income was up 10% to $49.9 million vs. $45.3 million, and net income per share was up 12% to $2.79 vs. $2.50. Each La-Z-Boy operating division recorded higher sales for the year.

Sales Trends

Current sales orders backlogs and recent incoming order rates indicate that the upcoming first quarter will continue to have good sales momentum. In addition, last year's first quarter sales were not strong, which should make this year's increase better.

According to La-Z-Boy Chairman, Pat Norton, "The state of the economy, current strength of the industry and the growth of our distribution system in most of our many divisions indicate favorable results for the near term as we move into our new fiscal year."

Marketing

In March, La-Z-Boy Residential hosted three consumer panel discussions in its High Point, North Carolina showroom. Organized and conducted by Better Homes and Gardens magazine, the panel consisted of subscribers to the magazine who were invited to evaluate and comment on La-Z-Boy's newest product and fabric offerings. Participants were carefully selected to represent La-Z-Boy's ideal target market - women between the age of 25 and 54 years. The results gave our Merchandising Department valuable insight. Results of this first ever pre-screening were shared with dealers during the recently completed Spring International Home Furnishings Market. Presenting product that was "pre-approved" by consumers gave us a boost in new product placements. We anticipate continuing this relationship with Better Homes and Gardens during future markets.

More Information

La-Z-Boy, Inc.'s 8-K filing including an income statement, balance sheet, cash flow statement, notes to year end financial statements, annual report narratives and additional management discussion is available now at the Company's internet site (www.lazboy.com). About 48 hours after this release, the 8-K information should be available on the SEC's web site in their EDGAR databases (www.sec.gov). The SEC's site also contains additional La-Z-Boy, Inc financial information, including 10-Q and other filings for the past three years.

NYSE & PCX: LZB Contact: Gene Hardy (734) 241-4306

5/21/98

CONSOLIDATED STATEMENT OF INCOME

(Amounts in thousands, except per share data)

	FOURTH QUARTER ENDED (Unaudited)			Percent of Sales	
	Apr. 25, 1998	Apr. 26, 1997	% Over (Under)	1998	1997

Sales	$321,984	$287,463	12%	100.0%	100.0%
Cost of sales	234,070	211,749	11%	72.7%	73.7%
Gross profit	87,914	75,714	16%	27.3%	26.3%
S, G & A	59,577	51,105	17%	18.5%	17.7%
Operating profit	28,337	24,609	15%	8.8%	8.6%
Interest expense	1,058	1,076	-2%	0.3%	0.4%
Interest Income	459	510	-10%	0.1%	0.2%
Other income	2,690	563	378%	0.9%	0.2%
Pretax income	30,428	24,606	24%	9.5%	8.6%
Income taxes	10,515	8,960	17%	34.6%*	36.4%*
Net income	$19,913	$15,646	27%	6.2%	5.4%
Average shares	17,822	17,929	-1%		
Net income per share	$1.11	$0.87	28%		
Dividends per share	$0.21	$0.21	0%		

	FISCAL YEAR ENDED (Audited)			Percent of Sales	
	Apr. 25, 1998	Apr. 26, 1997	% Over (Under)	1998	1997
Sales	$1,108,038	$1,005,825	10%	100.0%	100.0%
Cost of sales	825,312	744,662	11%	74.5%	74.0%
Gross profit	282,726	261,163	8%	25.5%	26.0%
S,G & A	205,523	187,230	10%	18.5%	18.6%
Operating profit	77,203	73,933	4%	7.0%	7.4%
Interest expense	4,157	4,376	-5%	0.4%	0.4%
Interest Income	2,021	1,770	14%	0.2%	0.2%
Other income	4,207	2,508	68%	0.4%	0.1%
Pretax income	79,274	73,835	7%	7.2%	7.3%
Income taxes	29,354	28,538	3%	37.0%*	38.7%*
Net income	$49,920	$45,297	10%	4.5%	4.5%
Average shares	17,885	18,108	-1%		
Net income per share	$2.79	$2.50	12%		
Dividends per share	$0.84	$0.78	8%		

* As a percent of pretax income, not sales.

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	Audited		Increase (Decrease)	
	Apr. 25, 1998	Apr. 26, 1997	Dollars	Percent
Current assets				
Cash & equivalents	$28,700	$25,382	$3,318	13%

Receivables	238,260	215,032	23,228	11%
Inventories				
Raw materials	43,883	36,959	6,924	19%
Work-in-process	40,640	34,854	5,786	17%
Finished goods	30,193	28,177	2,016	7%
FIFO inventories	114,716	99,990	14,726	15%
Excess of FIFO over LIFO	(22,812)	(21,219)	(1,593)	-8%
Total inventories	91,904	78,771	13,133	17%
Deferred income taxes	16,679	20,950	(4,271)	-20%
Income taxes	936	--	936	N/M
Other current assets	6,549	2,640	3,909	148%
Total current assets	383,028	342,775	40,253	12%
Property, plant & equipment	121,762	114,658	7,104	6%
Goodwill	49,413	38,702	10,711	28%
Other long-term assets	26,148	32,272	(6,124)	-19%
Total assets	$580,351	$528,407	$51,944	10%

Current liabilities				
Current portion-l/t debt	$4,822	$4,611	$211	5%
Current portion-cap. leases	1,383	2,017	(634)	-31%
Accounts payable	36,703	28,589	8,114	28%
Payroll/Other Compensation	39,617	37,934	1,683	4%
Income taxes	--	5,412	(5,412)	-100%
Other current liabilities	25,764	19,106	6,658	35%
Total current liabilities	108,289	97,669	10,620	11%
Long-term debt	66,434	52,449	13,985	27%
Capital leases	819	2,202	(1,383)	-63%
Deferred income taxes	5,478	6,329	(851)	-13%
Other long-term liabilities	11,122	10,420	702	7%
Shareholders' equity				
Common stock, $1.00 par	17,850	17,908	(58)	0%
Capital in excess of par	29,262	27,697	1,565	6%
Retained earnings	342,146	314,731	27,415	9%
Currency translation	(1,049)	(998)	(51)	-5%
Total shareholders' equity	388,209	359,338	28,871	8%
Total liabilities and shareholders' equity	$580,351	$528,407	$51,944	10%

Overall:
- -------
Refer to today's press release for additional information.

Results for the quarter ended April 25, 1998 include one month of income statement information and the balance sheet of Sam Moore Furniture Industries, Inc.. La-Z-Boy acquired this Bedford, Virginia-based producer of up-scale furniture on April 1, 1998.

S, G and A:
- ----------
Fiscal fourth quarter S, G & A increased to 18.5% of sales vs. 17.7% last year, due to professional related expenses. In addition, expense related to performance-based restricted stock options was higher primarily due to the increase in the price of La-Z-Boy, Inc. common stock. Information technology expenses also were up faster than the rate of sales and are expected to continue to be higher next year. These were offset in part by bonus related expenses being lower than last year.

Other income:
- ------------
Other income increased to $2.7 million from $0.6 million during the fourth quarter due to income tax refund claims based on the Company's election to value its marketable securities (including trade notes and receivables) at fair market value for tax purposes. This is expected to be a one-time occurrence.

Income tax related:
- ------------------
The fourth quarter tax rate decreased to 34.6% from 36.4% of pretax income reflecting a favorable shift of earnings to entities with lower effective tax rates and the settlement of an IRS audit. We expect slightly lower effective tax rates to continue for the immediate future.

Income taxes went to a prepaid of $0.9 million from a liability of $5.4 million due to the income tax refund claims as discussed in the "Other income" note above.

Deferred tax asset increased to $16.7 million in April of 1998 from $21.0 million in April of 1997 as a result of the refund claims discussed above becoming a deferred item.

Inventories:
- -----------
FIFO inventories have increased compared to last year in large part due to the acquisition of companies throughout the year. On a comparable basis, that is for those divisions with full 1998-year sales and balances at both the beginning and end of the year, FIFO inventory increased 7% in total. This correlates to a comparable 9% full-year increase in sales. Year-end raw materials increased 6%, work-in-process increased 11% and finished goods increased 3%; all on a comparable basis. In addition, work-in
- -process inventories have increased to support newly introduced products requiring special electrical and other purchased components, to support an increased volume of units being produced in leather, and to alleviate shortages in hardwood and plywood parts experienced earlier.

Other current assets:
- --------------------
Other current assets increased mainly due to prepaid advertising. More store display materials and selling aids were purchased this fiscal year for resale to dealers during the coming fiscal year.

Goodwill:
- --------
The increase in goodwill during the quarter was due to the purchase of Sam Moore Furniture Industries, Inc.

Other current liabilities:
- -------------------------
The increase in other current liabilities during the quarter is due mainly to accruals relating to pending legal issues.

Long-term debt:
- --------------
The increase in long-term debt during the quarter was due to a private placement financing obtained primarily for the acquisition of Sam Moore.

Consolidated Balance Sheet

(Amounts in thousands, except par value)

As of	April 25, 1998	April 26, 1997
Assets		
Current assets		
Cash and equivalents	$28,700	$25,382
Receivables, less allowances of $16,605 in 1998 and $16,442 in 1997	238,260	215,032
Inventories		
Raw materials	43,883	36,959
Work-in-process	40,640	34,854
Finished goods	30,193	28,177
FIFO inventories	114,716	99,990
Excess of FIFO over LIFO	(22,812)	(21,219)
Total inventories	91,904	78,771
Deferred income taxes	16,679	20,950
Income taxes	936	--
Other current assets	6,549	2,640
Total current assets	383,028	342,775
Property, plant and equipment, net	121,762	114,658
Goodwill, less accumulated amortization of $11,523 in 1998 and $9,744 in 1997	49,413	38,702
Other long-term assets, less allowances of $4,034 in 1998 and $2,489 in 1997	26,148	32,272
Total assets	$580,351	$528,407
Liabilities and shareholders' equity		
Current liabilities		
Current portion of long-term debt	$4,822	$4,611
Current portion of capital leases	1,383	2,017
Accounts payable	36,703	28,589
Payroll/other compensation	39,617	37,934
Income taxes	--	5,412
Other current liabilities	25,764	19,106
Total current liabilities	108,289	97,669
Long-term debt	66,434	52,449
Capital leases	819	2,202
Deferred income taxes	5,478	6,329
Other long-term liabilities	11,122	10,420
Commitments and contingencies	--	--
Shareholders' equity		
Preferred shares - 5,000 authorized; 0 issued	--	--
Common shares, $1 par value - 40,000 authorized; 17,850 issued in 1998 and 17,908 in 1997	17,850	17,908
Capital in excess of par value	29,262	27,697
Retained earnings	342,146	314,731
Currency translation adjustments	(1,049)	(998)
Total shareholders' equity	388,209	359,338
Total liabilities and shareholders' equity	$580,351	$528,407

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statement of Income

(Amounts in thousands, except per share data)

Fiscal Year Ended	4/25/98	4/26/97	4/27/96
Sales	$1,108,038	$1,005,825	$947,263
Cost of sales	825,312	744,662	705,379
Gross profit	282,726	261,163	241,884
Selling, general and administrative	205,523	187,230	174,376
Operating profit	77,203	73,933	67,508
Interest expense	4,157	4,376	5,306
Interest income	2,021	1,770	1,975
Other income	4,207	2,508	2,023
Pretax income	79,274	73,835	66,200
Income tax expense			
Federal - current	28,467	26,247	23,383
- deferred	(2,046)	(1,699)	(818)
State - current	3,287	4,304	4,540
- deferred	(354)	(314)	(158)
Total tax expense	29,354	28,538	26,947
Net income	$49,920	$45,297	$39,253
Weighted average shares	17,885	18,108	18,498
Basic net income per share	$2.79	$2.50	$2.12
Diluted net income per share	$2.78	$2.49	$2.12

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Consolidated Statement of Cash Flows

(Amounts in thousands)

Year Ended	4/25/98	4/26/97	4/27/96
Cash flows from operating activities:			
Net income	$49,920	$45,297	$39,253
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,021	20,382	20,147
Change in receivables	(14,090)	(8,178)	(13,492)
Change in inventories	(6,918)	421	1,899
Change in other assets and liab.	2,374	4,254	5,184
Change in deferred taxes	3,177	(2,014)	(975)
Total adjustments	5,564	14,865	12,763
Cash provided by operating activities	55,484	60,162	52,016

Cash flows from investing activities:			
Proceeds from disposals of assets.......	1,585	1,527	1,063
Capital expenditures....................	(22,016)	(17,778)	(18,168)
Change in other investments.............	(16,066)	(8,596)	1,229
Cash used for investing activities	(36,497)	(24,847)	(18,334)
Cash flows from financing activities:			
Short-term debt.........................	--	--	--
Long-term debt..........................	35,000	--	--
Retirements of debt.....................	(24,653)	(5,640)	(13,125)
Capital leases..........................	--	--	1,161
Capital lease principal payments	(2,017)	(2,114)	(2,204)
Stock for stock option plans............	5,748	4,213	2,876
Stock for 401(k) employee plans.........	1,704	1,568	1,378
Purchases of La-Z-Boy stock.............	(16,391)	(20,751)	(10,035)
Payments of cash dividends..............	(15,029)	(14,142)	(13,706)
Cash used for financing activities	(15,638)	(36,866)	(33,655)
Effect of exchange rate changes on cash...	(31)	(127)	(15)
Net change in cash and equivalents........	3,318	(1,678)	12
Cash and equiv. at beginning of the year..	25,382	27,060	27,048
Cash and equiv. at end of the year........	$28,700	$25,382	$27,060
Cash paid during the year - Income taxes..	$29,025	$28,670	$27,024
- Interest......	$4,235	$4,437	$5,408

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

Consolidated Statement of Shareholders' Equity

(Amounts in thousands)

	Common Shares	Capital in Excess of Par Value	Retained Earnings	Currency Translation Adjustments	Total
At April 29, 1995..	$18,562	$28,085	$277,738	($745)	$323,640
Purchases of La-Z-Boy stock..	(372)		(9,663)		(10,035)
Currency translation.........				(30)	(30)
Stock options/401(k).........	195	(69)	4,128		4,254
Dividends paid...............			(13,706)		(13,706)
Net income...................			39,253		39,253
At April 27, 1996..	18,385	28,016	297,750	(775)	343,376
Purchases of La-Z-Boy stock..	(693)		(20,058)		(20,751)
Currency translation.........				(223)	(223)
Stock options/401(k).........	216	(319)	5,884		5,781
Dividends paid...............			(14,142)		(14,142)
Net income...................			45,297		45,297
At April 26, 1997..	17,908	27,697	314,731	(998)	359,338
Purchases of La-Z-Boy stock..	(484)		(15,907)		(16,391)
Currency translation.........				(51)	(51)
Stock options/401(k).........	333	1,110	6,008		7,451
Acquisition related`..........	93	455	2,423		2,971
Dividends paid...............			(15,029)		(15,029)
Net income...................			49,920		49,920

At April 25, 1998..	$17,850	$29,262	$342,146	($1,049)	$388,209
	=======	=======	========	=======	========

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Note 1: Accounting Policies

The Company operates primarily in the U.S. furniture industry. The following is a summary of significant accounting policies followed in the preparation of these financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of La-Z-Boy Incorporated and its subsidiaries. All significant intercompany transactions have been eliminated. Certain non-U.S. subsidiaries are consolidated on a one-month lag.

Risks And Uncertainties

The consolidated financial statements are prepared in conformity with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales and expenses for the reporting periods. Actual results could differ from those estimates.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined on the last-in, first-out (LIFO) basis.

Property, Plant and Equipment

Items capitalized, including significant betterments to existing facilities, are recorded at cost. Depreciation is computed using primarily accelerated methods over the estimated useful lives of the assets.

Goodwill

The excess of the cost of operating companies acquired over the value of their net tangible assets is amortized on a straight-line basis over 30 years from the date of acquisition.

Goodwill is evaluated periodically as events or circumstances indicate a possible inability to recover its carrying amount. Such evaluation is based on profitability projections and cash flow analysis. If future expected undiscounted cash flows are insufficient to recover the carrying amount of the asset, then the asset is written down to fair value.

Revenue Recognition

Revenue is recognized upon shipment of product.

Income Taxes

Income tax expense is provided on all revenue and expense items included in the consolidated statement of income, regardless of the period such items are recognized for income tax purposes.

Earnings per Share

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share" in 1998. The Statement requires both basic and diluted net income per share to be presented. Basic net income per share is computed using the weighted-average number of shares outstanding during the period. Diluted net income per share uses the weighted-average number of shares outstanding during the period plus the additional common shares that would be outstanding if the dilutive potential common shares were issued. This includes employee stock options. Prior period earnings per share information has been restated to be in compliance with SFAS No. 128.

(Amounts in thousands)	4/25/98	4/26/97	4/27/96
Weighted average common shares outstanding (Basic)............	17,885	18,108	18,498

Effect of options.............	55	84	34
Weighted average common shares outstanding (Diluted)..	17,940	18,192	18,532

Note 2: Acquisitions

On April 1, 1998, the Company acquired all of the capital stock of Sam Moore Furniture Industries, Incorporated, a manufacturer of upholstered furniture. For the year ended December 31, 1997, Sam Moore Furniture Industries sales were $33 million.

During the fiscal year 1998, La-Z-Boy acquired the remaining 25% of the ordinary share capital of Centurion Furniture plc, a furniture manufacturer located in England. Sales for their year ended March 31, 1997 were $12 million.

The consolidated April 1998 financial statements include the operations of Distincion Muebles, a furniture manufacturer located in Mexico. Annual sales for the year ended March 30, 1998 were $1.9 million.

Note 3: Cash and Equivalents

(Amounts in thousands)

	4/25/98	4/26/97
Certificates of deposit................	$13,000	$19,600
Cash in bank..........................	10,714	5,782
Commercial paper......................	3,963	--
Marketable Securities.................	1,023	--
Total cash and equivalents...........	$28,700	$25,382

The Company invests in certificates of deposit with a bank whose board of directors includes two members of the Company's board of directors. At the end of fiscal years 1998 and 1997, $13 million and $16 million, respectively, was invested in this bank's certificates.

Note 4: Property, Plant and Equipment

(Amounts in thousands)

	Life in years	Depreciation method	4/25/98	4/26/97
Land and land improvements......	0-20	150% DB	$ 12,937	$ 11,296
Buildings and building fixtures.	15-30	150% DB	116,145	110,875
Machinery and equipment.........	10	200% DB	114,502	107,316
Network and production tracking systems.............	5-10	SL	2,407	1,873
Transportation equipment........	5	SL	15,606	14,974
Information systems.............	3-5	150-200% DB	20,738	16,295
Other..........................	3-10	Various	18,048	14,186
			300,383	276,815
Less: accumulated depreciation.......			178,621	162,157
Property, plant and equipment, net..			$121,762	$114,658

DB = Declining Balance SL = Straight Line

Note 5: Debt and Capital Lease Obligations

(Amounts in thousands)

	Interest rates	Maturities	4/25/98	4/26/97
Private placement.........	6.5-8.8%	1999-08	$38,750	$5,625
Industrial revenue bonds..	4.0%-4.6%	1999-14	28,500	30,870
La-Z-Boy notes............	8.0%	1999	2,492	4,984
Credit lines..............	5.9%-6.1%	-	-	15,000
Other debt................	5.0%-7.0%	1999-04	1,514	581
Total debt..................................			$71,256	$57,060
Less: current portion........................			4,822	4,611

Long-term debt..............................	$66,434	$52,449
Weighted average interest rate	5.8%	5.4%
Fair value of long-term debt	$71,352	$57,200

The Company has a $75 million unsecured revolving credit line through August 2002, requiring interest only payments through August 2002 and requiring principal payment in August 2002. The credit agreement also includes covenants that, among other things, require the Company to maintain certain financial statement ratios.

On April 22, 1998, the Company obtained $35 million through the sale of unsecured senior notes in a private placement. The principal on the notes payable at the end of 10 years and has an interest rate of 6.47%. The agreement also includes convenants that, among other things, require the Company to maintain certain financial statement ratios.

Proceeds from industrial revenue bonds were used to finance the construction of manufacturing facilities. These arrangements require the Company to insure and maintain the facilities and make annual payments that include interest. The bonds are secured by the facilities constructed from the bond proceeds.

The Company leases equipment (primarily trucks used as transportation equipment) under capital leases expiring at various dates through fiscal year 2001. The majority of the leases include bargain purchase options.

Maturities of debt and lease obligations for the five years subsequent to April 25, 1998 are $6 million, $3 million, $2 million, $5 million and $0, respectively. As of April 25,1998, the Company had remaining unused lines of credit and commitments of $106 million under several credit arrangements.

Note 6: Financial Guarantees

La-Z-Boy has provided financial guarantees relating to loans and leases in connection with some proprietary stores. The amounts of the unsecured guarantees are shown in the following table. Because almost all guarantees are expected to retire without being funded in whole, the contract amounts are not estimates of future cash flows.

(Amounts in thousands)

	4/25/98 Contract Amount	4/26/97 Contract Amount
Lease Guarantees........................	$5,122	$4,458
Loan Guarantees.........................	$23,567	$20,049

Most guarantees require periodic payments to La-Z-Boy in exchange for the guarantee. Terms of current guarantees generally range from one to five years.

The guarantees have off-balance-sheet credit risk because only the periodic payments and accruals for possible losses are recognized until the guarantee expires. Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed to perform completely as contracted. The credit risk amounts are equal to the contractual amounts, assuming that the amounts are fully advanced and that no amounts could be recovered from other parties.

Note 7: Stock Option Plans

The Company's shareholders adopted an employee Incentive Stock Option Plan that provides grants to certain employees to purchase common shares of the Company at not less than their fair market value at the date of grant. Options are for five years and become exercisable at 25% per year beginning one year from the date of grant. The Company is authorized to grant options for up to 2,500,000 common shares.

	Number of shares	Weighted average exercise price

Outstanding at April 29, 1995....	484,700	$24.03
Granted......................	140,245	$30.98
Exercised....................	(87,917)	$16.80
Expired or cancelled..........	(4,478)	$26.15
Outstanding at April 27, 1996....	532,550	$27.05
Granted......................	--	--
Exercised....................	(120,714)	$22.82
Expired or cancelled..........	(3,659)	$27.11
Outstanding at April 26, 1997....	408,177	$28.30
Granted......................	286,955	$34.80
Exercised....................	(225,772)	$28.07
Expired or cancelled..........	(22,507)	$31.26
Outstanding at April 25, 1998....	446,853	$32.61
Exercisable at April 25, 1998....	169,148	$29.49
Shares available for grants at April 25, 1998................	2,198	

The options outstanding at April 25, 1998 have exercise prices between $27.00 and $39.69 and a weighted-average remaining contractual life of 2.8 years.

The Company's shareholders have adopted Restricted Share Plans. Under one plan, the Compensation Committee of the Board of Directors is authorized to offer for sale up to an aggregate of 250,000 common shares to certain employees. Under a second plan, up to an aggregate of 50,000 common shares are authorized for sale to non-employee directors. Under the Restricted Share Plans, shares are offered at 25% of the fair market value at the date of the grant. The plans require that all shares be held in an escrow account for a period of three years in the case of an employee, or until the participant's service as a director ceases in the case of a director. In the event of an employee's termination during the escrow period, the shares must be sold back to the Company at the employee's cost.

Shares aggregating 1,000 and 2,500 were granted and issued during the fiscal years 1998 and 1997, respectively, under the directors' plan. Shares remaining for future grants under the directors' plan amounted to 33,000 at April 25, 1998.

Shares aggregating 23,060 and 0 were granted and issued during the fiscal years 1998 and 1997, respectively, under the employee Restricted Share Plan. Shares remaining for future grants under the above plan amounted to 226,940 at April 25, 1998.

The Company's shareholders have also adopted a Performance-Based Restricted Stock Plan. This plan authorizes the Compensation Committee of the Board of Directors to award up to an aggregate of 400,000 shares to key employees. Grants of shares are based on achievement of goals over a three-year performance period. Any award made under the plan will be at the sole discretion of the Committee after judging all relevant factors. At April 25, 1998, performance awards were outstanding pursuant to which up to approximately 110,000 shares may be issued in fiscal years 1999 through 2001 for the three outstanding plans, depending on the extent to which certain specified performance objectives are met. The costs of performance awards are expensed over the performance period. In 1998, 42,965 shares were issued.

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," the Company has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations.

Had the Company elected to recognize compensation cost for incentive stock options based on the fair value method of accounting prescribed by SFAS No. 123, the expense relating to the stock options would have been $0.6 million in 1998, $0.2 million in 1997, and $0.2 million in 1996. Pro forma net income and earnings per share would have been as follows:

(Amounts of thousands, except per share data)

	4/25/98	4/26/97	4/27/96
Net income.....................	$49,349	$45,118	$39,074
Basic net income per share......	$2.76	$2.49	$2.11
Diluted net income per share....	$2.75	$2.48	$2.11

The pro forma effect on net income is not representative of the pro forma effect on net income that will be disclosed in future years because it does not take into consideration pro forma compensation expense relating to grants prior to 1996 as required by SFAS No. 123.

The fair value of each option grant was estimated on the date of grant using the Black-Scholes model with the following assumptions:

	4/25/98	4/26/97	4/27/96
Risk free interest rate...........	5.6%	6.4%	5.6%
Dividend rate.....................	1.6%	2.4%	2.5%
Expected life.....................	4.6 yrs	4.6 yrs	4.8 yrs
Stock price volatility............	23%	25%	25%

Note 8: Retirement/Welfare

The Company has contributory and non-contributory retirement plans covering substantially all factory employees.

Eligible salaried employees are covered under a trusteed profit sharing retirement plan. Cash contributions to a trust are made annually based on profits.

The Company has established a non-qualified deferred compensation plan for eligible highly compensated employees called a SERP (Supplemental Executive Retirement Plan).

The Company provides executive life insurance to certain highly compensated employees. Such employees are not eligible for current contributions to profit sharing or SERP.

The Company offers voluntary 401(k) retirement plans to eligible employees within U.S. operating divisions. Currently over 60% of eligible employees are participating in the plans. The Company makes matching contributions based on specific formulas. For most divisions, this match is made in La-Z-Boy stock.

The Company maintains defined benefit pension plans for all eligible factory hourly employees.

The actuarially determined net periodic pension cost and retirement costs are computed as follows:

(Amounts in thousands)

	4/25/98	4/26/97	4/27/96
Service cost..........................	$1,903	$1,767	$1,802
Interest cost.........................	2,508	2,270	2,051
Actual return on plan assets...........	(9,439)	(5,475)	(5,468)
Net amortization and deferral..........	5,843	2,381	3,031
Net periodic pension cost............	815	943	1,416
Profit sharing/SERP....................	6,035	5,999	5,681
40l(k).................................	1,661	1,625	1,429
Other..................................	968	882	497
Total retirement costs...............	$9,479	$9,449	$9,023

The funded status of the pension plans was as follows (for the fiscal years ended):

(Amounts in thousands)

	4/25/98	4/26/97
Change in benefit obligation		
Benefit obligation at beginning of year..............................	$32,011	$29,035
Service cost.....................	1,903	1,767
Interest cost....................	2,508	2,270
Amendments.......................	474	349
Benefits paid....................	(1,663)	(1,410)
Acquisition of Sam Moore..........	4,715	--

Benefits obligation at end of year	39,948	32,011
Change in plan assets		
Fair value plan assets at beginning of year	41,568	37,503
Actual return on plan assets	9,439	5,475
Benefits paid	(1,663)	(1,410)
Acquisition of Sam Moore	4,201	--
Fair value of plan assets at end of year	53,545	41,568
Funded status	14,111	9,557
Unrecognized actuarial loss/gain	(9,218)	(3,948)
Unamortized prior service cost	724	823
Net amount recognized	$5,617	$6,432

The expected long-term rate of return on plan assets was 8.0% for fiscal years 1998, 1997 and 1996. The discount rate used in determining the actuarial present value of projected benefit obligations was 7.5% for fiscal years 1998, 1997, and 1996. Vested benefits included in the projected benefit obligation were $32 million and $29 million at April 25, 1998 and April 26, 1997, respectively. Plan assets are invested in a diversified portfolio that consists primarily of debt and equity securities.

The Company's pension plan funding policy is to contribute annually at least the amount necessary so that the plan assets exceed the projected benefit obligation.

The Company acquired Sam Moore on April 1, 1998,increasing the pension benefit obligation by $4.7 million and the pension plan assets by $4.2 million.

Note 9: Health Care

The Company offers eligible employees an opportunity to participate in group health plans. Participating employees make required premium payments through pretax payroll deductions.

Health-care expenses were as follows (for the years ended):

(Amounts in thousands)

	4/25/98	4/26/97	4/27/96
Gross health care	$32,020	$30,831	$30,122
Participant payments	(7,531)	(6,393)	(6,005)
Net health care	$24,489	$24,438	$24,117

The Company makes annual provisions for any current and future retirement health-care costs which may not be covered by retirees' collected premiums.

Note 10: Income Taxes

The primary components of the Company's deferred tax assets and liabilities as of April 25, 1998 and April 26, 1997 are as follows:

(Amounts in thousands)

	4/25/98	4/26/97
Current		
Deferred income tax assets/(liabilities)		
Bad debt	$9,393	$7,649
Warranty	4,938	4,448
Workers' compensation	1,838	1,594
Inventory	1,795	1,026
SERP/PEP	1,794	1,680
State income taxes	926	1,161
Performance based restricted stock plan	793	693
Valuation adjustment- receivables	(8,700)	--
Other	4,089	2,847
Valuation allowance	(187)	(148)

Total current deferred tax assets	16,679	20,950
Noncurrent		
Deferred income tax assets/(liabilities)		
Property, plant and equipment	(3,110)	(3,717)
Pension	(2,506)	(2,783)
Net operating losses	842	1,533
Other	246	207
Valuation allowance	(950)	(1,569)
Total noncurrent deferred tax liabilities	(5,478)	(6,329)
Net deferred tax asset	$11,201	$14,621

The differences between the provision for income taxes and income taxes computed using the U.S. federal statutory rate are as follows (for the fiscal years ended):

(% of pretax income)

	4/25/98	4/26/97	4/27/96
Statutory tax rate	35.0%	35.0%	35.0%
Increase (reduction) in taxes resulting from:			
State income taxes net of federal benefit.	2.4	3.5	4.3
Tax credits	(0.2)	(0.4)	(1.1)
Acquisition amortization	0.8	0.9	1.5
Unutilized loss carryforwards	(0.5)	0.1	0.9
Miscellaneous items	(0.5)	(0.4)	0.1
Effective tax rate	37.0%	38.7%	40.7%

Note 11: Contingencies

The Company has been named as a defendant in various lawsuits arising in the ordinary course of business. It is not possible at the present time to estimate the ultimate outcome of these actions; however, management believes that the resultant liability, if any, will not be material based on the Company's previous experience with lawsuits of these types.

The Company has been named as a potentially responsible party (PRP) at five environmental clean-up sites. The Seaboard Chemical Company site is a Resource Conservation and Recovery Act (RCRA) site, managed under the direction of the State of North Carolina. A "De Micromis" settlement with the State was accepted by three Company facilities. Management anticipates the remaining facility will be eligible for a "De Minimus" level settlement.

The Organic Chemicals Incorporated site is a "Superfund Site," managed under the direction of the U.S. Environmental Protection Agency (EPA). A De Minimus settlement offer is currently under review by the EPA.

The Caldwell Systems site is a voluntary RCRA closure, with its activities being coordinated by the EPA. The Company entered into a Consent Decree that included all of the relevant Company's facilities at both De Maximus and De Minimus levels.

The American Chemical Services site is a "Superfund Site," managed under the direction of the EPA. The Company accepted an "Amended Administrative Order" from the EPA that allows for a De Minimus settlement. As a result, the Company expects that it will be dismissed from a related PRP lawsuit seeking contribution from the Company.

The Butterworth Landfill site is a "Superfund Site," managed under the direction of the EPA. Investigations by both the PRP group and the Company indicate that the Company did not send any hazardous waste to this site. The Company intends to cooperate with the PRP group and the EPA during this initial investigation phase.

Based on a review of all currently known facts, management does not anticipate that future expenditure for environmental clean-up sites will have a material adverse effect on the Company.

Management Discussion

The Management Discussion and Analysis, as required by the Securities and Exchange Commission, should be read in conjunction with the Report of

Management Responsibilities, the Report of Independent Accountants, the Consolidated Financial Statements and related Notes, and all other pages that follow them in the annual report.

Background:

Consolidated sales by type	1998	1997	1996
Residential (home)			
Upholstery	77%	78%	78%
Wood & other	17	16	16
	94	94	94
Contract (office)	6	6	6
	100%	100%	100%

Consolidated sales by country	1998	1997	1996
United States	93%	94%	94%
Canada and other	7	6	6
	100%	100%	100%

La-Z-Boy has eight major furniture operating divisions. Residential accounts for the majority of the upholstery category and about 60% of consolidated sales.

Residential division sales by dealer type	1998	1997	1996
Galleries/proprietary	51%	51%	47%
General dealers	35	36	40
Dept. stores/chains	14	13	13
	100%	100%	100%

Kincaid is part of the wood category. England/Corsair is part of the upholstery category. La-Z-Boy Contract Furniture Group is all of the Contract line. Hammary is primarily in the wood category. La-Z-Boy Canada is in the upholstery category. Centurion is in the upholstery category. Sam Moore is primarily in the upholstery category.

La-Z-Boy is the third largest furniture maker in the U.S., the largest reclining-chair manufacturer in the world and America's largest manufacturer of upholstered furniture.

Analysis of Operations
Year Ended April 25, 1998
(1998 compared with 1997)

The 1998 sales of $1.1 billion were 10% greater than 1997. About 85% of the increase was due to internal growth of existing divisions and the remainder was due to acquisitions. Internal division growth rates ranged from a low of 6% to a high of 19%. In addition, strength in sales occurred in almost all product lines within each division. La-Z-Boy believes that its 1998 internal growth rate of about 8.5% slightly exceeded the U.S. industry average for comparable time periods. Selling price increases per unit were small and there were no significant shifts to higher or lower priced products. No major new product lines were introduced in 1998 although new styles and new collections of styles occurred across all divisions throughout the year. In addition, new fabrics were added (replacing slower moving fabrics) throughout the year. No major new dealers were added in 1998 and no significant dealers were dropped. No one dealer accounted for 5% or more of sales in 1998.

La-Z-Boy's gross profit margin (gross profit dollars as a percent of sales dollars) declined to 25.5% in 1998 from 26.0% in 1997. Hardwood and plywood parts production and delivery problems and related assembly site production disruptions adversely affected gross margins. The elimination of three manufacturing assembly sites also adversely affected gross margins. Additionally, cost problems were encountered at multiple sites trying to gear up quickly to meet unexpectedly high product demand primarily in the second half of the year. The above items mostly affected plant overhead costs and unfavorable plant labor variances. 1998 labor wage rates rose a moderate 2%. Purchased materials prices were about flat compared to 1997. Increased sales volumes, increased selling prices and lower frame parts costs favorably impacted gross margins.

S, G & A expense decreased to 18.5% of sales in 1998 from 18.6% in 1997. A decline in bonus expense and to some selling expenses more than offset increases (greater than the rate of sales) in professional related expenses, bad debts and Information Technology expenses which include Year 2000 costs.

Income tax expense as a percent of pretax income declined to 37.0% in 1998 from 38.7% in 1997 reflecting a favorable shift of earnings to entities with lower effective tax rates and the settlement of an IRS audit. The Company expects slightly lower effective tax rates to continue for the immediate future.

Analysis of Operations
Year Ended April 26, 1997
(1997 compared with 1996)

La-Z-Boy's sales increased 6% in fiscal 1997 over 1996 and exceeded $1 billion for the first time. This growth rate is believed to be slightly better than the industry growth. The sales growth was spread among all the Company's divisions with wood and contract sales somewhat above the average. The Ducks Unlimited Collection, introduced in April 1996, contributed significantly to the wood division sales increases. Selling price increases were small.

The gross margin (gross profit dollars as a percent of sales) improved to 26.0% in 1997 from 25.5% in 1996. The increase in sales volume, along with the effect of cost cutting initiatives, contributed to the margin improvement. The effect of these favorable items was only partially offset by increased material and labor costs and the mix change toward products with lower than average gross margins.

In 1997, the number of plants producing wood frame parts was reduced in an effort to improve quality and reduce costs. The reductions had little financial impact on 1997 as the timing was spread over the year and some conversion costs were incurred offsetting some of the lower production costs. Benefits are expected in 1998.
In April 1997, the Company announced plans to close the Contract plants in Grand Rapids, Michigan and to begin producing these products at an existing plant in Lincolnton, North Carolina. The move is planned for the first quarter of 1998. Two of the plants have been sold and the third will be sold.

S, G & A expense increased to 18.6% of sales in 1997 from 18.4% of sales in 1996 primarily due to increased costs for employee bonuses and incentives. Interest expense declined 18% primarily due to lower debt and capital lease obligations.

Income tax expense as a percent of pretax income declined to 38.7% in 1997 from 40.7% in 1996. The Canadian division's results were favorable compared to the prior year, reducing the unfavorable impact on the effective tax rate. Also, the benefits of some efforts to reduce tax expense were recognized during the year.

During 1997, La-Z-Boy acquired approximately 75% of the ordinary share capital of Centurion Furniture plc, a furniture manufacturer located in England. The remainder of the ordinary share capital is expected to be acquired in the first quarter of 1998. Sales for their year ended March 1997 were $12 million.

Liquidity and Financial Condition:

Below is summarized cash flow information. Free cash flow represents the cash remaining from operations after reinvesting in business opportunities. This cash flow allows the Company to pay dividends and repurchase stock generally without incurring additional debt.

(Amounts in thousands) Year ended	4/25/98	4/26/97	4/27/96
Cash flows provided by (used for):			
Net income	$49,920	$45,297	$39,253
Other operating activities	5,564	14,865	12,763
Investing activities	(36,497)	(24,847)	(18,334)
Free cash flow	18,987	35,315	33,682
Cash flows provided by (used for):			
Financing activities	(15,638)	(36,866)	(33,655)
Exchange	(31)	(127)	(15)
Increase (decrease) in cash	$3,318	($1,678)	$12

Cash flows from operations amounted to $55 million in 1998, $60 million in 1997 and $52 million in 1996 and have been adequate for day-to-day expenditures, dividends to shareholders and capital expenditures.

Capital expenditures were $22.0 million in 1998, $17.8 million in 1997 and $18.2 million in 1996. Capacity utilization was approximately 60% at the end of 1998.

FIFO inventories have increased compared to last year in large part due to the acquisition of companies throughout the year. On a comparable basis, that is for those divisions with full 1998-year sales and balances at both the beginning and end of the year, FIFO inventory increased 7% in total. Year-end raw materials increased 6%, work-in-process increased 11% and finished goods increased 3%; all on a comparable basis. In addition, work-in-process inventories have increased to support newly introduced products requiring special electrical and other purchased components, to support an increased volume of units being produced in leather, and to alleviate shortages in hardwood and plywood parts experienced earlier.

In 1998, La-Z-Boy obtained $35 million through the sale of 6.47% unsecured senior notes in a private placement. The proceeds were used in part for the acquisition of Sam Moore and to pay down other forms of debt. Retirements of debt totaled between $6 million and $25 million for each of the last three years.

The Company had unused lines of credit and commitments of $106 million under several credit arrangements as of April 25, 1998. The primary credit arrangement is a $75 million unsecured revolving credit line through August 2002, requiring interest only payments through August 2002 and a payment of principal in August 2002. The credit agreement includes covenants that, among other things, require the Company to maintain certain financial statement ratios. The Company has complied with all of the requirements.

The La-Z-Boy Board of Directors has authorized the repurchase of Company stock. Shares acquired in 1998, 1997 and 1996 totaled 484,000, 694,000 and 372,000, respectively. As of April 25, 1998, 1,057,000 shares were available for repurchase. The Company plans to be in the market for its shares as changes in its stock price and other financial opportunities arise.

The financial strength of the Company is reflected in two commonly used ratios, the current ratio (current assets divided by current liabilities) and the debt-to-capital ratio (total debt divided by shareholders' equity plus total debt). The current ratio at the end of 1998 and 1997 was 3.5:1. The debt to capital ratio was 15.9% at the end of 1998 and 14.6% at the end of 1997.

Continuing compliance with existing federal, state and local provisions dealing with protection of the environment is not expected to have a material effect upon the Company's capital expenditures, earnings, competitive position or liquidity. The Company will continue its program of conducting voluntary compliance audits at its facilities. The Company has also taken steps to assure compliance with the provisions of Titles III and V of the 1990 Clean Air Act Amendments.

The Company has accrued for certain environmental remediation activities relating to past operations, including those under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, often referred to as Superfund) and the Resource Conservation and Recovery Act (RCRA). The Company is participating in the closure of five such sites. There will be future expenditures in this area, but based on a review of all currently known facts, management does not anticipate that they will have a material adverse effect. For further discussion of environmental matters, refer to Note 11: Contingencies, in the Notes to Consolidated Financial Statements.

Outlook:

Statements in this Outlook section are forward looking and based on information available at this time. As conditions change in the future actual results may not match these expectations. In particular, sales and profits can be materially impacted in any quarter by changes in interest rates or changes in consumer confidence/demand.

One of La-Z-Boy's financial goals is for sales to grow faster than the furniture industry with a benchmark of 10% per year. For 1998, La-Z-Boy sales increased 10% from 1997 which the Company believes was slightly better than the industry average. Some furniture industry forecasts for calendar year 1998 over 1997 are in the 6-8% range.

At the end of April 1998, the backlog of orders was much higher than at the end of April 1997. La-Z-Boy primarily builds "to order" and does not carry large amounts of finished warehouse goods. The stronger sales orders as well as improvements in scheduling production in the beginning of 1999 fiscal year are expected to result in first quarter sales to be measurably over the prior year's first quarter. Expectations are for a slowdown in sales growth rates in the second half of 1999 based on industry economic projections and the high rate of actual sales achieved in that period in 1998 which will make 1999 comparisons more difficult.

The Company's major residential efforts and opportunities for U.S. sales growth greater than industry averages are focused outside the recliner market segment, e.g., stationary upholstery (single and multi-seat), reclining sofas and modulars, wood occasional and wall units and wood bedroom and dining room furniture.

The number of dealer owned and operated proprietary stores is expected to continue increasing. These stores are a major contributor to La-Z-Boy's ability to achieve its sales goal.

La-Z-Boy's second financial goal is for earnings (operating profit and net income per share) to grow at a rate greater than the rate of sales growth. For 1998 sales were up 10%, operating profit was up 4% and net income per share was up 12%. (See 1998 analysis of operations for details.) For 1999 it is expected that various management initiatives, economic events and other items will occur such that the net effect of these items will result in the second financial goal being achieved. Some of the major expected favorable items are: Two companies recently acquired and only partly reported in 1998 will have a full year effect in 1999. Problems associated with plywood and hardwood parts are expected to be substantially less in 1999. Various new manufacturing machines and methods are expected to improve efficiencies. No new major factory consolidations are planned in 1999. Raw material costs are expected to be flat for most of next year and labor rate increases should be moderate. "Fixed" costs should allow measurable portions of expected increases to sales to fall to the bottom line. And bad debts expense is expected to be less (1998 had a one time $3.1 million pretax expense as a result of Montgomery Ward filing for bankruptcy protection.) On the unfavorable side, increases to expenses for Information Technology (I.T.) items are expected to well exceed sales rate increases. I.T. expense increases will mostly be in the Year 2000 area, training and improving networks. Bonus expense is expected to increase from a low amount in 1998. Amortization of goodwill and interest expense will increase due to the recent Sam Moore acquisition.

A third financial goal is to improve return on capital with a benchmark of 20.0%. La-Z-Boy defines return on capital as operating profit + interest income + other income as a percent of beginning-of-year capital. For 1998, return on capital was 19.8% compared to 19.0% in 1997. La-Z-Boy enhances shareholder value and reduces capital employed through stock repurchases, dividends and debt reductions. Capital expenditures are expected to be $25 - $30 million in 1999 compared to $22 million in 1998. Most capital expenditures are for replacing machines with new and better machines and for other productivity enhancements.

The Company has established and staffed a Year 2000 Program Office to oversee and coordinate its Year 2000 conversion. The "Year 2000 issue" arises because many computer hardware and software systems use only two digits to represent the year. As a result, these systems and programs may not correctly calculate or interpret dates up to and beyond 2000, which may cause errors in information or systems failures. The Company has initiated corporate-wide involvement of personnel to investigate and address any internal hardware and software compliance issues. In addition, the Company is communicating with customers, manufacturers, suppliers, financial institutions and others with whom it does business to coordinate Year 2000 compliance. All critical applications are expected to be compliant and compatible by the end of calendar year 1999.

In June, 1997, the Financial Accounting Standards Board (FASB) issued SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting of comprehensive income and its components in the full set of financial statements. In addition, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" in that same month. These statements are effective for the Company in fiscal 1999. The Company is in the process of evaluating the impact of these statements.

Consolidated Six-Year Summary of Selected Financial Data

(Dollar amounts in thousands, except per share data)

Fiscal Year ended	1998	1997	1996	1995	1994	1993

	(52 wks)	(52 wks)	(52 wks)	(52 wks)	(53 wks)	(52 wks)
Sales...........	$1,108,038	$1,005,825	$947,263	$850,271	$804,898	$684,122
Cost of sales....	825,312	744,662	705,379	629,222	593,890	506,435
Gross profit...	282,726	261,163	241,884	221,049	211,008	177,687
Sell, gen & admin	205,523	187,230	174,376	158,551	151,756	131,894
Oper profit....	77,203	73,933	67,508	62,498	59,252	45,793
Interest expense.	4,157	4,376	5,306	3,334	2,822	3,260
Interest income..	2,021	1,770	1,975	1,628	1,076	1,474
Other income.....	4,207	2,508	2,023	1,229	649	1,292
Pretax income..	79,274	73,835	66,200	62,021	58,155	45,299
Income tax expense	29,354	28,538	26,947	25,719	23,438	18,015
Net income....	$49,920	45,297	$39,253	$36,302	$34,717**	$27,284
Weighted avg shares outstg ('000s)...	17,885	18,108	18,498	18,044	18,268	18,172
Per com shr outstg						
Net income....	$2.79	$2.50	$2.12	$2.01	$1.90**	$1.50
Diluted net income	$2.78	$2.49	$2.12	$2.01	$1.89	$1.50
Cash div paid....	$0.84	$0.78	$0.74	$0.68	$0.64	$0.60
BV on YE shr outst.	$21.75	$20.07	$18.68	$17.44	$15.91	$14.48
Rtn avg shrhdr eqt.	13.4%	12.9%	11.8%	12.2%*	12.5%**	10.7%
Gr prft % of sales.	25.5%	26.0%	25.5%	26.0%	26.2%	26.0%
Op prft % of sales.	7.0%	7.4%	7.1%	7.4%	7.4%	6.7%
Op prft, int inc & oth inc as % of BOY capital......	19.8%	19.0%	17.6%	18.9%	19.1%	15.8%
Net inc % of sales.	4.5%	4.5%	4.1%	4.3%*	4.3%**	4.0%
Income tax expense % pretax income..	37.0%	38.7%	40.7%	41.5%	40.3%	39.8%
Deprec & amortiz...	$21,021	$20,382	$20,147	$15,156	$14,014	$14,061
Capital expendtrs..	$22,016	$17,778	$18,168	$18,980	$17,485	$12,248
Prty,plt,eqpt,net..	$121,762	$114,658	$116,199	$117,175	$94,277	$90,407
Working capital....	$274,739	$245,106	$240,583	$237,280	$224,122	$202,398
Current ratio......	3.5 to 1	3.5 to 1	3.5 to 1	3.7 to 1	4.1 to 1	3.8 to 1
Total assets.......	$580,351	$528,407	$517,546	$503,818	$430,253	$401,064
Debt & Cap. leases.	$73,458	$61,279	$69,033	$83,201	$55,370	$55,912
Shareholders' eqty.	$388,209	$359,338	$343,376	$323,640	$290,911	$263,386
Ending capital....	$461,667	$420,617	$412,409	$406,841	$346,281	$319,298
Ratio debt to eqty.	18.9%	17.1%	20.1%	25.7%	19.0%	21.2%
Ratio debt to capl.	15.9%	14.6%	16.7%	20.5%	16.0%	17.5%
Shareholders.......	13,592	12,729	12,293	12,665	12,615	9032
Employees..........	12,155	11,236	10,733	11,149	9,370	8,724

* April 1995 shareholders' equity used in this calculation excludes $18,004 relating to stock issued on the last day of the fiscal year for the acquisition of an operating division.

** Excludes the income effect of adopting SFAS No.109 in May 1993 of $3,352 or $0.18 per share.

Dividend and Market Information

Fiscal 1998 Quarter Ended	Dividends Paid	Market Price High	Low	Close
July 26	$0.21	37 15/16	$31 3/4	$37 5/8
Oct. 25	0.21	38 15/16	34 1/4	37 7/8
Jan. 24	0.21	44 13/16	37 3/16	43 7/8
Apr. 25	0.21	53 1/2	42 15/16	53 1/2
	$0.84			

Fiscal
1997 Divi- Market Price

Quarter Ended	dends Paid	High	Low	Close
July 27	$0.19	$32 5/8	$28 1/4	$29 1/8
Oct. 26	0.19	31 3/8	28 1/4	30 3/8
Jan. 25	0.19	31 3/8	29 1/4	31 3/8
Apr. 26	0.21	36 7/8	30 3/4	32 1/4
	$0.78			

Year	Dividends Paid	Dividend Yield	Dividend Payout Ratio	Market Price High	Market Price Low	Market Price Close	Net Income per share	P/E Ratio High	P/E Ratio Low
1998	0.84	1.6%	30.1%	53 1/2	31 3/4	53 1/2	$2.79	19	11
1997	0.78	2.4%	31.2%	36 7/8	28 1/4	32 1/4	2.50	15	11
1996	0.74	2.5%	34.9%	33 3/4	25 5/8	30 1/8	2.12	16	12
1995	0.68	2.5%	33.8%	33 3/4	25 3/8	27	2.01	17	13
1994	0.64	1.9%	33.7%*	40	25 1/2	33 1/2	1.90*	21*	13*
1993	0.60	2.1%	40.0%	29 3/4	18	28	1.50	20	12

La-Z-Boy Incorporated common shares are traded on the NYSE and the PCX (symbol LZB).

Unaudited Quarterly Financial Information

(Amounts in thousands, except per share data)

Quarter Ended	7/26/97	10/25/97	1/24/98	4/25/98	Fiscal year 1998
Sales	$212,326	$293,208	$280,520	$321,984	$1,108,038
Cost of sales	164,184	215,370	211,688	234,070	825,312
Gross profit	48,142	77,838	68,832	87,914	282,726
Selling, general & admin	45,357	50,400	50,189	59,577	205,523
Opertg profit	2,785	27,438	18,643	28,337	77,203
Interest expense	1,024	1,027	1,048	1,058	4,157
Interest income	482	512	568	459	2,021
Other Income	750	527	240	2,690	4,207
Pretax income	2,993	27,450	18,403	30,428	79,274
Income tax exp	1,267	10,628	6,944	10,515	29,354
Net income	$1,726	$16,822	$11,459	$19,913	$49,920
Net income per share	$0.10	$0.94	$0.64	$1.11	$2.79

Quarter Ended	7/27/96	10/26/96	1/25/97	4/26/97	Fiscal year 1997
Sales	$202,227	$271,554	$244,581	$287,463	$1,005,825
Cost of sales	154,917	197,017	180,979	211,749	744,662
Gross profit	47,310	74,537	63,602	75,714	261,163
Selling, general & admin	39,354	49,006	47,765	51,105	187,230
Opertg profit	7,956	25,531	15,837	24,609	73,933
Interest expense	1,107	1,097	1,096	1,076	4,376
Interest income	463	367	430	510	1,770
Other Income	785	521	639	563	2,508
Pretax income	8,097	25,322	15,810	24,606	73,835
Income tax exp	3,499	10,070	6,009	8,960	28,538
Net income	$4,598	$15,252	$9,801	$15,646	$45,297

Net income per share..	$0.25	$0.84	$0.54	$0.87	$2.50

* Excludes the income effect of adopting SFAS No.109 in May 1993 of $3,352 or $0.18 per share.