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 20, 1999
(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

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 20, 1999

Gene M. Hardy
Secretary and Treasurer

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Receivables are reported net of allowances for doubtful accounts on the Statement of Financial Position.

News Release

LA-Z-BOY, INC. FINISHES 1999 FISCAL YEAR WITH A STRONG FOURTH QUARTER

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

MONROE, MI., May 20, 1999: In its fourth fiscal quarter and for its 1999 fiscal year, La-Z-Boy Incorporated again reached record levels of sales and profits. La-Z-Boy is one of the world's leading furniture producers.

Financial Details

For the fourth quarter ended 4/24/99 sales reached $365.8 million, up 13.6% from last year's fourth quarter of $322.0 million. Operating profit increased 27%. Net income was up 14.6% to $22.8 million vs. $19.9 million. Diluted earnings per share increased 16% to $0.43 from $0.37. For the fiscal year ended 4/24/99, sales reached $1.288 billion, up 16% from last year's $1.108 billion. Net income was up 32% to $66.1 million vs. $49.9 million. Diluted earnings per share were up 35% to $1.24 vs. $0.92.

Operations

"All divisions and operating activities contributed to making fiscal 1999 another great year for La-Z-Boy," according to company President and Chief Operating Officer, Gerald L. Kiser. "A key factor in this success was the ability of our manufacturing plants to increase production in order to meet unusually high levels of consumer demand experienced in the fourth quarter, and to do so profitably.

"In addition to achieving record sales and profits, we exceeded three publicly stated financial goals for the year: (1) Sales from existing operations increased faster than the furniture industry's average, (2) operating profit margin increased, from 7.0% of sales to 8.3%, and (3) our operating return on capital exceeded 20%.

"Our near-term sales outlook is strong. With an increasing selection of home furnishings that consumers demonstrably prefer, coupled with innovative marketing and continued gains in productivity, fiscal 2000 could be another record year for La-Z-Boy."

Marketing

La-Z-Boy became America's largest supplier of upholstered furniture by creating a nationwide distribution network that has become a model for the future of home furnishings retailing. Well over 225 La-Z-Boy Furniture Galleries stores now operate in the U.S., Canada and Spain. Dedicated to presenting La-Z-Boy products in attractive, home-like settings, these stores outperform conventional furniture retail outlets in dollar sales per square foot of selling area. This "gallery" program originated with the La-Z-Boy Residential division. Three other La-Z-Boy divisions now have initiated gallery programs of their own.

In addition to innovative retailing, La-Z-Boy attracts consumers with innovative promotions. As a current example, company Chairman Patrick H. Norton cited the La-Z-Boy Residential division's national "Instant Win Sweepstakes" featured in Parade and USA Weekend Sunday magazines, which generated significant retail store traffic and sales. Strong consumer response and the high number of participating dealers will result in a repeat of this national promotion starting next month.

Both the Kincaid and La-Z-Boy Residential divisions are advertising the recently introduced "Thomas Kinkade Home Furnishings Collection" in popular magazines such as Martha Stewart Living, Better Homes & Gardens, Woman's Day, Country Living and House Beautiful. Consumer response to this new collection of upholstery and casegoods is extremely positive.

Mr. Norton said, "La-Z-Boy continues to grow profitably because of fundamental advantages in the way we approach the marketplace."

More Information

La-Z-Boy Incorporated's 8-K filing includes an income statement, balance sheet, cash flow statement, notes to year end financial statements, annual report narratives and additional management discussion and is available now at the Company's internet site (www.lazboy.com). This press release is just one part of La-Z-Boy Incorporated's disclosures and should be read in conjunction with all other form 8-K information. About 48 hours after this release, this information should be available on the SEC's internet site (www.sec.gov).

La-Z-Boy Incorporated Financial Information Release
CONSOLIDATED STATEMENT OF INCOME
(Amounts in thousands, except per share data)

FOURTH QUARTER ENDED

(UNAUDITED)

	April 24, 1999	April 25, 1998	% Over (Under)	Percent of Sales 1999	Percent of Sales 1998
Sales	$365,829	$321,984	14%	100.0%	100.0%
Cost of sales	265,315	234,070	13%	72.5%	72.7%
Gross profit	100,514	87,914	14%	27.5%	27.3%
S, G & A	64,519	59,577	8%	17.7%	18.5%
Operating profit	35,995	28,337	27%	9.8%	8.8%
Interest expense	979	1,058	-7%	0.3%	0.3%
Interest income	703	459	53%	0.2%	0.1%
Other income	476	2,690	-82%	0.2%	0.9%
Pretax income	36,195	30,428	19%	9.9%	9.5%
Income tax expense	13,412	10,515	28%	37.1% *	34.6%*
Net income	$22,783	$19,913	14%	6.2%	6.2%
Diluted average shares**	52,646	53,742	-2%		
Diluted EPS**	$0.43	$0.37	16%		
Basic EPS**	$0.43	$0.37	16%		
Dividends per share**	$0.08	$0.07	14%		

TWELVE MONTHS ENDED

	(AUDITED) April 24, 1999	April 25, 1998	% Over (Under)	Percent of Sales 1999	Percent of Sales 1998
Sales	$1,287,645	$1,108,038	16%	100.0%	100.0%
Cost of sales	946,731	825,312	15%	73.5%	74.5%
Gross profit	340,914	282,726	21%	26.5%	25.5%
S, G & A	234,075	205,523	14%	18.2%	18.5%
Operating profit	106,839	77,203	38%	8.3%	7.0%
Interest expense	4,440	4,157	7%	0.3%	0.4%
Interest income	2,181	2,021	8%	0.1%	0.2%
Other income	2,658	4,207	-37%	0.2%	0.4%
Pretax income	107,238	79,274	35%	8.3%	7.2%
Income tax expense	41,096	29,354	40%	38.3% *	37.0%*
Net income	$66,142	$49,920	32%	5.1%	4.5%
Diluted average shares**	53,148	53,821	-1%		
Diluted EPS**	$1.24	$0.93	33%		
Basic EPS**	$1.25	$0.93	34%		
Dividends per share**	$0.31	$0.28	11%		

* As a percent of pretax income, not sales.

** Restated to reflect a three-for-one stock split, in the form of a 200% stock dividend, effective September, 1998.

La-Z-Boy Incorporated Financial Information Release
CONSOLIDATED BALANCE SHEET
(Amounts in thousands, except par value)

	Audited		Increase (Decrease)	
	April 24, 1999	April 25, 1998	Dollars	Percent
Current assets				
Cash & equivalents	$33,550	$28,700	$4,850	17%
Receivables	265,157	238,260	26,897	11%
Inventories				
Raw materials	47,197	43,883	3,314	8%
Work-in-process	37,447	40,640	(3,193)	-8%
Finished goods	34,920	30,193	4,727	16%
FIFO inventories	119,564	114,716	4,848	4%
Excess of FIFO over LIFO	(23,053)	(22,812)	(241)	-1%
Total inventories	96,511	91,904	4,607	5%
Deferred income taxes	20,028	16,679	3,349	20%
Income taxes	--	936	(936)	-100%
Other current assets	10,342	6,549	3,793	58%
Total current assets	425,588	383,028	42,560	11%
Property, plant & equipment, net	125,989	121,762	4,227	3%
Goodwill	46,985	49,413	(2,428)	-5%
Other long-term assets	31,230	26,148	5,082	19%
Total assets	$629,792	$580,351	$49,441	9%
Current liabilities				
Current portion-long-term debt	$2,001	$4,822	($2,821)	-59%
Current portion-capital leases	784	1,383	(599)	-43%
Accounts payable	45,419	36,703	8,716	24%
Payroll/other compensation	53,697	39,617	14,080	36%
Income taxes	4,103	--	4,103	N/M
Other current liabilities	26,424	25,764	660	3%
Total current liabilities	132,428	108,289	24,139	22%
Long-term debt	62,469	66,434	(3,965)	-6%
Capital leases	219	819	(600)	-73%
Deferred income taxes	5,697	5,478	219	4%
Other long-term liabilities	14,064	11,122	2,942	26%
Commitments & contingencies	--	--	N/M	N/M
Shareholders' equity				
Common shares, $1 par *	52,340	53,551	(1,211)	-2%
Capital in excess of par	31,582	29,262	2,320	8%
Retained earnings *	332,934	306,445	26,489	9%
Currency translation	(1,941)	(1,049)	(892)	-85%
Total shareholders' equity	414,915	388,209	26,706	7%
Total liabilities and shareholders' equity	$629,792	$580,351	$49,441	9%

* Restated to reflect three-for-one stock split, in the form of a 200% stock dividend effective, September 1998.

La-Z-Boy Incorporated Financial Information Release
COMMENTS AND ANALYSIS

Overall:

Refer to today's press release for additional information.

Sales:

Sales in the fourth quarter of fiscal year 1999 were up 14% over the prior year's fourth quarter. This double digit sales growth is a result of a continued strong economy, a mix of higher priced products and the longer term effects of new product and store opening sales strategies initiated in earlier time periods.

Gross profit margins:

The gross profit margin increased to 27.5% of sales from 27.3% of sales in last year's fourth quarter on a 14% increase in sales and a 9% increase in unit volume. Similar to earlier quarters in fiscal year 1999, gross margins were favorably impacted by volume related cost reductions and unfavorably impacted by Canadian currency exchange effects.

Inventories:

Work-in-process inventories were down 8% over the same period last year. The absence of hardwood and plywood supply chain disruptions resulting from improved supply plant production throughout has caused WIP inventories to be significantly reduced.

Finished goods inventories were up 16% over the same period last year primarily as a result of increased daily production volume causing more finished product to be staged for shipment. As expected, finished goods inventory levels did decline from the 21% over last year's figure reported at the end of the third quarter.

S,G & A:

Fourth quarter S, G & A decreased to 17.7% of sales vs. 18.5% last year primarily because of planned cost control efforts. As expected throughout the year, performance bonus related expenses increased due to higher sales and profits. Year 2000 expenses increased but are expected to decline towards the end of FY2000. Year 2000 expenditures are expected to be somewhat replaced with pent-up demand for systems modifications. Professional fees and research and development expenses decreased.

Other income:

Other income decreased to $0.5 million from $2.7 million during the fourth quarter due to the prior year having a one-time occurrence relating to income tax refund claims. The Company had elected to value its marketable securities (including trade notes and receivables) at fair market value for tax purposes, which then resulted in this one-time tax refund claim.

Payroll/other compensation:

The 36% increase in payroll/other compensation liability is mainly due to higher performance bonus accruals.

Financial Report

Report of Management Responsibilities

La-Z-Boy Incorporated

The management of La-Z-Boy Incorporated is responsible for the preparation of the accompanying consolidated financial statements, related financial data and all other information included in the following pages. The financial statements have been prepared in accordance with generally accepted accounting principles and include amounts based on management's estimates and judgements where appropriate.

Management is further responsible for maintaining the adequacy and effectiveness of established internal controls. These controls provide reasonable assurance that the assets of La-Z-Boy Incorporated are safeguarded and that transactions are executed in accordance with management's authorization and are recorded properly for the preparation of financial statements. The internal control system is supported by written policies and procedures, the careful selection and training of qualified personnel and a program of internal auditing.

The accompanying report of the Company's independent accountants states their opinion on the Company's financial statements, based on audits conducted in accordance with generally accepted auditing standards. The Board of Directors, through its Audit Committee composed exclusively of outside directors, is responsible for reviewing and monitoring the financial statements and accounting practices. The Audit Committee meets periodically with the internal auditors, management and the independent accountants to ensure that each is meeting its responsibilities. The Audit Committee and the independent accountants have free access to each other with or without management being present.

/s/ Gerald L. Kiser
Gerald L. Kiser
President and Chief Operating Officer

/s/Frederick H. Jackson
Frederick H. Jackson
Chief Financial Officer

Report of Independent Accountants

PricewaterhouseCoopers

To the Board of Directors and Shareholders of La-Z-Boy Incorporated:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of cash flows and of changes in shareholders' equity, including pages 18 through 27, present fairly, in all material respects, the financial position of La-Z-Boy Incorporated and its subsidiaries (the "Company") at April 24, 1999 and April 25, 1998, and the results of their operations and their cash flows for each of the three fiscal years in the period ended April 24, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Toledo, Ohio
May 20, 1999

Consolidated Balance Sheet

(Amounts in thousands, except par value) As of	4/24/99	4/25/98
Assets		
Current assets		
Cash and equivalents	$ 33,550	$ 28,700
Receivables, less allowance of $19,550 in 1999 and $16,605 in 1998	265,157	238,260
Inventories		
Raw materials	47,197	43,883
Work-in-process	37,447	40,640
Finished goods	34,920	30,193
FIFO inventories	119,564	114,716
Excess of FIFO over LIFO	(23,053)	(22,812)
Total inventories	96,511	91,904
Deferred income taxes	20,028	16,679
Income taxes	--	936
Other current assets	10,342	6,549
Total current assets	425,588	383,028
Property, plant and equipment, net	125,989	121,762
Goodwill, less accumulated amortization of $13,583 in 1999 and $11,523 in 1998	46,985	49,413
Other long-term assets, less allowance of $6,077 in 1999 and $4,034 in 1998	31,230	26,148
Total assets	$ 629,792	$ 580,351
Liabilities and shareholders' equity		
Current liabilities		
Current portion of long-term debt	$ 2,001	$ 4,822
Current portion of capital leases	784	1,383
Accounts payable	45,419	36,703
Payroll/other compensation	53,697	39,617
Income taxes	4,103	--
Other current liabilities	26,424	25,764
Total current liabilities	132,428	108,289
Long-term debt	62,469	66,434
Capital leases	219	819
Deferred income taxes	5,697	5,478
Other long-term liabilities	14,064	11,122
Commitments and contingencies	--	--
Shareholders' equity		
Preferred shares-5,000 authorized; 0 issued	--	--
Common shares, $1 par value-150,000 authorized; 52,340 issued in 1999 and 53,551 in 1998*	52,340	53,551
Capital in excess of par value	31,582	29,262
Retained earnings*	332,934	306,445
Currency translation adjustments	(1,941)	(1,049)
Total shareholders' equity	414,915	388,209
Total liabilities and shareholders' equity	$ 629,792	$ 580,351

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

*Restated to reflect a three-for-one stock split, in the form of a 200% stock dividend, effective September, 1998.

Consolidated Statement of Income

(Amounts in thousands, except per share data) Fiscal year ended	4/24/99	4/25/98	4/26/97
Sales	$ 1,287,645	$ 1,108,038	$ 1,005,825
Cost of sales	946,731	825,312	744,662
Gross profit	340,914	282,726	261,163
Selling, general and administrative	234,075	205,523	187,230
Operating profit	106,839	77,203	73,933
Interest expense	4,440	4,157	4,376
Interest income	2,181	2,021	1,770
Other income	2,658	4,207	2,508
Pretax income	107,238	79,274	73,835

Income tax expense			
Federal-current	41,286	28,467	26,247
-deferred	(4,727)	(2,046)	(1,699)
State -current	5,114	3,287	4,304
-deferred	(577)	(354)	(314)
Total tax expense	41,096	29,354	28,538
Net income	$ 66,142	$ 49,920	$ 45,297
Diluted weighted average shares*	53,148	53,821	54,575
Diluted net income per share*	$ 1.24	$ 0.93	$ 0.83
Basic average shares*	52,890	53,654	54,324
Basic net income per share*	$ 1.25	$ 0.93	$ 0.83

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

*Restated to reflect a three-for-one stock split, in the form of a 200% stock dividend, effective September, 1998.

Consolidated Statement of Cash Flows

(Amounts in thousands) Fiscal year ended	4/24/99	4/25/98	4/26/97
Cash flows from operating activities			
Net income	$ 66,142	$ 49,920	$ 45,297
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	22,081	21,021	20,382
Change in receivables	(26,875)	(14,090)	(8,178)
Change in inventories	(4,607)	(6,918)	421
Change in other assets and liabilities	28,287	2,374	4,254
Change in deferred taxes	(3,130)	3,177	(2,014)
Total adjustments	15,756	5,564	14,865
Cash provided by operating activities	81,898	55,484	60,162
Cash flows from investing activities			
Proceeds from disposals of assets	401	1,585	1,527
Capital expenditures	(25,316)	(22,016)	(17,778)
Change in other investments	(4,895)	(16,066)	(8,596)
Cash used for investing activities	(29,810)	(36,497)	(24,847)
Cash flows from financing activities			
Long-term debt	--	35,000	--
Retirements of debt	(6,786)	(24,653)	(5,640)
Capital leases	204	--	--
Capital lease principal payments	(1,403)	(2,017)	(2,114)
Stock for stock option plans	6,431	5,748	4,213
Stock for 401(k) employee plans	1,902	1,704	1,568
Purchases of La-Z-Boy stock	(30,460)	(16,391)	(20,751)
Payment of cash dividends	(16,417)	(15,029)	(14,142)
Cash used for financing activities	(46,529)	(15,638)	(36,866)
Effect of exchange rate changes on cash	(709)	(31)	(127)
Net change in cash and equivalents	4,850	3,318	(1,678)
Cash and equivalents at beginning of the year	28,700	25,382	27,060
Cash and equivalents at end of the year	$ 33,550	$ 28,700	$ 25,382
Cash paid during the year			
- Income taxes	$ 44,842	$ 29,025	$ 28,670
- Interest	$ 4,340	$ 4,235	$ 4,437

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

Consolidated Statement of Changes in Shareholders' Equity

	Capital in excess	Currency trans- lation

(Amounts in thousands)	Common shares	of par value	Retained earnings	adjust- ments	Total
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
Three-for-one stock split.....	35,700		(35,700)		--
Purchases of La-Z-Boy stock ..	(1,700)		(28,760)		(30,460)
Currency translation				(892)	(892)
Stock options/401(k)	490	2,320	5,523		8,333
Dividends paid			(16,417)		(16,417)
Net income			66,142		66,142
At April 24, 1999	$ 52,340	$ 31,582	$ 332,934	($1,941)	$414,915

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.

Cash and Equivalents

For purposes of the consolidated statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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

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 have been outstanding if the dilutive potential common shares had been issued. This includes employee stock options. The information below has been restated for a three-for-one stock split.

(Amounts in thousands) Fiscal year ended	4/24/99	4/25/98	4/26/97
Weighted average common shares outstanding (Basic)..	52,890	53,654	54,324
Effect of options	258	167	251
Weighted average common shares outstanding (Diluted)	53,148	53,821	54,575

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 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)	4/24/99	4/25/98
Certificates of deposit	$19,900	$13,000
Cash in bank	10,704	10,714
Commercial paper	1,878	3,963
Marketable securities	1,068	1,023
Total cash and equivalents.....	$33,550	$28,700

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 1999 and 1998, $15 million and $13 million, respectively, was invested in this bank's certificates.

Note 4: Property, Plant and Equipment

(Amounts in thousands)	Life in years	Depreciation method	4/24/99	4/25/98
Machinery and equipment	10	200%DB	$124,835	$114,502
Buildings and building fixtures ..	15-30	150%DB	116,601	116,145
Information systems	3-5	150-200%DB	23,228	20,738
Transportation equipment	5	SL	15,685	15,606
Land and land improvements	0-20	150%DB	13,514	12,937
Network and production tracking systems	5-10	SL	4,881	2,407
Other	3-10	Various	23,923	18,048
			322,667	300,383
Less: accumulated depreciation			196,678	178,621
Property, plant and equipment, net			$125,989	$121,762

DB= Declining Balance SL= Straight Line

Note 5: Debt and Capital Lease Obligations

(Amounts in thousands)	Interest rates	Maturities	4/24/99	4/25/98
Private placement	6.5%-8.8%	1999-08	$36,875	$38,750

Industrial revenue bonds	3.1%-3.9%	2000-14	27,400	28,500
La-Z-Boy notes.....................	----	----	--	2,492
Other debt	5.0%-7.0%	1999-00	195	1,514
Total debt			64,470	71,256
Less: current portion ...			2,001	4,822
Long-term debt ...			$62,469	$66,434
Weighted average interest rate...			5.3%	5.8%
Fair value of debt ...			$65,522	$71,352

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. There were no draws outstanding at April 24, 1999 and April 25, 1998.

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 is payable at the end of 10 years and has an interest rate of 6.47%. The agreement also includes covenants 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 2004. The majority of the leases include bargain purchase options.

Maturities of debt and lease obligations for the five years subsequent to April 24, 1999 are $3 million, $1 million, $5 million, $0 and $0, respectively. As of April 24, 1999, the Company had remaining unused lines of credit and commitments of $113 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, the contract amounts are not estimates of future cash flows.

(Contract amounts in thousands)	4/24/99	4/25/98
Loan guarantees	$17,193	$23,567
Lease guarantees	$ 5,649	$ 5,122

Most guarantees require periodic payments to the Company 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 probable 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 7,500,000 common shares.

	Number of shares	Weighted average exercise price
Outstanding at April 27, 1996	1,597,650	$ 9.01
Granted	--	--
Exercised	(362,142)	7.61
Expired or cancelled	(10,977)	9.04
Outstanding at April 26, 1997	1,224,531	9.43
Granted	860,865	11.60
Exercised	(677,316)	9.36
Expired or cancelled	(67,521)	10.42
Outstanding at April 25, 1998	1,340,559	10.87

Granted	422,220	17.58
Exercised	(314,814)	9.86
Expired or cancelled	(43,779)	13.82
Outstanding at April 24, 1999	1,404,186	13.02
Exercisable at April 24, 1999	499,761	$ 10.51
Shares available for grants at April 24, 1999	6,132,000	

The options outstanding at April 24, 1999 have exercise prices ranging from $9.00 - $13.23 for 996,726 shares and $17.58 for 407,460 shares and a weighted-average remaining contractual live of 2.9 years.

The Company's shareholders have also 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 750,000 common shares to certain employees. Under a second plan, up to an aggregate of 150,000 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 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 3,000 were granted and issued during both fiscal year 1999 and 1998, under the directors' plan. Shares remaining for future grants under the directors' plans amounted to 96,000 at April 24, 1999. Shares aggregating 67,350 and 69,180 were granted and issued during the fiscal years 1999 and 1998, respectively, under the employee Restricted Share Plan. Shares remaining for future grants under the above plan amounted to 613,470 at April 24, 1999.

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 1,200,000 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 24, 1999, performance awards were outstanding pursuant to which up to approximately 327,000 shares may be issued in fiscal years 2000 through 2002 for the three outstanding target awards, depending on the extent to which certain specified performance objectives are met. The cost of performance awards are expensed over the performance period. In 1999, 48,945 shares were issued.

As permitted by Statement of Financial Accounting Standards (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 after tax expense relating to the stock options would have been $0.7 million in 1999, $0.3 million in 1998 and $0.2 million in 1997. Pro forma net income and earnings per share would have been as follows:

(Amounts in thousands, except per share data)	4/24/99	4/25/98	4/26/97
Net income	$ 65,424	$ 49,575	$ 45,104
Diluted net income per share	$ 1.23	$ 0.92	$ 0.83
Basic net income per share .	$ 1.24	$ 0.92	$ 0.83

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 as required by SFAS No. 123 because it does not take into consideration pro forma compensation expense relating to grants made prior to 1996.

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

	4/24/99	4/25/98	4/26/97
Risk free interest rate..	5.15%	5.6%	6.4%
Dividend rate	1.6%	1.6%	2.4%
Expected life in years...	4.4	4.6	4.6
Stock price volatility...	39%	23%	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 the profit sharing plan or the 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 eligible factory hourly employees.

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

(Amounts in thousands)	4/24/99	4/25/98
Change in benefit obligation		
Benefit obligation at beginning of year	$ 39,948	$ 32,011
Service cost	2,785	1,903
Interest cost	3,739	2,508
Amendments and new plans...................	5,889	474
Benefits paid	(2,051)	(1,663)
Acquisition of Sam Moore	--	4,715
Benefit obligation at end of year	50,310	39,948
Change in plan assets		
Fair value of plan assets at beginning of year ...	53,545	41,568
Actual return on plan assets	5,458	9,439
Employer contribution	1,214	--
Benefits paid	(2,051)	(1,663)
Acquisition of Sam Moore	--	4,201
Fair value of plan assets at end of year	58,166	53,545
Funded status	7,856	13,597
Unrecognized actuarial gain.......................	(3,133)	(9,218)
Unamortized prior service cost	795	724
Prepaid benefit cost........................	$ 5,518	$ 5,103

The actuarially determined net periodic pension cost and retirement costs are computed as follows (for the fiscal years ended):

(Amounts in thousands)	4/24/99	4/25/98	4/26/97
Service cost	$ 2,785	$ 1,903	$ 1,767
Interest cost	3,739	2,508	2,270
Actual return on plan assets .	(5,458)	(9,439)	(5,475)
Net amortization and deferral	(278)	5,843	2,381
Net periodic pension cost	788	815	943
Profit sharing/SERP	6,851	6,035	5,999
401(k).......................	2,174	1,661	1,625
Other	652	968	882
Total retirement costs ..	$10,465	$ 9,479	$ 9,449

The expected long-term rate of return on plan assets was 8.0% for fiscal years 1999, 1998 and 1997. The weighted-average discount rate used in determining the actuarial present value of projected benefit obligations was 6.8% for fiscal year 1999 and 7.5% for fiscal years 1998 and 1997. Vested benefits included in the projected benefit obligation were $40 million and $32 million at April 24, 1999 and April 25, 1998, 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.

While in total the Company is overfunded, at April 24, 1999, there are two plans with pension benefit obligations of $6.7 million and pension plan assets of $5.5 million which are included in the tables shown.

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 fiscal years ended):

(Amounts in thousands)	4/24/99	4/25/98	4/26/97
Gross health care	$ 37,698	$ 32,020	$ 30,831
Participant payments ..	(9,406)	(7,531)	(6,393)
Net health care	$ 28,292	$ 24,489	$ 24,438

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 were as follows:

(Amounts in thousands)	4/24/99	4/25/98
Current		
Deferred income tax assets/(liabilities)		
Bad debt	$ 10,942	$ 9,393
Warranty	6,054	4,938
Workers' compensation	1,662	1,838
SERP/other	1,626	1,794
Inventory	1,429	1,795
State income tax	1,366	926
Stock options	1,653	1,069
Receivables-mark to market	(7,904)	(8,700)
Other	3,382	3,813
Valuation allowance	(182)	(187)
Total current deferred tax assets	20,028	16,679
Noncurrent		
Deferred income tax assets/(liabilities)		
Pension	(2,985)	(2,506)
Property, plant and equipment	(2,943)	(3,110)
Net operating losses	907	842
Other	360	246
Valuation allowance	(1,036)	(950)
Total noncurrent deferred tax liabilities	(5,697)	(5,478)
Net deferred tax asset	$ 14,331	$ 11,201

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)	4/24/99	4/25/98	4/26/97
Statutory tax rate	35.0%	35.0%	35.0%
Increase (reduction) in taxes resulting from:			
State income taxes net of federal benefit	2.7	2.4	3.5
Tax credits	(0.1)	(0.2)	(0.4)
Goodwill	0.7	0.8	0.9
Unutilized loss carryforwards	0.1	(0.5)	0.1
Miscellaneous items	(0.1)	(0.5)	(0.4)
Effective tax rate	38.3%	37.0%	38.7%

Note 11: Segments

The Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," effective April 26, 1998. Following the provisions of SFAS No. 131, La-Z-Boy Incorporated is reporting segment sales and operating income in the same format reviewed by the Company's management (the "management approach"). La-Z-Boy Incorporated has two reportable segments: Residential upholstery and Residential casegoods.

The Residential upholstery segment is comprised of operating divisions that primarily manufacture and sell upholstered furniture to dealers. Upholstered furniture includes recliners, sofas, occasional chairs and reclining sofas that are mostly or fully covered with fabric, leather or vinyl. The operating divisions included in the Residential upholstery segment are La-Z-Boy Residential, England/Corsair, Sam Moore, Centurion and Distincion Muebles.

The Residential casegoods segment is comprised of operating divisions that primarily manufacture and sell hardwood or hardwood veneer furniture to dealers. Casegoods furniture includes dining room tables and chairs, bed frames and bed boards, dressers, coffee tables and end tables that are mostly constructed of hardwoods or veneers. The operating divisions included in the Residential casegoods segment are Kincaid and Hammary.

The primary difference between the upholstery and the casegoods segments is in the manufacturing area. In general, upholstery manufacturing requires lower capital expenditures per dollar of sales than casegoods but higher labor costs. Equipment needs and manufacturing processes are different in many key areas and product costs reflect these significant differences. Upholstery typically uses plywood or other "frame" (not exposed) wood which requires less detailing and uses some different manufacturing methods than casegoods wood processing. Casegoods requires more extensive automated equipment for drying, processing, cutting, sanding and finishing exposed hardwood and veneer products. Wood and related wood processing costs for upholstery (or total frame costs) are a much smaller percentage of total unit costs in upholstery than casegoods. Upholstery's largest costs are related to the purchased cost of fabric (or leather, vinyl, etc.), cutting fabric, sewing the fabric and upholstering the fabric and other materials to the frame; whereas casegoods manufacturing typically has none of these costs or processes. Upholstery also extensively uses filler materials such as polyurethane foam for cushioning and appearance whereas casegoods manufacturing typically has none of these costs or processes. Also, in "motion" upholstery products, which are a large portion of La-Z-Boy's total upholstery sales, there are metal mechanism processes and costs vs. none in casegoods.

The Other category is comprised of additional operating divisions reviewed for performance by management including business furniture operations, logistics operations, financing, retail and other operations.

The Company's largest customer is less than 3% of consolidated sales.

The accounting policies of the operating segments are the same as those described in Note 1. Segment operating profit is based on profit or loss from operations before interest income and expense, other income and income taxes. Certain corporate costs are allocated to the segments based on revenues and identifiable assets. Identifiable assets are cash and cash equivalents, notes and accounts receivable, FIFO inventories and net property, plant and equipment. Segment information used to evaluate segments is as follows (for the fiscal years ended):

(Amounts in thousands)	4/24/99	4/25/98	4/26/97
Net revenues			
Residential upholstery	$1,015,162	$ 850,495	$ 772,049
Residential casegoods	198,969	186,968	170,561
Other	150,435	90,849	78,670
Eliminations	(76,921)	(20,274)	(15,455)
Consolidated	1,287,645	1,108,038	1,005,825
Operating profit			
Residential upholstery	99,542	70,462	63,872
Residential casegoods	11,787	7,425	8,143
Other	(802)	2,754	2,883
Unallocated corporate costs & eliminations	(3,688)	(3,438)	(965)
Consolidated	106,839	77,203	73,933
Depreciation and amortization			
Residential upholstery	13,995	12,196	11,465
Residential casegoods	3,806	3,992	3,925
Other	2,999	3,334	3,383
Corporate & eliminations...	1,281	1,499	1,609
Consolidated	22,081	21,021	20,382
Capital expenditures			
Residential upholstery	19,388	16,556	10,714
Residential casegoods	4,248	3,420	6,032
Other	3,609	2,263	1,032
Corporate & eliminations...	(1,929)	(223)	--
Consolidated	25,316	22,016	17,778
Assets			
Residential upholstery	399,803	363,160	313,492
Residential casegoods	97,804	94,019	96,064
Other	54,900	48,839	45,670
Corporate & eliminations...	(8,252)	(2,580)	(164)
Unallocated assets	85,537	76,913	73,345
Consolidated	$ 629,792	$ 580,351	$ 528,407
Sales by country			
United States	93%	94%	94%
Canada and other	7%	6%	6%
	100%	100%	100%

Note 12: 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 six environmental clean-up sites. Based on a review of all currently known facts and the Company's experience with previous environmental clean-up sites, management does not anticipate that future expenditures for environmental clean-up sites will have a material adverse effect on the Company.

Note 13: Subsequent Events

On March 10, 1999, the Company entered into a letter of intent to acquire privately held Bauhaus USA, Inc. The transaction is expected to be completed on or shortly after June 1, 1999. General terms of the transaction call for La-Z-Boy to acquire 100 percent of the outstanding shares of Bauhaus. Sales for their fiscal year ended August, 1998 were about $85 million.

Additionally, on April 12, 1999 the Company entered into a letter of intent to acquire privately held Alexvale Furniture, Inc. This transaction is expected to be completed in the first quarter of fiscal year 2000. Sales for their fiscal year ended April, 1999 were about $62 million.

Both transactions are subject to regulatory approval.

Management's Discussion and Analysis

Management's 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.

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.

La-Z-Boy's largest division is La-Z-Boy Residential, which accounts for the majority of the upholstery segment. Sales by dealer type are as follows:

La-Z-Boy Residential division	1999	1998	1997
Galleries/proprietary.	53%	51%	51%
General dealers.......	34	35	36
Dept. stores/chains...	13	14	13
	100%	100%	100%

Analysis of Operations
Year Ended April 24, 1999
(1999 compared with 1998)

The 1999 sales of $1.3 billion were 16% greater than 1998. About 80% of the increase was due to internal growth of existing divisions and the remainder was due to acquisitions. La-Z-Boy believes that its 1999 internal growth rate of about 13% exceeded the U.S. industry average for comparable time periods. Selling price increases per unit were small, but a product mix that favored higher priced products did yield a favorable impact of approximately 3 - 4%. No major new product lines were introduced in 1999 although new styles and new collections of styles occurred across all divisions throughout the year. Of particular note was the joint introduction of the Thomas Kinkade Home Furnishings Collection by the La-Z-Boy Residential and Kincaid divisions. In addition, new fabrics were added (replacing slower moving fabrics) throughout the year. No major new dealers were added in 1999 and no significant dealers were dropped.

La-Z-Boy's gross profit margin (gross profit dollars as a percent of sales dollars) increased to 26.5% in 1999 from 25.5% in 1998. An approximate 11% increase in unit volume had a favorable impact on the gross margin percentage as fixed manufacturing costs were absorbed more efficiently than in the prior year. The absence of hardwood and plywood supply chain disruptions and casegood manufacturing plant consolidations also favorably affected the gross profit margin percentage. Currency exchange impacts associated with inventory movements between supply center plants and Residential division plants in the U.S. to a Residential division plant in Canada had a negative impact on the gross profit margin percentage. Similar to 1998, labor wage rates rose moderately and purchased material prices were generally flat as decreased prices for cardboard, batting and poly were offset by increased prices for other materials.

S,G&A expense decreased to 18.2% of sales in 1999 from 18.5% in 1998. Bonus related expense was significantly higher in fiscal 1999 as compared to fiscal 1998 in addition to increased information technology (IT) expenses. The increased IT expenses were mainly due to Year 2000 related issues. These increases were more than offset by selling and advertising expenses being lower as a percent of sales in fiscal 1999.

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 3% 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 small increases to some selling expenses more than offset increased (greater than the rate of sales) professional related expenses, bad debts and IT 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.

Liquidity and Financial Condition

Cash flows from operations amounted to $82 million in 1999, $55 million in 1998 and $60 million in 1997 and have been adequate for day-to-day expenditures, dividends to shareholders and capital expenditures. Capital expenditures were $25.3 million in 1999, $22.0 million in 1998 and $17.8 million in 1997.

Total FIFO inventory increased 4% over the prior year with raw materials increasing 8%, work-in-process decreasing 8% and finished goods increasing 16%. The absence of hardwood and plywood supply chain disruptions resulting from improved supply plant production throughput has permitted work-in-process inventory to be significantly reduced. Finished goods inventory levels are higher primarily due to increased daily production volumes resulting in more finished product being staged for shipment.

The Company had unused lines of credit and commitments of $113 million under several credit arrangements as of April 24, 1999. 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.

Bonus accruals for the year are significantly higher than the past year, thus driving the increase in payroll/other compensation liability.

In September 1998, the Company declared a three-for-one stock split in the form of a 200% stock dividend.

The La-Z-Boy Board of Directors has authorized the repurchase of Company stock. Shares acquired in 1999, 1998 and 1997 totaled 1,643,000, 1,253,000 and 1,941,000, respectively. As of April 24, 1999, 1,526,000 shares were available for repurchase. Due to repurchases during the year, the Company was able to increase the diluted earnings per share by $0.02 for the fiscal year. The Company plans to be in the market for its shares as its stock price changes 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 1999 and 1998 was 3.2:1 and 3.5:1, respectively. The debt to capital ratio was 13.7% at the end of 1999 and 15.9% at the end of 1998.

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 provisions of Titles III and V of the 1990 Clean Air Act Amendments. Refer to Note 12: Contingencies, in the Notes to Consolidated Financial Statements.

Outlook

Statements in this Outlook section are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995. 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.

La-Z-Boy's fiscal year ending April 29, 2000 will include 53 weeks compared to fiscal year 1999 which included 52 weeks. This is approximately a 2% increase in the length of the year which will affect sales and other financial comparisons from year to year.

One of the up and coming challenges that is currently facing businesses is the need to respond to "e-commerce", which refers to the electronic exchange of information. Consumers are doing more and more business via this global form of communication. The Company recognizes that there are significant potential rewards and risks associated with e-commerce and that the e-commerce environment is changing rapidly. The Company has recently begun formal efforts to clarify its e-commerce strategies.

One of La-Z-Boy's financial goals is to increase sales of existing operations greater than the furniture industry with a benchmark of at least 10% per year. For 1999, La-Z-Boy sales increased 16% from 1998. On a comparable basis, excluding Sam Moore which was only included for one month of fiscal 1998, the sales increase was equal to 13%, which the Company believes was better than the industry average. Some furniture industry reports for calendar year 1998 over 1997 showed industry sales increases in the 6-9% range.

At the end of April 1999, the backlog of orders was much higher than at the end of April 1998. La-Z-Boy primarily builds "to order" and does not carry large amounts of finished warehouse goods. The expected acquisition of Bauhaus and Alexvale in the first quarter of fiscal year 2000 are expected to result in measurable sales gains for all quarters in fiscal year 2000. La-Z-Boy, without Bauhaus and Alexvale, is expected to realize first quarter sales increases as a result of a favorable order backlog situation. Expectations are for a slow-down in sales growth rates in the second half of 2000 based on industry economic projections and the high rate of actual sales achieved in that period in 1999 which will make fiscal year 2000 comparisons more difficult. Some furniture industry forecasts for calendar year 1999 over 1998 are estimating that sales increases will be in the 4-6% range.

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.

Existing manufacturing capacity can support unit volume increases of 10 - 15% should they materialize.

La-Z-Boy's second financial goal is for operating profit to exceed the current fiscal year's 8.3%. For 2000 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. Increased sales volume should help improve operating margins. Operating margins benefit from improved investments and machinery and other productivity enhancements. Capital expenditures are expected to be about $30 million in 2000 compared to $25 million in 1999. IT expenses and bad debts expense are expected to slightly decrease as a percent of sales.

A third financial goal is to achieve return on capital of greater than 20%. La-Z-Boy defines return on capital as operating profit + interest income + other income as a percent of beginning-of-year capital (capital is defined as shareholders' equity + debt + capital leases + net deferred taxes). For 1999, return on capital was 24.8% compared to 20.5% in 1998. La-Z-Boy enhances shareholder value and reduces capital employed through stock repurchases, dividends and debt reductions.

The Year 2000 issue arises from the use of two-digit date fields used in computer programs which may cause problems as the year changes from 1999 to 2000. These problems could cause disruptions of operations or processing of transactions.

To address the Year 2000 challenge, the Company established a Year 2000 Program Office guided by a steering committee consisting of senior executive management. This office serves as the central coordination point for all Year 2000 compliance efforts of the Company. The Company has included IT systems and non-IT systems as well as third party readiness in the scope of its Year 2000 project. The Company is on schedule with regard to its internal plan. Management believes that the Company is taking the steps necessary to minimize the impact of the Year 2000 challenge.

The challenges the Company faces with regard to its IT systems include upgrading of operating systems, hardware and software and modifying order entry and invoicing programs. For the IT challenges, the Company has completed the inventory and assessment phases and substantially completed the remediation phase. The Company currently is in the testing and implementation phases. Critical operating systems, hardware and software and in-house developed programs have been renovated, replaced or upgraded and implemented. Year 2000 testing is on schedule with regards to the internal plan. The Company expects to have its critical IT systems compliant and compatible, with the appropriate testing completed, by September 1999.

The primary challenges the Company faces with regards to its non-IT systems include plant floor machinery and facility related items. For these systems, the inventory and assessment phases have been completed and the testing phase is substantially complete. The Company believes these systems to be compliant and compatible. The Company is presently completing the testing phase of its non-IT projects with expected completion by September 1999.

With respect to third party readiness, the Company continues to work with customers, suppliers and service providers in order to prevent disruption of business activities. Multiple approaches are being used to determine compliance based on the priority assigned to the third party. Based on communications with these third parties, the Company believes that all material third parties will be sufficiently prepared for the Year 2000 or the Company will make alternative plans. For critical third parties, testing will be performed as deemed necessary.

While the Company believes that it is preparing adequately for all Year 2000 concerns, there is no guarantee against internal or external system failures. Such failures could have a material adverse effect on the Company's results of operations, liquidity and financial condition. The Company, utilizing independent consultants, has initiated an assessment of the operational risks related to the Year 2000 issue. To the extent such risks are identified, the Company has or will devise contingency plans to minimize such risks. The Company believes that its most likely worst case scenario would be business interruptions caused by third party failures. The Company expects to have contingency plans in place prior to the Year 2000 for IT and non-IT systems, as well as for areas of concern with relation to third parties.

At the present time, the total Year 2000 related costs are estimated to be $12 to $16 million. To date, the Company has spent approximately $9 million. Included in the total estimated expenditures are both remediation and, in some cases, enhancement or improvement related costs that cannot easily be separated from remediation costs. Some of these enhancements or improvements were previously planned and were merely accelerated as a means to address Year 2000 challenges.

In June, 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which will be effective for the Company's fiscal year 2001. SFAS No. 133 requires a company to recognize all derivative instruments as assets or liabilities in its balance sheet and measure them at fair value. The Company has not yet determined when it will implement SFAS No. 133 or what impact implementation will have on its financial position or results of operations.

Consolidated Six Year Summary of Selected Financial Data

(Dollar amounts in thousands, except per share data) Fiscal year ended	1999 (52 weeks)	1998 (52 weeks)	1997 (52 weeks)	1996 (52 weeks)	1995 (52 weeks)	1994 (53 weeks)
Sales	$1,287,645	$1,108,038	$1,005,825	$947,263	$850,271	$ 804,898
Cost of sales	946,731	825,312	744,662	705,379	629,222	593,890
Gross profit	340,914	282,726	261,163	241,884	221,049	211,008
Selling, general and administrative	234,075	205,523	187,230	174,376	158,551	151,756
Operating profit	106,839	77,203	73,933	67,508	62,498	59,252
Interest expense	4,440	4,157	4,376	5,306	3,334	2,822
Interest income	2,181	2,021	1,770	1,975	1,628	1,076
Other income	2,658	4,207	2,508	2,023	1,229	649
Pretax income	107,238	79,274	73,835	66,200	62,021	58,155
Income tax expense	41,096	29,354	28,538	26,947	25,719	23,438
Net income	$ 66,142	$ 49,920	$ 45,297	$ 39,253	$ 36,302	$ 34,717**
Diluted weighted average shares outstanding (`000s) ***	53,148	53,821	54,575	55,596	54,303	54,085
Per common share outstanding						
Diluted net income***	$ 1.24	$ 0.93	$ 0.83	$ 0.71	$ 0.67	$ 0.63
Basic net income***	$ 1.25	$ 0.93	$ 0.83	$ 0.71	$ 0.67	$ 0.63**
Cash dividends paid***	$ 0.31	$ 0.28	$ 0.26	$ 0.25	$ 0.23	$ 0.21
Book value on year end shares outstanding***	$ 7.93	$ 7.25	$ 6.69	$ 6.23	$ 5.81	$ 5.30
Return on average shareholders' equity	16.5%	13.4%	12.9%	11.8%	12.2%*	12.5%**
Gross profit as a percent of sales	26.5%	25.5%	26.0%	25.5%	26.0%	26.2%
Operating profit as a percent of sales	8.3%	7.0%	7.4%	7.1%	7.4%	7.4%
Operating profit, interest income and other income as a percent of beginning-of-year capital	24.8%	20.5%	19.6%	18.1%	19.3%	19.4%
Net income as a percent of sales	5.1%	4.5%	4.5%	4.1%	4.3%	4.3%**
Income tax expense as a percent of pretax income	38.3%	37.0%	38.7%	40.7%	41.5%	40.3%
Depreciation and amortization	$ 22,081	$ 21,021	$ 20,382	$ 20,147	$ 15,156	$ 14,014
Capital expenditures	$ 25,316	$ 22,016	$ 17,778	$ 18,168	$ 18,980	$ 17,485
Property, plant and equipment (net)	$ 125,989	$ 121,762	$ 114,658	$116,199	$117,175	$ 94,277
Working capital	$ 293,160	$ 274,739	$ 245,106	$240,583	$237,280	$ 224,122
Current ratio	3.2 to 1	3.5 to 1	3.5 to 1	3.5 to 1	3.7 to 1	4.1 to 1
Total assets	$ 629,792	$ 580,351	$ 528,407	$517,546	$503,818	$ 430,253
Debt and capital leases	$ 65,473	$ 73,458	$ 61,279	$ 69,033	$ 83,201	$ 55,370
Shareholders' equity	$ 414,915	$ 388,209	$ 359,338	$343,376	$323,640	$ 290,911
Ending capital	$ 466,017	$ 450,466	$ 405,996	$399,801	$395,209	$ 338,070
Ratio of debt to equity	15.8%	18.9%	17.1%	20.1%	25.7%	19.0%

Ratio of debt to capital	13.6%	15.9%	14.6%	16.7%	20.5%	16.0%
Shareholders	16,329	13,592	12,729	12,293	12,665	12,615
Employees	12,796	12,155	11,236	10,733	11,149	9,370

*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 $0.06 per share.
***Restated to reflect a three-for one stock split, in the form of a 200% stock dividend effective September, 1998.

Dividend and Market Information

Fiscal 1999 quarter ended	Dividends paid	Market price High	Low	Close
July 25	$0.07	$19 11/24	$16 1/3	$17 23/24
Oct. 24	0.08	22 1/2	15 5/8	18 1/2
Jan. 23	0.08	20 7/16	15 1/4	16 15/16
April 24	0.08	$22 1/4	$17	$19
	$0.31			

Fiscal 1998 quarter ended	Dividends paid	Market price High	Low	Close
July 26	$0.07	$12 31/48	$10 7/12	$12 13/24
Oct. 25	0.07	12 47/48	11 5/12	12 5/8
Jan. 24	0.07	14 15/16	12 19/48	14 5/8
April 25	0.07	$17 5/6	$14 5/16	$17 5/6
	$0.28			

Fiscal year	Dividends paid	Dividend yield	Dividend payout ratio	Market price High	Low	Close	Diluted net income per share	P/E ratio High	Low
1999	$0.31	1.6%	24.8%	$22 1/2	$15 1/4	$19	$1.24	18	12
1998	0.28	1.6%	30.1%	17 5/6	10 7/12	17 5/6	0.93	19	11
1997	0.26	2.4%	31.2%	12 7/24	9 5/12	10 3/4	0.83	15	11
1996	0.25	2.5%	34.9%	11 1/4	8 13/24	10 1/24	0.71	16	12
1995	0.23	2.5%	33.8%	11 1/4	8 11/24	9	0.67	17	13
1994	$0.21	1.9%	33.7%*	$13 1/3	$8 1/2	$11 1/6	$0.63*	21*	13*

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	7/25/98	10/24/98	1/23/99	4/24/99	Fiscal year 1999
Sales	$268,880	$334,831	$318,105	$365,829	$1,287,645
Cost of sales	205,431	245,062	230,923	265,315	946,731
Gross profit	63,449	89,769	87,182	100,514	340,914
Selling, general and administrative	51,288	59,510	58,758	64,519	234,075
Operating profit ...	12,161	30,259	28,424	35,995	106,839
Interest expense	1,187	1,164	1,110	979	4,440
Interest income	577	471	430	703	2,181
Other income	355	865	962	476	2,658
Pretax income	11,906	30,431	28,706	36,195	107,238
Income tax expense	4,722	11,984	10,978	13,412	41,096
Net income	$ 7,184	$ 18,447	$ 17,728	$ 22,783	$ 66,142

Diluted EPS	$ 0.13	$ 0.35	$ 0.34	$ 0.43	$ 1.24

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 and administrative	45,357	50,400	50,189	59,577	205,523
Operating 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 expense	1,267	10,628	6,944	10,515	29,354
Net income	$ 1,726	$ 16,822	$ 11,459	$19,913	$ 49,920
Diluted EPS	$ 0.03	$ 0.31	$ 0.21	$0.37	$ 0.93

*Excludes the income effect of adopting SFAS 109 in May 1993 of $3,352 or $0.06 per share.

Various data has been restated to reflect a three-for-one stock split.

Board of Directors
(includes some executives)

Gene M. Hardy
Secretary and Treasurer
La-Z-Boy Incorporated

David K. Hehl
Member, Cooley Hehl Wohlgamuth & Carlton, PLLC

Frederick H. Jackson
Executive VP Finance
La-Z-Boy Incorporated

James W. Johnston
Private Investor

Gerald L. Kiser
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La-Z-Boy Incorporated

Dr. H. George Levy
Otolaryngologist & CEO of USI, Inc.

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Larry A. Woolace
VP, La-Z-Boy West

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Dividend Reinvestment Plan
A brochure is available on the La-Z-Boy Dividend Reinvestment Plan. It explains how shareholders may increase their investment in the stock of the Company without the cost of fees or service charges. Write to the Secretary and Treasurer.

Stock Exchange
Shares of La-Z-Boy Incorporated common stock are traded on the New York Stock Exchange and the Pacific Stock Exchange under the symbol LZB.

Shareholder Services
Inquiries regarding the Dividend Reinvestment Plan, dividend payments, stock transfer requirements, address changes and account consolidations should be addressed to our stock transfer agent and registrar:

American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, NY 10005
(212) 936-5100
(800) 937-5449

Investor Relations and Financial Reports
Security analysts, shareholders and investors may request information (quarterly or annual reports, 10-K's, etc.) from:

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