SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549-1004

FORM 10-Q

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

FOR QUARTER ENDED January 27, 2001 COMMISSION FILE NUMBER 1-9656

LA-Z-BOY INCORPORATED

(Exact name of registrant as specified in its charter)

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

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (734) 241-4414

None

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

Class	Outstanding at January 27, 2001
Common Shares, $1.00 par value	60,258,537

LA-Z-BOY INCORPORATED

FORM 10-Q THIRD QUARTER OF FISCAL 2001

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LA-Z-BOY INCORPORATED
CONSOLIDATED BALANCE SHEET
(Amounts in thousands, except par value)

	Unaudited				Audited
			Increase/(Decrease)		
	Jan. 27, 2001	Jan. 22, 2000	Dollars	Percent	Apr. 29, 2000
Current assets					
Cash & equivalents	$20,409	$16,531	$3,878	23%	$14,353
Receivables	365,469	268,165	97,304	36%	394,453
Inventories					
Raw materials	103,044	58,711	44,333	76%	91,018
Work-in-process	67,074	47,181	19,893	42%	63,635
Finished goods	111,210	46,298	64,912	140%	98,623
FIFO inventories	281,328	152,190	129,138	85%	253,276
Excess of FIFO over LIFO	(7,838)	(23,405)	15,567	67%	(7,473)
Total inventories	273,490	128,785	144,705	112%	245,803
Deferred income taxes	20,805	24,062	(3,257)	-14%	22,374
Other current assets	11,103	10,176	927	9%	15,386
Total current assets	691,276	447,719	243,557	54%	692,369
Property, plant & equip., net	223,562	147,080	76,482	52%	227,883
Goodwill	113,486	102,301	11,185	11%	116,668
Trade names	134,545	-	134,545	N/M	135,340
Other long-term assets	48,768	43,805	4,963	11%	46,037
Total assets	$1,211,637	$740,905	$470,732	64%	$1,218,297
Current liabilities					
Current portion - long-term debt	$1,604	$1,629	($25)	-2%	$13,119
Current portion - capital leases	457	844	(387)	-46%	457
Accounts payable	90,784	57,893	32,891	57%	90,392
Payroll/other compensation	55,667	44,261	11,406	26%	74,724
Income taxes	1,413	2,136	(723)	-34%	5,002
Other current liabilities	47,875	28,201	19,674	70%	53,312
Total current liabilities	197,800	134,964	62,836	47%	237,006
Long-term debt	240,688	121,264	119,424	98%	233,938
Capital leases	2,739	1,983	756	38%	2,156
Deferred income taxes	52,488	5,380	47,108	876%	50,280
Other long-term liabilities	30,448	16,702	13,746	82%	31,825
Commitments & contingencies					
Shareholders' equity					
Common shares, $1 par	60,259	52,544	7,715	15%	61,328
Capital in excess of par	211,017	35,099	175,918	501%	211,450
Retained earnings	418,706	374,429	44,277	12%	392,458
Currency translation	(2,508)	(1,460)	(1,048)	-72%	(2,144)
Total shareholders' equity	687,474	460,612	226,862	49%	663,092
Total liabilities and shareholders' equity	$1,211,637	$740,905	$470,732	64%	$1,218,297

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

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME
(Amounts in thousands, except per share data)

(UNAUDITED)
THIRD QUARTER ENDED

	Jan. 27, 2001	Jan. 22, 2000	% Over (Under)	Percent of Sales 2001	Percent of Sales 2000
Sales	$531,392	$376,872	41%	100.0%	100.0%
Cost of sales	408,386	281,358	45%	76.9%	74.7%
Gross profit	123,006	95,514	29%	23.1%	25.3%
S, G & A	95,787	62,226	54%	18.0%	16.5%
Operating profit	27,219	33,288	-18%	5.1%	8.8%
Interest expense	4,821	2,128	127%	0.9%	0.6%
Interest income	502	320	57%	0.1%	0.1%
Other income	2,623	1,317	99%	0.5%	0.4%
Pretax income	25,523	32,797	-22%	4.8%	8.7%
Income tax expense	9,406	11,460	-18%	36.9% *	34.9% *
Net income	$16,117	$21,337	-24%	3.0%	5.7%
Basic EPS	$0.27	$0.41	-34%		
Diluted average shares	60,399	52,274	16%		
Diluted EPS	$0.27	$0.41	-34%		
Dividends paid per share	$0.09	$0.08	13%		

(UNAUDITED)
NINE MONTHS ENDED

	Jan. 27, 2001	Jan. 22, 2000	% Over (Under)	Percent of Sales 2001	Percent of Sales 2000
Sales	$1,600,882	$1,086,267	47%	100.0%	100.0%
Cost of sales	1,220,062	808,904	51%	76.2%	74.5%
Gross profit	380,820	277,363	37%	23.8%	25.5%
S, G & A	284,185	184,122	54%	17.8%	16.9%
Operating profit	96,635	93,241	4%	6.0%	8.6%
Interest expense	13,670	5,433	152%	0.9%	0.5%
Interest income	1,284	1,526	-16%	0.1%	0.1%
Other income	9,099	3,025	201%	0.6%	0.3%
Pretax income	93,348	92,359	1%	5.8%	8.5%
Income tax expense	35,312	34,459	2%	37.8% *	37.3% *
Net income	$58,036	$57,900	0%	3.6%	5.3%

Basic EPS	$0.96	$1.11	-14%
Diluted average shares**	60,769	52,498	16%
Diluted EPS	$0.96	$1.10	-13%
Dividends per share	$0.26	$0.24	8%

* As a percent of pretax income, not sales.

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

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in thousands)

	(Unaudited) Third Quarter Ended		(Unaudited) Nine Months Ended	
	Jan. 27, 2001	Jan. 22, 2000	Jan. 27, 2001	Jan. 22, 2000
Cash flows from operating activities				
Net income	$16,117	$21,337	$58,036	$57,900
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	8,981	6,833	31,019	18,961
Change in receivables	34,274	16,172	27,623	8,241
Change in inventories	1,889	(1,091)	(27,686)	(19,070)
Change in other assets and liabilities	(27,253)	(12,915)	(31,978)	(12,654)
Proceeds from insurance recovery	-	-	5,116	-
Change in deferred taxes	(2,041)	(563)	3,777	(3,117)
Total adjustments	15,850	8,436	7,871	(7,639)
Cash provided by operating activities	31,967	29,773	65,907	50,261
Cash flows from investing activities				
Proceeds from disposals of assets	221	240	660	790
Capital expenditures	(5,986)	(6,849)	(23,059)	(28,801)
Acquisition of operating division, net of cash acquired	-	(2,099)	-	(60,780)
Change in other investments	(2,145)	(3,726)	185	(6,039)
Cash used by investing activities	(7,910)	(12,434)	(22,214)	(94,830)
Cash flows from financing activities				
Long term debt	-	-	77,000	57,000
Retirements of debt	(15,148)	(792)	(81,765)	(3,598)
Capital leases	-	722	1,162	1,657
Capital lease principal payments	(129)	(440)	(579)	(642)
Stock for stock option plans	493	219	5,206	4,402
Stock for 401(k) employee plans	394	612	1,596	1,811
Purchase of La-Z-Boy stock	(151)	(9,916)	(23,400)	(20,862)
Payment of cash dividends	(6,355)	(4,170)	(16,693)	(12,544)
Cash provided/(used) by financing activities	(20,896)	(13,765)	(37,473)	27,224
Effect of exchange rate changes on cash	507	188	(164)	326
Net change in cash and equivalents	3,668	3,762	6,056	(17,019)

Cash and equivalents at beginning of period		16,741	12,769	14,353	33,550
Cash and equivalents at end of period		$20,409	$16,531	$20,409	16,531
Cash paid during period	-Income taxes	$21,430	$15,957	$46,156	$39,264
	-Interest	$6,490	$1,478	$12,739	$4,144

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation
The interim financial information is prepared in conformity with generally accepted accounting principles and such principles are applied on a basis consistent with those reflected in our 2000 Annual Report on Form 10-K, filed with the Securities and Exchange Commission. The financial information included in these financial statements has been prepared by management. The consolidated balance sheet as of April 29, 2000, has been audited by our independent certified public accountants. The interim financial information as of and for the interim periods ended January 27, 2001 and January 22, 2000 have been prepared on a basis consistent with, but do not include all the disclosures contained in, the audited consolidated financial statements for the year ended April 29, 2000. The interim financial information includes all adjustments and accruals consisting only of normal recurring adjustments which are, in our opinion, necessary for a fair presentation of results for the respective interim period.

2. Interim Results
The foregoing interim results are not necessarily indicative of the results of operations for the full fiscal year ending April 28, 2001.

3. Recent Acquisitions
On January 29, 2000, we acquired LADD Furniture, Inc., then a publicly traded furniture manufacturer, in a stock-for-stock merger, at which time LADD became our wholly owned subsidiary. The holders of LADD stock received approximately 9.2 million shares of La-Z-Boy common stock in consideration for their LADD shares. In addition, LADD employee stock options then outstanding were replaced with about 1 million La-Z-Boy stock options. Total consideration, including acquisition costs, was about $190 million. Annual sales for LADD's 1999 calendar year were over $600 million. Additional information about the LADD acquisition is contained in the form S-4 registration statement that we filed with the SEC to register the stock to be issued to LADD shareholders as merger consideration.

On December 28, 1999, we acquired all of the outstanding equity securities of the businesses now comprising Alexvale Furniture, Inc., a manufacturer of medium-priced upholstered furniture, for a combination of cash and La-Z-Boy common stock totaling about $17 million. Alexvale's calendar year 1999 sales were about $60 million.

We acquired Bauhaus USA, Inc., a manufacturer of upholstered furniture primarily marketed to department stores, on June 1, 1999 for approximately $59 million in cash. Bauhaus' annual calendar year 1999 sales were in excess of $100 million.

The above acquisitions have been accounted for as purchases. The operations of the above companies were included in our financial statements following the acquisition dates.

The following unaudited pro forma financial information presents combined results of operations of the above companies as if the acquisitions had occurred as of the beginning of fiscal 2000. The pro forma financial information gives effect to certain adjustments resulting from the acquisitions and related financing. The pro forma financial information does not necessarily reflect the results of operations that would have occurred had the separate operations of each company constituted a single entity during the periods presented.

(Amounts in thousands, except per share data)	(Unaudited) Third Quarter Ended Actual Jan. 27, 2001	Pro forma Jan. 22, 2000	(Unaudited) Nine Months Ended Actual Jan. 27, 2001	Pro forma Jan. 22, 2000
Sales	$531,392	$540,049	$1,600,882	$1,595,183
Net income	$16,117	$23,878	$58,036	$69,198
Diluted earnings per share	$0.27	$0.39	$0.96	$1.11

4. Other Income: Insurance Recovery
   Other income in the nine months included $4.9 million resulting from a business interruption insurance recovery associated with Hurricane Floyd.

5. Earnings per Share
   Basic earnings per share is computed using the weighted-average number of shares outstanding during the period. Diluted earnings 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 issuable under employee stock options were issued.

(Amounts in thousands)	(Unaudited) Third Quarter Ended Jan. 27, 2001	Jan. 22, 2000	(Unaudited) Nine Months Ended Jan. 27, 2001	Jan. 22, 2000
Weighted average common Shares outstanding (basic)	60,240	52,088	60,615	52,232
Effect of options	159	186	154	266
Weighted average common Shares outstanding (diluted)	60,399	52,274	60,769	52,498

6. Segment Information
   Our reportable operating segments are Residential upholstery, Residential casegoods, and Contract. Financial results of our operating segments are as follows:

(Amounts in thousands)	(Unaudited) Third Quarter Ended Jan. 27, 2001	Jan. 22, 2000	(Unaudited) Nine Months Ended Jan. 27, 2001	Jan. 22, 2000
Sales				
Residential upholstery	$356,352	$310,191	$1,041,190	$879,465
Residential casegoods	125,336	50,488	406,271	154,550
Contract	49,704	16,193	153,421	52,252
Consolidated	$531,392	$376,872	$1,600,882	$1,086,267
Operating profit				
Residential upholstery	$28,970	$30,358	$87,258	$83,433
Residential casegoods	(82)	3,596	16,654	13,223
Contract	748	(109)	6,031	794
Unallocated corporate costs & other	(2,417)	(557)	(13,308)	(4,209)
Consolidated	$27,219	$33,288	$96,635	$93,241

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATION

Cautionary Statement Concerning Forward-Looking Statements

We are making forward-looking statements in this item. Generally, forward-looking statements include information concerning possible or assumed future actions, events or results of operations. More specifically, forward-looking statements include the information in this document regarding:

future income and margins	future economic performance
growth	industry trends
adequacy and cost of financial resources	management plans

Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes," "plans," " intends" and "expects" or similar expressions. With respect to all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Many important factors, including future economic and industry conditions (for example, changes in interest rates, changes in demographics and consumer preferences, e-commerce developments, oil price changes and changes in the availability and cost of capital); competitive factors (such as the competitiveness of foreign-made products, new manufacturing technologies, or other actions taken by current or new competitors); operating factors (for example, supply, labor, or distribution disruptions, changes in operating conditions or costs, and changes in regulatory environment), and factors relating to recent or future acquisitions, could affect our future results and could cause those results or other outcomes to differ materially from what may be expressed or implied in forward-looking statements. We undertake no obligation to update or revise any forward-looking statements for new developments or otherwise.

LADD Effects

As a result of the LADD acquisition, most of our assets, liabilities and results of operations for our first, second, and third quarters differed substantially from those in comparable prior periods.

Results of Operations

Third Quarter Ended Jan. 27, 2001 Compared to Third Quarter Ended Jan. 22, 2000.

See page 4 for the consolidated statement of income with analysis of percentages and calculations. In addition, see page 7 for pro forma analysis and comments.

(Unaudited)
Segment Analysis
Third Quarter Ended

	Sales		Operating Profit		
	FY01 Over/ (Under) FY00			Percent of Sales	
	Actual	Pro forma	FY01 Over (Under) FY00	FY01	FY00
Residential upholstery	15%	1%	(5%)	8.1%	9.8%
Residential casegoods	148%	(6%)	(102%)	(0.1%)	7.1%
Contract	207%	(19%)	786%	1.5%	(0.7%)
Unallocated corp. costs & eliminations	N/A	N/A	334%	N/A	N/A
Consolidated	41%	(2%)	(18%)	5.1%	8.8%

Third quarter sales were up 41% over the prior year's third quarter due to acquisitions. Pro forma sales were down 2% as per the table above. The 2% pro forma sales decrease is primarily due to weakening furniture industry demand and impacts of retailer financial difficulties; in particular, the recent Heilig-Meyers, Montgomery Wards and Fleming Furniture bankruptcies. Our residential casegoods segment sales were impacted much more than our residential upholstery or contract segments from the bankruptcy filings because a greater percentage of their sales were to these customers. On a positive note, our proprietary distribution - most notably the La-Z-Boy Furniture Galleries - continued to experience above-industry growth rates.

The 19% decrease in pro forma contract sales has followed pro forma robust growth over the last few years. The assisted-living market is the primary area of decline with some weakness in the office seating market as well as the hospitality market. In calendar 1999, seven of the top ten skilled nursing providers filed for some level of bankruptcy protection. The assisted-living sector of the economy continued to suffer from high labor costs, patient liability claims and reduced federal funding for facility care. The hospitality sector was impacted by declining business and vacation travel related to higher fuel costs. In the hospitality market growth slowed in the room supply business due to reduced commitment to refurbishings and increased competition from smaller regional competitors.

Gross profit as a percent of sales decreased to 23.1% from 25.3% in last year's third quarter. The primary reason for the drop was the 2% pro forma decline in sales volume and production declines to control inventory levels. We took various actions to reduce costs as volume decreased, but those could not entirely offset the effects on our fixed costs caused by the decline in sales. Through attrition, a hiring freeze and layoffs our number of employees dropped about 4% from last year on a pro forma basis. We took measurable down time and reduced production at many plants. We also improved capacity utilization by closing or combining parts of our plant production facilities. Production declines were more than sales declines in the third quarter because of the normal lag between a sales order slowdown and reducing on hand finished goods inventory. With less production there was less overhead absorption and lower gross margins.

Selling, General & Administrative (S, G & A) as a percent of sales has increased from 16.5% to 18.0%. The primary areas that caused the increase as a percent of sales compared to last year were bad debt expense, some sales/marketing expenses like advertising and the unfavorable effects of recent acquisitions that had higher than average S, G & A ratios. Bad debt expense was significantly higher than in the prior year quarter due to the bankruptcies previously mentioned. We increased our dollar expenditures slightly for advertising and other sales expenses during this slowdown in order to continue to leverage our brand names. In typical sales declines or slowdowns in the past we continued to agressively advertise to put us in a better position for the future. A decline in our stock and cash management incentive programs expense offset some of these expense increases.

Operating profit as a percent of sales decreased from 8.8% last year to 5.1% in this year`s third quarter. In general, sales volumes being below plan and below last year, caused the drop in margins. Residential upholstery's operating margin decreased compared to the prior year from 9.8% to 8.1%, primarily due to an operating loss at one of our divisions which produces more promotional product for department stores. Also, the mix of recently acquired residential upholstery companies had much lower than average operating profit margins and contributed to the drop in profitability compared to the prior year. Residential casegoods' operating margin decreased from 7.1% to (0.1)%. The third quarter operating loss of 0.1% of sales compares with operating profit of 7.0% of sales in the first six months of this year. Bankruptcies affected our residential casegoods segment much more than the residential upholstery segment; especially in our promotional product lines. In addition, because residential casegoods builds finished goods inventory to stock (instead of to a retail dealer order), there was a longer lag time necessary to adjust to sales order declines. The items mentioned in the Gross Margin paragraph above also unfavorably affected our casegoods segment more than upholstery. Also, bad debts expense was much higher in our residential casegoods segment than in our residential upholstery segment. Our contract segment operating margin improved slightly from (0.7)% of sales last year to 1.5% this year; however, it dropped from 5.1% for the six months ended October, 2000. The contract segment improved from last year because of adding the more profitable American of Martinsville division of LADD to the mix of companies in that segment. The primary reason for the decline in margins from the six months results was due to the 19% pro forma decline in sales which we were not able to offset by cost declines in the short run.

Interest expense as a percent of sales increased from 0.6% last year to 0.9% due to increased debt as a result of the financing obtained in connection with the acquisition of LADD. In addition, interest rates were higher than last year.

Diluted net income per share decreased from $0.41 to $0.27 due primarily to the items discussed above and the 16% increase in average diluted shares outstanding due to the LADD acquisition.

Nine Months Ended Jan. 27, 2001 Compared to Nine Months Ended Jan. 22, 2000.

See page 4 for the consolidated statement of income with analysis of percentages and calculations. In addition, see page 7 for pro forma analysis and comments.

(Unaudited)
Segment Analysis
Nine Months Ended

	Sales		Operating Profit		
	FY01 Over/ (Under) FY00		FY01 Over (Under) FY00	Percent of Sales	
	Actual	Pro forma		FY01	FY00
Residential upholstery	18%	2%	5%	8.3%	9.5%
Residential casegoods	163%	0%	26%	4.1%	8.6%
Contract	194%	(11%)	660%	3.9%	1.5%
Unallocated corp. costs & eliminations.	N/A	N/A	216%	N/A	N/A
Consolidated	47%	0%	4%	6.0%	8.6%

Nine months ended January sales were up 47% over the prior year's third quarter. However, sales were basically flat compared to last year's pro forma sales. The 47% sales growth on a consolidated basis shown in the table above was primarily due to acquisitions. The 11% decrease in pro forma contract sales follows a robust growth period over the last few years and is partially associated with the business interruption discussed in the Other Income section below. Contract sales were weak across all of our lines of business in this segment.

Gross profit as a percent of sales for the nine months ended January decreased from 25.5% last year to 23.8% in fiscal 2001. Major impacts on this lower profit margin were the sales slowdown, production declines and acquisitions with lower margins than those divisions that made up the company last year.

S, G & A for the nine months ended January were up from 16.9% of sales last year to 17.8% with the most marked increases in bad debt expense, some sales expenses and research and development expenses. The sales expense increases are consistent with trends since the acquisition of LADD which has some divisions with higher expenses as a percent of sales than other divisions. Higher research and development expenditures were planned and represent targeted efforts to improve both existing products and new products. Offsetting some of these expense increases was a decline in our stock and cash management incentive programs expense.

Operating profit was down from 8.6% last year to 6.0% for the nine months ended January 27, 2001 due to many of the items discussed above. The decrease was apparent in both the residential upholstery and residential casegoods segments shown above. The contract segment, however, showed an improvement in operating profit going from 1.5% to 3.9%, primarily because of the acquisition of LADD's American of Martinsville division, which has a higher profit margin than our other division in this segment.

Other income increased $4.9 million primarily due to a second quarter business interruption insurance recovery. This one time cash recovery was primarily related to the effects on future earnings of Hurricane Floyd that occurred in September 1999. Some of the earnings effects were attributed to the current fiscal year. This recovery was net of a $0.2 million receivable. A total of $5.1 million was recognized as an increase in cash flows from operating activities on the enclosed Consolidated Statement of Cash Flows.

Interest expense was up 152% in total or as a percent of sales from 0.5% to 0.9%. This increase was due to increased debt associated with the 2000 acquisitions. In addition, interest rates were higher than last year.

Diluted net income per share decreased from $1.10 to $0.96 due primarily to the items discussed above and the 16% increase in average diluted shares outstanding. In addition, $0.05 of the decrease was due to the one time effect of the second quarter insurance recovery.

Liquidity and Capital Resources

See pages 3 through 5 for our Consolidated Balance Sheet, Consolidated Statement of Income, and Consolidated Statement of Cash Flows with analysis and calculations.

Cash flows from operations amounted to $66 million in the first nine months of fiscal year 2001 compared to $50 million in the prior year. In the aggregate, capital expenditures, dividends and stock repurchases totaled approximately $63 million during the nine month period, which was about the same as in the first nine months of fiscal 2000. Cash and cash equivalents increased by $6 million during the nine month period compared to a decline of $17 million in the prior year.

Our financial strength is reflected in three commonly used calculations. Our current ratio (current assets divided by current liabilities) was 3.6 at January 27, 2001, 2.9 at April 29, 2000 and 3.3 at January 22, 2000. Our total debt-to-capitalization percentage (total debt divided by shareholders' equity plus total debt plus net deferred taxes) was 25.4% at January 27, 2001, 26.5% at April 29, 2000, and 22.1% at January 22, 2000. Our interest coverage ratio (the rolling twelve months net income plus income tax expense plus interest expense divided by interest expense) was 8.9 at January 27, 2001, 10.4 at April 29, 2000 and 21.1 at January 22, 2000.

As of January 27, 2001, we had line of credit availability of approximately $196 million under several credit agreements. On May 12, 2000, we entered into a $300 million unsecured revolving credit facility with a group of banks and used the proceeds to retire an unsecured $150 million bridge loan facility, which had been put in place to finance the acquisition of LADD, and to also retire a $75 million unsecured revolving line of credit. The new revolving credit facility uses a performance based interest rate grid with pricing ranging from LIBOR plus .475% to LIBOR plus .800%. The current pricing under the facility is LIBOR plus .550%.

During the third quarter we entered into several interest rate swaps with counter-parties that are lenders under our revolving credit facility. We fixed our interest rates on $70 million for a period of three years at an effective rate of 6.095% plus our applicable borrowing spread under our revolving credit agreement.

Capital expenditures were $6 million during the three months ended January 27, 2001 and $23 million for the nine months ended January 27, 2001, compared to last year's $7 million for the quarter and $29 million for the nine months.

As of January 27, 2001, approximately 1.3 million of the 12 million La-Z-Boy shares authorized for purchase on the open market were still available for purchase by us.

Outlook

Our upcoming fourth quarter contains 13 weeks compared to 14 weeks in the prior year. This will make the full fiscal year of 2001 contain 52 weeks compared to last year's 53.

Our pro forma sales growth has declined from about 3% in the fourth quarter ended April to 2% in the first quarter ended July, 1% in the second quarter ended October, and 2% decrease in the third quarter ended January. (Comparisons are to the prior year's comparable quarter.) Our proprietary sales have been the bright spot in this unfavorable quarterly sales trend above. We are determined to further strengthen our in-store gallery programs during the coming year.

We believe the longer-term outlook for our industry remains very positive - especially for a company such as La-Z-Boy, operating under the umbrella of powerful consumer brand names and a strong and growing proprietary distribution system. We expect recent and projected declines in U.S. interest rates to ultimately rejuvenate consumer spending, along with housing turnover and home remodeling - both strong drivers of retail furniture demand. Nevertheless, current consumer sentiment remains highly unsettled, and we anticipate a very challenging fourth fiscal quarter.

Interest expense is expected to flatten out compared to the fourth quarter of fiscal 2000.

Other income is not expected to have a reoccurrence of a large insurance recovery.

We estimate that our diluted net income per share for the fourth quarter ending April 2001 will be between $0.30 and $0.40 compared to $0.49 last year.

We expect capital expenditures of approximately $30 million during fiscal 2001, down from the $40 million we estimated at October 28, 2000. This compares to $38 million in 2000. We have a commitment to purchase about $7 million of equipment by the end of fiscal 2002.

We expect to continue to be in the open market for purchasing our shares from time to time as changes in our stock price and other factors present appropriate opportunities.

We expect to meet our cash needs for capital expenditures, stock repurchases and dividends during fiscal year 2001 from cash generated by operations and borrowings under available lines of credit.

In June 1998, the Financial Accounting Board issued SFAS No. 133. "Accounting for Derivative Instruments and Hedging Activities." As amended, this new standard is effective for fiscal years beginning after June 15, 2000, which means it will be effective for our first quarter of fiscal year 2002. SFAS No. 133 requires a company to recognize all derivative instruments as assets or liabilities in its balance sheet and measure them at fair market value. We have not yet determined the impact on our financial position or results of operations of implementing SFAS No. 133.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" which provided guidance on applying generally accepted accounting principles to revenue recognition issues in financial statements. In June 2000, the SEC issued SAB 101B delaying the implementation of SAB 101 until no later than the fourth quarter of fiscal years beginning after December 15, 1999, which for us is the current quarter ended April 2001. We have not yet determined the impact on our financial position or results of operations of implementing SAB 101.

In September 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board reached a final consensus on the classification of shipping and handling fees and costs that is applicable to the fourth quarter of our current fiscal year ending April 2001. While this opinion has no impact on our financial position, cash flow or net income; it may require reclassifications between revenues and cost of sales for shipping and handling cost.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

No information is presented in response to this item because we have no material market risk relating to derivative financial instruments, derivative commodity instruments, or other financial instruments.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a)......Exhibits
(11).....Statement of Computation of Earnings
See note 5 to the financial statements included in this report.

(b) Reports on Form 8-K

A Form 8-K containing a press release about our expected third quarter financial results was filed with the SEC on December 22, 2000.

SIGNATURE

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 thereunto duly authorized.

LA-Z-BOY INCORPORATED
(Registrant)

Date: February 7, 2001

/s/ James J. Korsnack

James J. Korsnack
Chief Accounting Officer

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JAN-27-2001
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