

LA-Z-BOY INC  
Form DEF 14A  
July 09, 2013

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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No.\_\_\_\_)

Filed by the Registrant  R  
Filed by a Party other than the Registrant  £

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

LA-Z-BOY INCORPORATED  
(Name of Registrant as Specified In Its Charter)  
(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)  
Payment of Filing Fee (Check the appropriate box)

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1. Title of each class of securities to which transaction applies:

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2. Aggregate number of securities to which transaction applies:

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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6. Amount Previously Paid:

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7. Form, Schedule or Registration Statement No.:

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Day: Wednesday, August 21, 2013

Time: 11:00 a.m., Eastern Daylight Time

Place: La-Z-Boy Incorporated Auditorium  
1284 North Telegraph  
Road  
Monroe, Michigan

Monroe, Michigan  
July 9, 2013

To our shareholders:

You are invited to attend our 2013 annual meeting of shareholders to be held Wednesday, August 21, 2013, at our auditorium in Monroe, Michigan. Only shareholders of record at the close of business on June 28, 2013, will be entitled to vote at the meeting. At the meeting we intend to:

- Elect 11 directors for one-year terms expiring in 2014,
- Consider and vote on approving the board's proposal to amend our 2010 Omnibus Incentive Plan,
- Hold a non-binding advisory vote on a proposal to approve the compensation of our named executive officers,
- Ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2014, and
- Transact any other business that may properly come before the meeting.

Please vote your proxy promptly. If you received a paper copy of the proxy materials, you may vote by mail by signing, dating, and returning the enclosed proxy card in the accompanying envelope. You may also vote by telephone or on the Internet (see the instructions attached to the proxy card or on the Notice of Internet Availability of Proxy Materials). Even if you vote by one of these methods prior to the meeting, you may still vote your shares in person at the meeting, and doing so will revoke your previous vote.

BY ORDER OF THE BOARD OF DIRECTORS  
James P. Klarr, Secretary

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2013 PROXY STATEMENT OF LA-Z-BOY INCORPORATED

General Information about the Annual Meeting and Voting

The 2013 annual meeting of the shareholders of La-Z-Boy Incorporated will be held in the La Z Boy auditorium on August 21, 2013, beginning at 11:00 A.M. (local time). La-Z-Boy's board of directors is soliciting your proxy. This proxy statement and the accompanying form of proxy are being furnished to shareholders by the company beginning July 9, 2013.

**Meeting Purposes.** At the meeting, shareholders will elect 11 directors for one-year terms expiring at the shareholders meeting in 2014. The board nominated Kurt L. Darrow, John H. Foss, Richard M. Gabrys, Janet L. Gurwitch, David K. Hehl, Edwin J. Holman, Janet E. Kerr, Michael T. Lawton, H. George Levy, M.D., W. Alan McCollough, and Dr. Nido R. Qubein for these seats. We are asking shareholders to approve an amendment and restatement of our 2010 Omnibus Incentive Plan to increase the number of shares available under the plan and make other changes to the plan as described later in this proxy statement. We are also asking shareholders to approve, by advisory vote, the compensation of our named executive officers and to ratify the selection of our independent registered public accounting firm for fiscal year 2014. We do not expect that any other business, except for routine or procedural matters, will be brought up at the meeting. If any other business is properly brought up at the meeting, the persons named in the enclosed proxy will have authority to vote on it at their discretion.

**Proxy Materials Available on Internet.** In an effort to reduce the cost of delivering the proxy materials to our shareholders, we are making the materials available to our shareholders on the Internet. On July 9, 2013, we sent shareholders a one-page "Notice of Internet Availability of Proxy Materials," which included instructions on how to access our proxy materials on the Internet. The proxy materials, consisting of this proxy statement and our fiscal 2013 annual report to shareholders, are available at [www.proxyvote.com](http://www.proxyvote.com). The Notice of Internet Availability of Proxy Materials also provides instructions on how to vote your shares. By making the materials available through the Internet, we expect to reduce our costs, conserve natural resources, and expedite the delivery of the proxy materials. However, if you prefer to receive hard copies of the proxy materials, please follow the instructions included on the Notice of Internet Availability of Proxy Materials. If you previously elected to receive our proxy materials electronically, you will continue to receive them by e-mail until you elect otherwise.

**Voting.** Only shareholders of record at the close of business on June 28, 2013, the record date, will be eligible to vote. There is only one class of stock entitled to vote at the meeting, our common stock, \$1.00 par value, of which there were 52,848,258 shares outstanding on the record date. A quorum, which is a majority of the outstanding shares, is needed to conduct a meeting. Each share is entitled to one vote for each director position and one vote for each issue; cumulative voting is not available. If you received a paper copy of the proxy materials, you may vote your shares by signing and dating each proxy card you received and returning the cards in the enclosed envelope. The proxies will be voted according to your directions on the proxy card. If you return a signed card without specifying your vote, your shares will be voted:

·FOR the election of each of the director nominees named in this proxy statement,

·FOR the proposal to amend the company's 2010 Omnibus Incentive Plan to increase the shares available under the plan and make other changes as described in this proxy statement,

·FOR approval of the compensation of our named executive officers, and

·FOR the proposal to ratify PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2014.

If you sign and return your proxy card, your shares will be voted on any other business that properly comes before the meeting as determined by the persons named in the proxy. We urge you to sign, date, and return your proxy card promptly, or vote by telephone or on the Internet (see below), even if you plan to attend the meeting in person. If you do attend in person, you will be able to vote your shares at the meeting even if you previously signed a proxy card or voted by telephone or on the Internet.

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Telephone and Internet Voting. We encourage you to vote by telephone or on the Internet. If your shares are held in your name, you can vote by telephone or on the Internet by following the instructions on the proxy card or as explained in the Notice of Internet Availability of Proxy Materials. If you are a beneficial holder with your shares held in the name of your broker, bank, or other financial institution, you will receive telephone or Internet voting instructions from the institution.

Shares Held by Broker. If you hold your shares through a broker, bank, or other financial institution, you will receive your proxy materials and voting instructions from the institution. Under New York Stock Exchange rules, your broker, bank, or financial institution will not vote your shares in director elections without your specific instructions. To ensure your vote is counted, you must provide directions to your broker, bank, or financial institution by following its instructions.

Changing Your Vote. If you wish to change your vote, you may do so by submitting a new vote by proxy, telephone, Internet, or in person at the meeting. A later vote will cancel an earlier vote. For example, if you vote by Internet and later vote by telephone, the telephone vote will count, and the Internet vote will be canceled. If you wish to change your vote by mail, you should request a new proxy card from our Secretary at 1284 N. Telegraph, Monroe, Michigan. Your last vote received before the meeting will be the only one counted. You may also change your vote by voting in person at the meeting. Your vote at the meeting will count and cancel any previous vote.

Vote Required. Under applicable Michigan corporate laws, directors will be elected by plurality vote. Provided there is a quorum at the meeting, the nominees receiving the highest through the eleventh highest numbers of votes will be elected, regardless of the number of votes cast. So long as each candidate receives at least one vote, withheld votes and broker non-votes will have no effect on the election results. However, under our corporate governance guidelines, any director failing to receive a majority of the votes cast must offer to resign at the board meeting immediately following the shareholders' meeting. The board must act on the offer of resignation at or before its next meeting, which is currently planned for mid-November, and publicly disclose its decision. For purposes of this provision of our corporate governance guidelines, only votes for or withheld from a given candidate will be counted as votes cast. Broker non-votes will not count.

To be approved, the proposal to amend the 2010 Omnibus Incentive Plan must receive a majority of the votes cast on the proposal, provided that a majority of shares entitled to vote actually vote "For" or "Against" the proposal. For this purpose, an abstention or broker non-vote will be considered as not voted.

The non-binding advisory proposal to approve the compensation of our named executive officers requires a majority of votes cast on the proposal to pass. Abstentions and broker non-votes will have no effect as they are considered votes not cast.

The proposal to ratify the selection of the independent registered public accounting firm requires a majority of votes cast on the proposal to pass. Abstentions and broker non-votes will have no effect as they are considered as votes not cast. If the audit committee's selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm does not receive a majority of the votes cast, the audit committee as a matter of good corporate practice will reconsider its selection.

Number of Copies Sent to Household. If there are two or more shareholders sharing the same address, we are only sending your household a single copy of our annual report and proxy statement unless you previously withheld your consent to "householding" or instruct us otherwise. Householding saves us the expense of mailing duplicate documents to your home and conserves our natural resources, and we hope that receiving one copy rather than multiple copies is more convenient for you.

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However, we will promptly provide additional copies of our 2013 annual report or this proxy statement to the other shareholders in your household if you send a written request to: Office of the Secretary, La-Z-Boy Incorporated, 1284 North Telegraph Road, Monroe, Michigan 48162, or you may call us at 734-242-1444 to request additional copies. Copies of the annual report, proxy statement, and other reports we file with the SEC are also available on our website at <http://investors.la-z-boy.com> or through the SEC's website at [www.sec.gov](http://www.sec.gov).

You may revoke your consent to householding at any time by contacting Broadridge Financial Solutions, Inc., either by calling toll-free 800-542-1061, or by writing to Broadridge Financial Solutions, Inc., Household Department, 51 Mercedes Way, Edgewood, New York 11717. If you revoke your consent, you will be removed from the householding program within 30 days of receipt of your revocation, and each shareholder at your address will then begin receiving individual copies of our disclosure documents.

More Information about Voting Your Shares. Information regarding the proxy process is available from the SEC on its website at: <http://www.sec.gov/spotlight/proxymatters.shtml>.

Principal Executive Office. The shareholders' annual meeting will be held at the company's principal executive office at 1284 North Telegraph Road, Monroe, Michigan, 48162. Any communication for the company's secretary or directors may be directed to the corporate secretary at this address.

### CORPORATE GOVERNANCE

Board of Directors. In performing their duties in overseeing the management of the company, our directors consider the interests of the various stakeholders of the company, including our shareholders, employees, customers, vendors and the communities we impact. The board abides by a set of corporate governance guidelines which can be found on our website at: <http://investors.la-z-boy.com/phoenix.zhtml?c=92596&p=irol-govhighlights>. These guidelines outline, among other governance matters, the role of the board and our policies related to director criteria, independence, qualification, orientation, and assessment of board performance. The guidelines are regularly reviewed and updated to reflect regulatory requirements and evolving practices in corporate governance. The board recently made minor clarifying changes to the guidelines. In addition to the Corporate Governance Guidelines, we also post at the same site our other key governance documents such as the lead director charter, the charters for each of the board's key committees, and our Code of Business Conduct, which establishes our expectations for the business behavior of our employees, officers and directors.

Leadership Structure. Currently the board utilizes both a chairman and a lead director. Mr. Darrow serves as our chairman and chief executive officer, and Mr. Gabrys serves as our lead director. The directors have determined that this structure provides the most effective leadership structure for our company under the current circumstances. In operation, this structure provides substantially all of the benefits to the company and its shareholders that having an independent chairman would provide, while yielding the added benefit of combining the chief executive officer and chairman roles in a single person who is unambiguously the company's leader.

Under our current structure, the lead director facilitates communications between management and the independent directors and serves as the principal liaison between the independent directors and the chairman. Among other duties, the lead director:

- reviews board meeting agendas in collaboration with the chairman and the various committee chairs and recommends matters for the board and committees to consider;
- advises the chairman as to the quality, quantity, and timeliness of the information submitted to the directors;
- calls meetings of the independent directors or calls for executive sessions during board meetings;





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- serves as chairman of the meetings of the independent directors or executive sessions of the board;
- collaborates with committee chairs to ensure board work is conducted at the appropriate level, coordinates on issues involving multiple committees, and appropriately reports to the board;
- meets with the chief executive officer to discuss the chief executive officer's performance; and
- presides at board meetings when the chairman is absent.

By combining a strong independent lead director structure with a board composed of independent directors (excluding the chairman), the board can effectively monitor the performance of the executive chairman and oversee the interests of the shareholders.

**Risk Oversight.** The board of directors is responsible for overseeing our risks. The nominating and governance committee ensures that the oversight of our identified risk categories is appropriately assigned to the various board committees or the full board of directors. The nominating and governance committee regularly reviews our process for identifying, prioritizing, and mitigating various risks. In addition, the committee reviews our risk tolerance and its alignment with our strategic plan. The board and each other committee, as part of their oversight efforts, review and report on their respective risk categories.

**Director Independence.** Our board of directors strongly supports the concept of director independence. Our board is currently composed of nine (expanding to ten at the shareholders meeting) independent directors and one employee director, Kurt L. Darrow, our chairman and chief executive officer. The chairman and chief executive officer is the only member of the board who is a current or past company employee. Under our Corporate Governance Guidelines, we mandate that a majority of directors must be independent. In addition, we limit membership on the audit, compensation, and nominating and governance committees to independent directors. The board annually reviews and affirmatively determines the independence of each director. With the exception of our chairman and chief executive officer, we have determined that each of the directors is an independent director and lacks any material relationship with the company, its management, or other directors that would impede the director's autonomy. In making its determination, the board used the following criteria, as reflected in our Corporate Governance Guidelines:

·Within the last three years, a director or immediate family member was not an employee of the company or its independent registered public accounting firm;

·Within the last three years, a director or immediate family member was not part of an interlocking directorship in which any of our executive officers served on the compensation committee of another company that employed the director or family member;

·Within the last three years, a director or immediate family member did not receive more than \$120,000 during any 12-month period in direct compensation from La-Z-Boy, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided the compensation was not contingent in any way on continued service); and

·A director or immediate family member was not an executive officer or employee of an entity that made payments to or received payments (other than contributions to a tax-exempt organization or charity) from us for property or services that, in any single fiscal year within the last three years, exceeded the greater of \$1 million or 2% of the other entity's consolidated gross revenues.

The following categorical standards identify relationships that a director may have with us that are not considered material:

If a director is an executive officer, director, or shareholder of another company that does business with us and the annual revenues derived from that business are less than 1% of each company's total revenues;

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If a director is an executive officer, director, or shareholder of another company that is indebted to us, or to which we are indebted, and the total amount of each company's indebtedness to the other is less than 1% of the total consolidated assets of each company; or if the director is an executive officer, director, or shareholder of a bank or other financial institution (or its holding company) that extends credit to us on normal commercial terms and the total amount of our indebtedness to the bank or other financial institution is less than 3% of our total consolidated assets;

If a director is an executive officer or director of another company in which we own common stock, and the amount of our common stock interest is less than 5% of the total shareholders' equity of the other company;

If any family member of a director is or was employed by us in a non-executive capacity and the family member's compensation has not exceeded \$120,000 in any one fiscal year;

If a director is a director, officer, or trustee of a charitable organization, our annual charitable contributions to the organization (exclusive of gift-match payments) are less than 1% of the organization's total annual charitable receipts, all of our contributions to the organization were approved through our normal approval process, and no contribution was made "on behalf of" any of our officers or directors; or if a director is a director of the La-Z-Boy Foundation; and

If a director is a member of, employed by, or of counsel to a law firm or investment banking firm that performs services for us, payments made by us to the firm during a fiscal year do not exceed 1% of the firm's gross revenues for the fiscal year, and the director's relationship with the firm is such that the director's compensation is not linked directly or indirectly to the amount of payments the firm receives from us.

The NYSE listed company rules also require that a majority of our directors be independent directors. Applying these standards and the criteria in our Corporate Governance Guidelines, the board of directors has affirmatively determined that each of the following current directors, comprising all of the non-management directors, meets the criteria for "independent" directors set forth in the listing standards of the NYSE and is an "independent" director under those standards and under our Corporate Governance Guidelines: Ms. Gurwitch and Ms. Kerr, Messrs. Foss, Gabrys, Hehl, Holman, McCollough, and Dr. Levy and Dr. Qubein. In addition, the director nominee, Mr. Lawton, also meets these independence criteria and will be considered an independent director.

**Majority Vote Standard for Director Elections.** Under our Corporate Governance Guidelines, we have established a majority vote standard for directors in an uncontested election. Should a director not receive a majority of the votes cast in an uncontested election, the director is required to submit his or her resignation at the board meeting immediately following the annual shareholders' meeting. The other directors must act on the resignation at or before the next regularly scheduled meeting and publicly report the board's decision. For purposes of this rule, an election is treated as contested when there are more nominees than positions to be filled by election at the meeting.

**Related Party Transactions.** Our company's Code of Business Conduct, which applies to all of our employees, executive officers, and directors, requires avoidance of any situation creating a potential conflict of interest. Where a potential conflict is unavoidable, it must be disclosed to our president or secretary, or to the chairman of the audit committee. Each year, we require our directors and executive officers to complete a questionnaire disclosing any transactions between them or their immediate family members and the company. The audit committee is responsible for reviewing and approving any related party transactions involving directors or executives. The audit committee reviews any transactions related to directors or executive officers reported, or identified from the questionnaires, and takes appropriate action. We will disclose on our website any waivers of the Code of Business Conduct related to the directors or executive officers. We granted no waivers in fiscal 2013.

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**Independent Audits.** The lead partner of our independent registered public accounting firm is rotated at least once every five years. PricewaterhouseCoopers LLP has been selected as the independent registered public accounting firm for fiscal 2014.

**Meetings.** The board met five times during the fiscal year ended in April 2013, including five times in executive session. The non-employee directors meet in executive session without management present at each regularly scheduled board meeting. These executive sessions are chaired by the lead director. During fiscal 2013, each director attended at least 75 percent of the total of all meetings of the board and committees on which the director served. All of the then-current directors attended the 2012 shareholders' meeting, and we expect all the current directors to attend the 2013 shareholders' meeting.

**Communication with Directors.** Interested parties wishing to communicate their comments, concerns or questions about La-Z-Boy to the board of directors, the chairman, the lead director, or any or all of the other non-employee directors may do so by U.S. mail addressed to the board, the chairman, the lead director, or the non-employee directors (or any of them) at:

Office of the Corporate Secretary  
La-Z-Boy Incorporated  
1284 North Telegraph Road  
Monroe, Michigan 48162

The corporate secretary reviews and compiles any communications received for the board, board committees, or individual non-employee directors. He provides a summary of any lengthy or repetitive communications and forwards them to the appropriate director or directors. The complete communication is furnished to the appropriate director or directors upon their request.

**Board Committees.** We currently have three standing committees of the board: the audit, compensation, and nominating and governance committees. At the board of directors meeting immediately following the annual shareholders' meeting, the directors establish the membership and determine the chairman for each committee. In accordance with our Corporate Governance Guidelines and the independence standards of the NYSE rules, only independent directors serve on these committees.

The board of directors reviews and approves each of the committees' charters and amendments. Each committee of the board, and the board itself, has the authority to engage independent consultants and advisors at the company's expense. The chairman of the board is not a member of any of the board committees, but he coordinates the agendas and activities of the committees with the lead director and each committee chair and attends the committee meetings. Our lead director serves on our audit and compensation committees and generally attends the nominating and governance committee meetings. Committee chairs do not sit on any other committee. Other non-employee directors generally sit on two committees. The current membership of each of the key committees is shown in the following table:

Name	Audit	Compensation	Nominating and Governance
Kurt L. Darrow			
John H. Foss	Chair		
Richard M. Gabrys	Member	Member	
Janet L. Gurwitch		Member	Member
David K. Hehl	Member		Member
Edwin J. Holman	Member		Member
Janet E. Kerr			Chair
H. George Levy, MD		Member	Member

W. Alan McCollough  
Dr. Nido R. Qubein

Chair  
Member      Member

Upon his election to the board, we expect that Mr. Lawton will be appointed to the audit committee.

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Audit Committee

The audit committee assists the board in the oversight of our financial reporting process, our compliance with legal and regulatory requirements, and the effectiveness of the internal and external audit functions. The audit committee does not provide any expert or special assurance about the financial statements or any professional certification of the outside auditor's work. The committee selects the independent registered public accounting firm to perform the annual audit of financial statements and internal controls. The committee oversees all aspects of dealing with the independent registered public accounting firm, including its appointment, retention and compensation. The committee monitors the auditor's independence and annually requests and reviews the outside auditor's written statement of relationships between the auditor and the company. The committee limits our use of the outside auditors for non-audit work. In addition, the audit committee discusses the quality and adequacy of internal controls with management and the outside auditor. The committee's charter requires that each member meet the enhanced independence standards for audit committees established in the SEC and NYSE listing standards. The board has determined each of the four committee members meets these independence standards, is financially literate and has accounting or related financial management expertise within the meaning of the NYSE's corporate governance listing standards, and is an audit committee financial expert within the meaning of the SEC rules. The committee met ten times during fiscal 2013. For further discussion of the audit committee's activities, see "Audit Committee Report" below.

Compensation Committee

The compensation committee assists the board in overseeing the compensation programs for our executives and directors, including the related risks. The compensation committee regularly reviews and approves the compensation package for our chief executive officer, chief financial officer, and the executive officers named in the Summary Compensation Table (referred to as the named executive officers), with the intent of providing a total compensation package that is competitive with market-median levels for expected performance. In establishing the compensation packages for the named executive officers, the committee annually evaluates the performance of our chief executive officer and reviews with the chief executive officer the performance of the other named executive officers. Membership on the committee requires directors to meet standards of independence as promulgated by the SEC (i.e., "non-employee director" as defined in the rules under Section 16 of the Securities Exchange Act of 1934), the Internal Revenue Service (i.e., "outside director" as defined in the regulations under Section 162(m) of the Internal Revenue Code), and the NYSE listing standards. In performing its duties, the committee has access to our human resources and legal personnel and senior management and utilizes an independent outside compensation consultant (Hay Group since fiscal 2010) to advise it on executive compensation matters. The compensation committee annually produces a report on executive compensation for inclusion in the proxy statement (see "Compensation Committee Report" below). The compensation committee met five times during fiscal 2013. The charter of the compensation committee will be provided to any shareholder upon request and can be found on our website at <http://investors.la-z-boy.com>, under "Corporate Governance."

**COMPENSATION RISK ASSESSMENT.** The compensation committee, with the assistance of its outside compensation consultant, reviewed management's risk assessment related to our compensation plans and concluded that our policies and practices are not reasonably likely to have a material adverse effect on the company. At the committee's request, management undertook a detailed review of its compensation programs to identify material risks and the existing processes mitigating those risks. Management reviewed the existing compensation plans with a focus on incentive compensation plans and evaluated the plans for various factors including alignment with business strategy, consistent performance metrics, the use of hurdles, market competitiveness, impact on motivation, and the opportunities for management discretion. The review probed for material financial, operational, and reputational risks. Management discussed the results of this review with Hay Group, the committee's independent compensation consultant. Management subsequently reviewed with the committee the identified risks and management's determination that the plans and policies do not create risks that are reasonably likely to have a material adverse effect on the company.



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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION. Messrs. Gabrys and McCollough, Dr. Levy, and Dr. Qubein and Ms. Gurwitsch served throughout fiscal 2013 as members of the compensation committee. None of the members of the committee has been an officer or employee of the company or any of its subsidiaries. No named executive officer serves on the board of directors of any company at which a compensation committee member is employed.

Nominating and Governance Committee

The nominating and governance committee is composed of independent directors who met five times during fiscal 2013. The nominating and governance committee identifies, evaluates, and recommends director candidates to the board. The committee also oversees the board's practices, policies, and procedures and makes recommendations on general corporate governance issues including the size, structure, and composition of the board and its committees. The committee considers candidates identified by the committee's own members or referrals from other board members, management, or outside sources, including candidates recommended by shareholders. (For information on how to propose a candidate to the nominating and governance committee and on the requirements for a shareholder's own nomination of a director, see "Next Annual Meeting—Shareholder Proposals for the 2014 Annual Meeting" below.) In evaluating proposed candidates, the committee may review their résumés, obtain references and conduct personal interviews. The committee considers, among other factors, the board's current and future need for specific skills and the candidate's experience, leadership qualities, integrity, diversity, ability to exercise mature judgment, independence, and ability to make the appropriate time commitments to the board. The committee also assists the board in overseeing the company's enterprise risk management process, including risk assessment, mitigation, and determination of risk tolerance levels. The committee's charter can be found on our website at <http://investors.la-z-boy.com>, under "Corporate Governance."

Director Compensation. Working with an independent compensation consultant, we designed the annual pay package for directors to attract and retain highly qualified professionals to represent our shareholders. Directors who are also employees receive no additional compensation for serving on the board. Non-employee directors receive a combination of cash and restricted stock units as compensation for their service. We also reimburse our directors for their costs of travel, lodging, and related expenses while on company-related business. The company provides membership in the National Association of Corporate Directors (NACD) for each director and reimburses directors for fees and expenses for participation in NACD and other programs intended to increase their knowledge of corporate governance and other issues related to their duties as directors. We encourage our directors to visit our company facilities, independently owned retail outlets, and our competitors to improve their understanding of our operations and the industry.

During fiscal 2012, the compensation committee engaged Hay Group, the independent compensation consultant, to review market compensation practices for non-employee directors among comparable public companies. Based on Hay Group's recommendation, and consistent with the market trends in director compensation, the committee recommended and the full board approved, effective August 1, 2012, eliminating the board and committee meeting fees (except in extraordinary cases where directors are required to attend more than 25 meetings annually) and increasing the annual cash retainer for each director to \$70,000 (from \$65,000). In addition, the annual retainers for the audit, compensation, and nominating and governance committee chairs were increased to \$15,000, \$12,000, and \$8,500, respectively, up from \$12,000, \$8,500 and \$6,000 previously. Early in fiscal 2014, the committee, after considering the relevant current market information for director compensation, increased the annual retainers for our directors by \$5,000, or approximately 3.6%. The additional retainer will be split evenly between cash and equity compensation. Beginning August 1, 2013, the non-employee directors' annual cash retainer will increase to \$72,500, and on September 2, 2013, each non-employee director will receive a grant of restricted stock units (settled in shares) with a value of \$72,500.





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For fiscal 2013, we paid each director cash and equity compensation in the following amounts:

## Cash Compensation

Each non-employee director received an annual cash retainer of \$70,000. Meeting fees of \$1,500 per meeting were eliminated effective August 1, 2012, concurrent with the increased annual retainer, except in any fiscal year in which the number of board and committee meetings (in person or by conference call) exceeds 25. In such a year, directors will receive a \$1,500 fee for each meeting in excess of 25. The board held fewer than 25 meetings in fiscal 2013.

The lead director received an additional cash retainer of \$20,000 for serving in that capacity.

The chairs of the audit, compensation, and nominating and governance committees received an additional cash retainer of \$15,000, \$12,000, and \$8,500, respectively.

## Equity Compensation

On September 4, 2012, each non-employee director received a grant of 5,004 restricted stock units with a grant date value of \$70,006. Each restricted stock unit is equivalent in value to a share of La-Z-Boy common stock. Dividend equivalents are awarded on restricted stock units at the same time and in the same amount as dividends declared on our common shares. The restricted stock units do not include voting rights. The units vest and are settled when the director leaves the board and are settled in shares only.

The following table provides details regarding each of the non-employee directors' compensation for fiscal 2013. The amount of annual cash compensation includes fees for attending meetings prior to the August meetings. The compensation varied between directors based on lead director status, committee participation, committee chairs held and meetings attended. Stock awards reflect the grant date fair value.

## Fiscal 2013 Non-employee Director Compensation

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	All Other Compensation \$(3)	Total (\$)
John H. Foss	83,000	70,006	3,047	156,053
Richard M. Gabrys	91,750	70,006	3,047	164,803
Janet L. Gurwitch	70,250	70,006	2,126	142,382
David K. Hehl	71,750	70,006	3,047	144,803
Edwin J. Holman	71,750	70,006	2,126	143,882
Janet E. Kerr	75,125	70,006	2,760	147,891
H. George Levy, MD	70,250	70,006	3,047	143,303
W. Alan McCollough	78,375	70,006	3,047	151,428
Dr. Nido R. Qubein	70,250	70,006	3,047	143,303

(1) Includes actual annual board retainer fee, lead director retainer fees, committee chairman fees, and meeting fees (prior to August 1, 2012).

(2) Reflects the grant date fair value computed in accordance with FASB ASC Topic 718. Each director then in office received 5,004 restricted stock units on September 4, 2012. Restricted stock units granted to non-employee

directors in prior years under our former plans were settleable in cash; units granted since September 1, 2010, and to be granted in future years under our 2010 Omnibus Incentive Plan, will be settleable in shares. As of April 27, 2013, the number of restricted stock units of each type held by each non-employee director (which vest and settle when the director leaves the board) were:

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	Units Settleable in Cash	Units Settleable in Shares
John H. Foss	16,514	21,572
Richard M. Gabrys	16,514	21,572
Janet L. Gurwitch	5,000	21,572
David K. Hehl	16,514	21,572
Edwin J. Holman	5,000	21,572
Janet E. Kerr	12,927	21,572
H. George Levy, MD	16,514	21,572
W. Alan McCollough	16,514	21,572
Dr. Nido R. Qubein	16,514	21,572

(3) Reflects payments of dividend equivalents on the restricted stock units at the time and in the amount that dividends were declared for common shares.

Non-Employee Director Stock Ownership Guideline. Under our stock ownership guidelines for non-employee directors, the non-employee directors are expected to own La-Z-Boy equity (including deferred or restricted stock units) at least equal in value to five times the annual cash retainer, with a five-year timetable to comply. As of April 27, 2013, each director has met the ownership requirements. We prohibit directors, officers or employees from engaging in short-term speculative trading in our shares, including short sales, trading in puts and calls, or buying on margin.

## AUDIT COMMITTEE REPORT

The audit committee assists the board in its oversight of the integrity of the financial reporting process, internal controls and procedures, and compliance with legal and regulatory requirements. Management is responsible for the company's financial reporting process and related internal controls. It is the independent registered public accounting firm's responsibility to independently audit the company's financial statements and its internal controls in accordance with the auditing standards of the Public Company Accounting Oversight Board. The audit committee and its members do not replace or duplicate the activities of management or the independent registered public accounting firm. A copy of the current committee charter, which provides more information regarding the committee's responsibilities and processes, is available on the La-Z-Boy website at [http://www.la-z-boy.com/about/corp\\_governance.aspx](http://www.la-z-boy.com/about/corp_governance.aspx).

The audit committee met ten times during fiscal 2013. The committee regularly meets with the senior members of the company's financial management team and the company's independent registered public accounting firm. The committee selectively met with key managers of the company to review or discuss potential financial risks related to the company. The committee also regularly met in executive sessions, in separate private sessions with PricewaterhouseCoopers and in separate private sessions with each of the chairman and chief executive officer, chief financial officer, head of internal audit services, and other members of senior management. At these meetings, the committee discussed with the various parties the company's financial estimates and judgment, the internal controls over financial reporting, the company's accounting principles, as well as the company's regulatory compliance. To assist the committee in performing its duties, the committee utilizes, at the company's expense, outside accounting, legal and other advisors as appropriate.

The audit committee selects the independent registered public accounting firm and manages all of the other aspects of the relationship, including the firm's compensation, retention, replacement and the scope of any additional work. In addition, the committee reviews and approves the non-audit services work and fees prior to the performance of such

work by PricewaterhouseCoopers. As part of the selection process, the committee evaluated the independence of PricewaterhouseCoopers. The committee discussed with the independent auditors their independence and the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, and the committee received the written disclosures and the letter from PricewaterhouseCoopers required by the Public Company Accounting Oversight Board. After consideration of these factors, the committee determined that PricewaterhouseCoopers is independent of the company and management and selected PricewaterhouseCoopers as the company's independent registered public accounting firm for fiscal 2014.

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Based on the reviews and discussions described above, the committee recommended to the board of directors, and the board of directors approved, including the audited financial statements in La-Z-Boy's Annual Report on Form 10-K for the fiscal year ended April 27, 2013, for filing with the Securities and Exchange Commission.

The Audit Committee  
 John H. Foss, Chairman  
 Richard M. Gabrys  
 David K. Hehl  
 Edwin J. Holman

## Audit Fees

For professional services rendered to us for fiscal years 2013 and 2012, PricewaterhouseCoopers LLP has billed us as follows:

	Fiscal 2013	Fiscal 2012
Audit Fees	\$1,283,000	\$1,012,500
Audit Related Fees	112,500	150,979
Tax Fees	14,100	35,927
All Other Fees	3,000	2,600
Total	\$1,412,600	\$1,202,006

Audit fees are for the audit work performed on our annual financial statements, our internal controls over financial reporting, management's assessment of our internal controls over financial reporting, and reviews of the quarterly financial statements included in our quarterly reports on Form 10-Q, as well as audit services that are normally provided in connection with our statutory and regulatory filings.

Audit-related fees relate to (i) audit of our employee benefit plan (2012 only) (ii) review of controls related to the implementation of new accounting systems associated with our enterprise resource planning project and (iii) accounting and SEC consultations. Tax fees include fees for foreign tax compliance and advisory services. All other fees represent accounting research software subscription fees.

The audit committee's current policy requires pre-approval of all audit and non-audit services provided by the independent auditors before the engagement of the independent auditors to perform them.

## PROPOSAL NO. 1: ELECTION OF DIRECTORS

Until 2011, our board of directors was divided into three classes, with members of each class elected for staggered three-year terms. Beginning in 2011, we opted to declassify the board and to provide for annual elections of all directors for one-year terms. Beginning with this election, shareholders will elect the entire board, with each director elected to a one-year term. In order to ensure an orderly transition as current directors retire, we increased the size of the board to 11 members effective at the time of the shareholders' meeting. Thus, 11 directors will be elected to serve until our 2014 annual meeting of shareholders and until their successors are elected and qualified.

Upon the recommendation of the nominating and governance committee, the board has nominated for reelection the ten incumbent directors, all of whose terms expire at this year's meeting. They are: Kurt L. Darrow, John H. Foss, Richard M. Gabrys, Janet L. Gurwitch, David K. Hehl, Edwin J. Holman, Janet E. Kerr, H. George Levy, M.D., W. Alan McCollough and Dr. Nido R. Qubein. In addition, acting on the recommendation of the nominating and governance committee, the board has nominated Michael T. Lawton for the additional seat on the board. Mr. Lawton was first recommended to us by the chief executive officer of another consumer-focused public company. Before

deciding to recommend his nomination to the board, the nominating and governance committee considered more than a dozen potential candidates. Based on the committee's review of Mr. Lawton's and the other candidates' résumés and director interviews with several potential candidates, the committee recommended, and the board approved, Mr. Lawton's nomination. All of the nominees have consented to serve if elected. In the absence of other instruction, the persons named in the accompanying form of proxy will vote in favor of these nominees. If, at the time of the meeting, any nominee has become unable or unwilling to serve, a circumstance we do not expect, the proxy holders will vote for a substitute nominee designated by the board.

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Under applicable Michigan corporate law, directors will be elected at the meeting by a plurality of votes cast from among those persons duly nominated, with separate balloting for the eleven positions. The nominees who receive the highest through eleventh highest numbers of votes will be elected, regardless of the number of votes that for any reason are not cast for the election of those nominees, including abstentions, broker non-votes, or withholding of authority. Under our corporate governance guidelines, however, any director who does not receive a majority of the votes cast must tender his or her resignation at the board meeting immediately following the shareholders' meeting. The board then must act on the offer of resignation at or before its next meeting, which is currently planned for mid-November, and publicly disclose its decision. Any vacancy created by such a resignation could then be filled by the board of directors pursuant to our bylaws.

We provide information below about each nominee for election at the meeting. Unless otherwise indicated, the principal occupation of each director or director nominee has been the same for at least five years.

Kurt L. Darrow, age 58, has been a director, and our president and chief executive officer, since 2003, and has served as our chairman since 2011. Since joining the company in 1979, he has served in positions of increased responsibility, including president of La-Z-Boy Residential, our largest division. He is a member of the Business Leaders for Michigan, a non-profit executive leadership organization, and serves on its executive committee. He served as chairman of the American Home Furnishings Alliance (an industry association) and continues to serve on its board. He is vice chairman of the board of directors of the Mercy Memorial Hospital Corporation in Monroe, Michigan. He served as a Trustee of Adrian College (Adrian, Michigan) for nine years, until May 2011. Mr. Darrow's proven leadership skills and extensive knowledge of the company and the furniture industry, developed over his nearly 35 years at La-Z-Boy Incorporated, qualify him to serve on our board.

John H. Foss, age 70, has been a director since 2001. He retired as Vice President, Treasurer, and Chief Financial Officer of Tecumseh Products Company (manufacturer of compressors) in 2001. He has served as a director of United Bancorp, Inc. since 1992 and sits on its audit committee and its compensation and corporate governance committee. Mr. Foss's service as the chief financial officer and director of a public company, which provided him experience in strategic planning, compensation management, internal controls, mergers and acquisitions, and corporate governance, qualifies him for service on our board.

Richard M. Gabrys, age 71, serves as our lead director and has been a director since 2006. Mr. Gabrys worked for 42 years with Deloitte & Touche (a professional services firm providing audit and financial advisory services) and retired as its Vice Chairman. He maintains his license to practice as a certified public accountant in the State of Michigan. He currently serves as a director of CMS Energy Corp. (an integrated energy company) and TriMas Corporation (a manufacturer of high-quality trailer products, recreational accessories, packaging systems, energy products and industrial specialty products). He also serves on the boards of several not-for-profit organizations, including The Detroit Institute of Arts, Karmanos Cancer Institute, Alliance for Safer Streets in Detroit (Crime Stoppers), Detroit Regional Chamber and Ave Maria University. He is a member of the Management Board of Renaissance Venture Capital Fund, an affiliate of Business Leaders for Michigan, a non-profit executive leadership organization. In addition, within the past five years, Mr. Gabrys served (until June 2011) on the board of directors of Massey Energy Company, a coal producer. Mr. Gabrys' extensive knowledge and experience related to public reporting, international business, mergers and acquisitions, risk oversight, executive compensation and corporate governance matters gained from 42 years in public accounting and service on the boards of multiple publicly-traded companies qualify him to serve on our board.



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Janet L. Gurwitch, age 60, has been a director since 2010. Since 2011, she has been an operating partner of Castanea Partners, Inc. (a private equity and venture capital firm) and she has served as chairman of Gurwitch Consulting Group LLC since 2009. She also served as an adjunct professor in management at Rice University for the 2009-2010 academic year. Previously she was co-founder and chief executive officer of Laura Mercier Cosmetics from 1995-2008. Prior to co-founding Laura Mercier Cosmetics, she served as executive vice president of Neiman Marcus (1992-1995) and senior vice president of merchandising for Foley's Department Store, where she worked from 1974-1992. Ms. Gurwitch is a board member of Drybar Holdings, LLC (hair salon chain offering blow drying services) and a former member of the board of directors for Urban Decay Cosmetics, LLC (a cosmetics company located in Newport Beach, California). She also is a member of the Council of Overseers (an advisory board) of the Jesse H. Jones Graduate School of Business at Rice University and is on the Development Board of the University of Texas Health Science Center. Ms. Gurwitch's unique mix of experience as an entrepreneur, builder of consumer brands, and an executive at the highest levels of both public and private, consumer focused, and fashion oriented companies, qualifies her to serve on our board.

David K. Hehl, age 66, has been a director since 1977. He is a certified public accountant and a member of the public accounting firm of Cooley Hehl Wohlgamuth & Carlton P.L.L.C. Mr. Hehl's long tenure on our board provides a unique historical perspective and appreciation of our heritage. Through his extensive experience in providing audit and tax services as a certified public accountant, along with his experience on the board, Mr. Hehl has developed financial, risk oversight and corporate governance skills that qualify him to serve on our board.

Edwin J. Holman, age 66, has been a director since 2010. Mr. Holman served as interim chief executive officer of The Pantry, Inc. from October 5, 2011 until March 5, 2012. Previously he served as chairman and chief executive officer of Macy's Central (2004-2009), a division of Macy's Inc. (an operator of department stores). He also served in senior executive positions at a variety of retailers, including Galyan's Trading Company, Bloomingdale's, the Rich's/Lazarus/Goldsmiths divisions of Federated Department Stores, Inc., Petrie Retail, Inc., Woodward & Lothrop, The Carter Hawley Hale Stores, and The Neiman Marcus Group. Mr. Holman has served as a director on the board of the independently operated convenience chain store, The Pantry, Inc., since 2005. Except for the six months that he acted as interim chief executive officer, he has served as that company's chairman since 2009. Mr. Holman previously served as a director on the boards of several public companies including Office Max (2003), an office supply retailer, and Circle International (1994-2000), a provider of international transportation and logistics. He served as the non-executive chairman of RGIS International (retail inventory solutions), a portfolio company of the Blackstone Group from March 2010 until March 2013. Mr. Holman is a 2011 National Association of Corporate Directors (NACD) Governance Fellow and has demonstrated his commitment to boardroom excellence by completing NACD's comprehensive program of study for corporate directors. Mr. Holman's 40 years of executive and operational experience in department stores and specialty retailing, combined with his experience on public company boards, qualify him to serve on our board.

Janet E. Kerr, age 58, has been a director since 2009. She is currently a professor of law and the Executive Director of the Geoffrey H. Palmer Center for Entrepreneurship and the Law at Pepperdine University School of Law in Malibu, California, where she holds the Laure Sudreau-Rippe Endowed Chair. Professor Kerr has consulted with various companies on corporate governance, including compliance with the Sarbanes-Oxley Act, and has consulted on cases dealing with financial institution fraud. She has authored articles and a book on securities, corporate law, and corporate governance. She is a member of the board of directors of TCW Strategic Income Fund, Inc. (a NYSE-listed closed-end registered investment company), TCW Funds, Inc. (an open-end investment company) and Tilly's, Inc. (a publicly held, since May 2012, retailer of apparel and accessories), where she chairs the nominating and governance committee. Professor Kerr served on the board of directors and as chair of the corporate governance/nominating committee of CKE Restaurants, Inc. for six years while it was a publicly held company. She founded several technology companies including X-Laboratories, which she co-founded with HRL Laboratories, LLC to assist in the commercialization of technologies in research institutions. Professor Kerr has also served as an advisor on corporate issues and entrepreneurial strategies to the People's Republic of China, France, and Thailand and has represented the

U.S. Department of Commerce as a speaker at international events. Ms. Kerr's service on public and private company boards and her skills and experience in the practice of law and corporate governance qualify her for service on our board.

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Michael T. Lawton, age 54, is nominated for his first term as a director. He currently serves as executive vice president and chief financial officer of Domino's Pizza, Inc. (since August 2010). He also served as its interim chief information officer from October 2011 until March 2012. He served as its executive vice president of international from October 2004 until March 2011 and previously served as its senior vice president finance and administration of international from June 1999 until October 2004. Prior to joining Domino's Pizza, Inc., Mr. Lawton was employed in various financial and general management positions with Gerber Products Company starting in 1986. Mr. Lawton's experience as a public company chief financial officer will help ensure continuity of financial expertise on the board and the audit committee, and coupled with his experience managing a growing international operation of a well-known consumer brand, qualifies him to serve on our board.

H. George Levy, M.D., age 63, has been a director since 1997. He currently practices otorhinolaryngology and formerly was chairman and chief executive officer of USI, Inc. (a private firm engaged in consulting on e-commerce, Web design, and systems integration) and chief executive officer and founder of Enduenet, Inc. (a firm providing electronic medical records for physicians and hospitals). Dr. Levy's entrepreneurial experience, coupled with his board experience, qualifies him for service on our board.

W. Alan McCollough, age 63, has been a director since 2007. He was chairman and chief executive officer of Circuit City Stores, Inc. (retailer of consumer electronics, home office products, entertainment software, and related services) from 2000 to 2006 and a director from 1999 to 2006. He has served on the boards of VF Corporation (branded apparel) since 2000 and The Goodyear Tire & Rubber Company since 2007. Mr. McCollough's experience leading a large publicly traded consumer products company, as well as his service on public company boards, qualifies him to serve on our board.

Dr. Nido R. Qubein, age 64, has been a director since 2006. He has been president of High Point University since 2005 and chairman of the board of bakery franchisor Great Harvest Bread Company since 2001. He also served from 2000 to 2008 as chairman of Biz Life, Inc. (magazine publishing) and was chairman of Creative Services, Inc. (publishing and consulting) from 1978 to 2006. He has been a director of BB&T Corporation, a provider of banking and financial services, since 1990, and of Dots, LLC, a privately held women's apparel company, since 2011. Dr. Qubein has authored a dozen books on leadership, sales, communication and marketing and serves as advisor to businesses and organizations throughout the world on how to brand and position their enterprises successfully. Dr. Qubein's experience as a business advisor, entrepreneur, director on public company boards and leader at multiple companies qualifies him to serve on our board.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE ABOVE NOMINEES.

SHARE OWNERSHIP INFORMATION

The tables below provide information about beneficial owners of our common shares. Under applicable SEC rules, anyone who has or shares the right to vote any of our common shares, or has or shares dispositive power over any of them, is a "beneficial owner" of those shares. The settlor of a trust with a right to revoke the trust and regain the shares, or a person who can acquire shares by exercising an option or a conversion right, may also be considered a beneficial owner under these rules. Consequently, more than one person can be considered the beneficial owner of the same common shares. Unless otherwise indicated below, each owner named in a table has sole voting and sole dispositive power over the shares reported for that person.

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Security Ownership of Known Over 5% Beneficial Owners  
(as of December 31, 2012, except as otherwise indicated)

Name and Address	Number of Shares	Percent of Class
Franklin Resources, Inc. and related parties One Franklin Parkway San Mateo, CA 94403	4,286,172	8.11
BlackRock Inc. 40 East 52nd Street New York, NY 10022	3,996,898	7.56
State Street Corporation One Lincoln Street Boston, MA 02111	3,243,430	6.14
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	3,097,597	5.86

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Information about Franklin Resources, Inc., Charles B. Johnson and Rupert H. Johnson, principal shareholders of Franklin Resources, Inc., and Franklin Advisory Services, LLC is based on an amended Schedule 13G they filed jointly after December 31, 2012, in which they reported that as of that date they had sole voting power over 4,036,172 common shares and sole dispositive power over 4,286,172 common shares through their control of Franklin Mutual Advisers, LLC, a wholly owned subsidiary of Franklin Resources, Inc., that acts as investment manager to various investment companies that hold our shares.

Information about BlackRock Inc. and its related companies is based on an amended Schedule 13G they filed jointly after December 31, 2012, in which they reported that as of that date they had sole voting and dispositive power over 3,996,898 common shares. The other companies reported as beneficial owners of our common shares were BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock Asset Management Australia Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Advisors (UK) Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Japan Co. Ltd., and BlackRock Investment Management (UK) Limited.

Information about State Street Corporation and its related companies is based on a Schedule 13G they filed jointly after December 31, 2012, in which they reported that as of that date they had shared voting and dispositive power over 3,243,430 common shares. The other companies reported as beneficial owners of our common shares were State Street Bank And Trust Company, SSGA Funds Management, Inc, State Street Global Advisors Limited, State Street Global Advisors Ltd, and State Street Global Advisors, Australia Limited.

Information about The Vanguard Group, Inc. is based on an amended Schedule 13G it filed after December 31, 2012, in which it reported that as of that date it had sole voting power over 84,079 common shares, sole dispositive power over 3,016,018 common shares and shared dispositive power over 81,579 common shares.

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(as of the record date for the annual meeting)

The following table shows the beneficial ownership of our common stock by each director, director nominee, each executive officer named in the Summary Compensation Table, and all directors and current executive officers as a group as of the record date for the annual meeting. The table and footnotes also contain information about restricted stock units credited to the non-employee directors that derive their value based on the market value of our shares. None of the shares shown in the table are pledged as security.

Beneficial Owner	Number of Shares or Units	
	Common Stock(1)(2) in Cash(3)	Settleable Units
Mark S. Bacon, Sr.	92,543	
Kurt L. Darrow	526,031	
John H. Foss	36,672	16,514
Richard M. Gabrys	30,572	16,514
Janet L. Gurwitch	21,572	5,000
David K. Hehl(5)	47,028	16,514
Edwin J. Holman	24,572	5,000
Janet E. Kerr	22,472	12,927
Steven M. Kincaid	188,141	
Michael T. Lawton		
H. George Levy, MD	39,672	16,514
W. Alan McCollough	28,572	16,514
Dr. Nido R. Qubein	45,317	16,514
Louis M. Riccio, Jr.	145,605	
Otis S. Sawyer	105,168	
All current directors and current executive officers as a group (14 persons) own 2.531% of the outstanding shares (4)	1,353,937	122,011

(1) This column lists beneficial ownership as calculated under the SEC rules, including stock options and restricted stock units that that may be exercised or converted without the company's consent within 60 days of our record date of June 28, 2013. Each current director and officer individually owns less than one percent (1%) of our outstanding shares.

(2) These amounts include 21,572 restricted stock units for each non-employee director which vest and settle in shares when the director leaves the board. See the Fiscal 2013 Non-employee Director Compensation table and related footnotes beginning on page 9 for additional detail.

(3) These restricted stock units vest and settle in cash, at the fair market value determined at the settlement date, when the director leaves the board.

(4) For purposes of calculating the percentage ownership of the group, all shares representing the restricted stock units (footnote 2) and shares subject to options held by any group member that currently are exercisable or that will become exercisable within 60 days of our record date of June 28, 2013, are treated as outstanding. For purposes of calculating the percentage of ownership of any individual, however, only

the shares representing the restricted stock units and the shares subject to options exercisable or that become exercisable as described above that are held by that individual are treated as outstanding. For the computation of each individual's ownership percentage, shares representing restricted stock units and shares subject to options held by other directors or executives are not counted.

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In addition to the restricted stock units described in footnote 2, the table includes the following numbers of shares subject to options:

Mr. Bacon	47,173
Mr. Darrow	214,124
Mr. Kincaid	67,820
Mr. Riccio	60,268
Mr. Sawyer	54,579
All current directors and current executive officers as a group	443,964

(5) The table also includes 1,956 shares owned by Mr. Hehl's wife, of which shares Mr. Hehl disclaims beneficial ownership.

## SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, some over 10% owners of our common shares, and some persons who formerly were directors, executive officers, or over 10% owners to file reports of ownership and changes in ownership with the SEC and the NYSE and to furnish us with a copy of each report filed. Based solely on our review of copies of the reports filed by some of those persons and written representations from others that no reports were required, we believe that during fiscal 2013, all Section 16(a) filing requirements were complied with in a timely fashion.

## COMPENSATION DISCUSSION AND ANALYSIS

In this section we summarize the compensation programs for our named executive officers (the individuals named in the "Summary Compensation Table" that follows this Compensation Discussion and Analysis). We discuss our compensation objectives and describe each pay element, the role it plays in the overall compensation program, and whether it pertains only to the named executive officers or to a broader group of employees. You should review this section with the pay disclosure tables that begin with the Summary Compensation Table on page 29.

Executive Summary

Our strategic initiatives have been focused on sales growth, positive operating income generated on the sales growth and turning our Retail segment profitable. During fiscal 2013, we made continual progress against our strategic initiatives, which translated into improvements in our operating results. Most prominently, we grew over \$100 million in sales compared to fiscal 2012, improved our operating margin by over 27% to 5.1% and turned our Retail segment profitable in the year. Additionally, we continued to strengthen our balance sheet, ending the year with a debt to capital ratio of 1.6%, and a strong cash position of \$131 million. For a more complete and detailed explanation of our financial results, please review our financial press released filed with the Form 8-K on June 18, 2013, or our Form 10-K, both of which can be found on our website at <http://investors.la-z-boy.com/phoenix.zhtml?c=92596&p=irol-sec>. We establish our incentive performance measures to focus our efforts on sales growth and margin improvement. As further discussed below in the section on Short Term Incentive Awards (page 22), we met and exceeded our financial targets for the year.

We continue to monitor all of our compensation program elements and practices to determine how they compare with current market practices and align with our overall compensation philosophy. At our annual meeting of shareholders in August 2011, we began providing our shareholders with the opportunity to cast an annual advisory vote on our executive compensation (a "say-on-pay proposal"). Approximately 97% of the votes cast by our shareholders in both 2011 and 2012 were to approve the compensation we paid to our named executive officers. In determining executive compensation for fiscal 2013, the Committee took into account the results of the advisory votes, which reflected



shareholder approval of our compensation philosophy, among the many factors considered.

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We believe our executive compensation programs continue to provide a competitive pay-for-performance package that helps us attract, retain, and motivate our executives. We made no significant changes to these programs during fiscal 2013. Our compensation committee worked with Hay Group, the committee's independent executive compensation consultant, to evaluate our programs, and the committee took the following actions during the year.

## Fiscal Year 2013 Executive Compensation Actions

· Base Salary In June 2012, the committee reviewed the salary levels for each named executive officer. As part of the salary review process, the committee considered the performance of each named executive officer, relevant market data provided by Hay Group, the parity of compensation between various levels of management, and the company's overall performance. Consistent with increases we paid to our other managers in fiscal 2013, the committee approved salary increases for each named executive officer of 2.5%, rounded up to the nearest thousand dollars.

· Long-term Equity Incentive Awards The committee determined that equity grants made July 11, 2012 (for fiscal 2013) would be composed of stock options (50%) and performance-based shares (50%). The size of an award was based on a percentage of the recipient's 2013 base salary, and the percentage varied by salary grade. The mix of stock options and performance-based shares was adjusted to align with Hay Group's report of best practices of U.S. companies utilizing both long-term incentive vehicles as part of their executive compensation strategy.

On the following pages, we provide additional detail for each compensation element.

## Executive Compensation Approach

Our executive pay programs are designed to reflect the following objectives:

- Market competitive. Pay packages, including base salaries and incentive opportunities, are designed to be competitive with industry peers and pay practices for similar companies and business models at U.S. retailers and U.S. manufacturers with a retail focus.
- Pay for performance. The majority of the named executive officers' target pay opportunity is provided through annual and long-term incentive award opportunities, which are earned, or increase in value, based on company and stock performance.
- Align with shareholder interests. The named executive officers are required to own company stock over a sustained period to ensure they have the perspective of long-term shareholders.
- Program effectiveness. We have clearly defined programs that provide meaningful award opportunities aligned to the achievement of our business strategy.
- Cost efficient. In designing our executive pay programs, we take into account the cost of various possible elements (share usage, cash flow, and accounting and tax impacts).

Our compensation philosophy is to provide a base salary targeted to the median of the competitive market, with the opportunity to earn a significantly higher level of compensation under incentive programs that link executive pay to company performance factors. All named executive officers participate in the same compensation programs and are subject to the same pay policies. The majority of each executive's target compensation is at risk with the amount realized, if any, based on company performance. The pay level and at-risk portion increases as an executive assumes greater levels of responsibility with greater impact on the company. Accordingly, the chief executive officer's pay level and at-risk pay portion are higher than those of other officers due to his greater level of responsibility.



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### Compensation Committee's Role

Each year, the compensation committee reviews and approves the overall design of our executive pay program and all pay elements for the named executive officers. Three senior executives (chief executive officer, chief financial officer, and corporate vice president human resources) provide input on program design (including goals and weighting) and information on the company's and the furniture industry's performance. Management is responsible for implementing the executive pay program that the committee approves.

The compensation committee has retained Hay Group as its independent executive compensation consultant to advise the committee on matters related to executive compensation. Hay Group does not provide any services to the company other than its work for the board of directors. Under the committee's direction, Hay Group does interact with members of the senior executive team to provide insight into company and industry practices and ensure that executives are informed with regard to emerging best practices and market trends. The committee has sole authority to retain and terminate consultants used to assist in the evaluation of executive compensation.

In February 2013, the committee received Hay Group's report on the consulting firm's independence. The report included the following factors: (1) other services provided to us by the consultant; (2) the fees paid by us as a percentage of the consultant's total revenue; (3) the consultant's policies and procedures designed to prevent a conflict of interest; (4) any business or personal relationship of the consultant with a member of the committee; (5) any company stock owned by the consultant; and (6) any business or personal relationships between our executive officers and the consultant. The committee discussed the report and concluded that the consultant's work did not present any conflict of interest. In reaching that conclusion, the committee considered all factors specified in the NYSE's new rules related to compensation advisor independence.

### Pay-Setting Process Methodology

We assign executives to pay grades based on their duties and responsibilities. For each pay grade, we establish a salary range and the target annual and long-term incentive award opportunities based on market median pay levels. In setting individual pay levels, we consider market pay data, company performance, and the executive's competencies, skills, experience, and performance, as well as our business needs, cost, and internal pay equity relationships.

In setting the named executive officers' pay levels, the committee reviews pay of the chief executive officer and other named officers. Annually we review current total direct compensation (salary, annual and long-term incentive awards) among a peer group of companies. The peer group is composed of publicly-traded U.S. companies with comparable revenues and market capitalization that are either competitors or manufacturing companies with a retail focus. The 15 peer companies considered in setting fiscal 2013 pay levels were Acuity Brands, Inc.; Callaway Golf Company; Ethan Allen Interiors, Inc.; Furniture Brands International, Inc.; Haverty Furniture Companies, Inc.; Herman Miller, Inc.; Knoll, Inc.; Pier 1 Imports, Inc.; Polaris Industries, Inc.; Sealy Corporation; Select Comfort Corporation; Tempur-Pedic International, Inc.; The Toro Company; Under Armour, Inc.; and Wolverine Worldwide.

To maximize year-over-year comparability, the committee prefers that the peer group remain consistent from year to year. The committee evaluates each member annually, however, to ensure that its inclusion remains appropriate. The committee worked with Hay Group to review and revise the peer group of companies for fiscal 2014. Due to significant growth over recent years of review, Polaris Industries, Inc. and Under Armour, Inc. will be removed as their revenue levels and business models no longer meet the selection criteria of the committee. These companies will be replaced by Libby Inc. and Restoration Hardware Holdings, Inc., specialty manufacturers and retailers in the home furnishings market, which better align with the committee's size and business model criteria. With the merger of Sealy Corporation and Tempur-Pedic International, Inc., the new company known as Tempur Sealy International will be considered a member of the peer group, subject to annual review. These changes result in a peer group of 14 companies for fiscal 2014 with median revenues and market capitalization that provide an appropriate basis of

comparison for La-Z-Boy.

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In addition, we review target total direct compensation for comparable jobs generally in retail and general industry companies based on compensation surveys conducted annually by Hay Group. We use both peer group comparator data and market survey data to benchmark pay. We believe this dual benchmarking provides a more rigorous process to validate pay decisions. Based on our fiscal 2013 compensation, the target total direct compensation of our named executive officers as a group was 115% of the median total direct compensation for comparable general industry companies and 83% of the median total direct compensation for retail companies.

Periodically, we also review the market practices for executive retirement benefits, deferred compensation plans, and severance and change in control agreements.

To aid in its oversight of our executive compensation program, the committee requested that Hay Group conduct a total compensation review for each of the named executive officer positions. The analysis included base salary, short-term incentives, and long-term incentives and compared the compensation of the named executive officers with median levels for general industry, retail industry, and the company's peer group. In addition, the committee annually reviews estimated amounts to be paid to the named executive officers under various employment termination situations, including a change in control of the company. The committee believes its use of data supplied by the independent consultant along with a review of current and historical compensation for the named executive officers provides the committee with a more complete picture of the named executive officers' compensation.

Our process for setting compensation for our named executive officers includes a formal, individual performance evaluation each year for each executive. The independent members of our board of directors assess our chief executive officer's performance each year. This assessment includes an evaluation of critical areas, including customer relations, human capital, shareholder value, operating results and strategic goals. Every third year, the committee's independent compensation consultant coordinates the committee's evaluation of the CEO's performance focusing on the same criteria. The consultant compiles the evaluations provided by each board member and prepares a detailed report for the board. The chief executive officer assesses the individual performance of the other named executive officers each year based on their overall performance throughout the year, accomplishment of specific goals, and their future potential within the organization. This assessment is used in determining base salary as noted below.

### Executive Compensation Program Elements

To best achieve our objectives for the executive pay program, we provide a compensation package composed of the following primary elements:

- Base salary
- Management Incentive Program ("MIP") (annual cash incentive opportunity)
- Long-term equity incentive awards
- Other executive compensation program elements (stock ownership guidelines, retirement benefits, deferred compensation)

Some elements vary based on the company's performance, and some provide no benefit unless the company achieves specific results. The mechanics of these pay elements and our pay decisions are detailed below. In addition, we have change in control agreements with our named executive officers, and they participate in a severance plan. Additional information regarding the change-in-control agreements and executive severance plan can be found at pages 26 and 27. These elements are intended to assist us in attracting and retaining quality executive talent and ensure continuity of our leadership.



Table of ContentsBase Salary

Base salaries paid to our named executive officers are based on their duties, competencies, experience and performance. In setting base salaries for our executive team, we consider market competitiveness, specific job responsibilities, internal pay relationships and total cost. Consistent with our practices for all management employees, named executive officers are eligible for annual merit salary increases based on individual performance, comparison with market levels and the total salary budget.

## Salary Changes in Fiscal 2013

In June 2012, the committee reviewed the salary levels for each named executive officer. As part of the salary review process, the committee reviewed and considered the performance of each named executive officer, relevant market data provided by Hay Group, the parity of compensation between various levels of management, and the company's overall performance. Consistent with increases we paid to our other managers in fiscal 2013, the committee approved salary increases for each named executive officer of 2.5%, rounded up to the nearest thousand dollars.

## Salary Changes for Fiscal 2014

In April 2013, the committee reviewed salary levels for each of our named executive officers. The committee took into consideration a combination of performance, level of responsibility, and current salary relative to market data provided by Hay Group in determining increases, and approved increases for four of the named executive officers. Salaries are rounded to the nearest thousand dollars.

The named executive officers' fiscal 2013 and 2014 salaries are presented in the table below.

Executive	Fiscal 2013 Salary \$ (1)	Fiscal 2014 Salary \$ (1)	% Change	
Kurt L. Darrow	846,000	880,000	4.0	%
Louis M. Riccio, Jr	410,000	425,000	3.7	%
Mark S. Bacon, Sr	462,000	480,000	3.9	%
Steven M. Kincaid	380,000	380,000	0.0	%
Otis S. Sawyer	339,000	350,000	3.2	%

(1) Salary increases become effective on July 1, two months after the start of the fiscal year. As a result, the amounts shown here are higher than those shown in the 2013 Summary Compensation Table on page 29 below.

Incentive Compensation

The La-Z-Boy Incorporated 2010 Omnibus Incentive Plan is designed to reward executives for achievement of both short-term and long-term corporate performance goals and enhance our ability to retain employees. The committee believes that designing the incentive compensation program with multiple objectives and performance periods promotes behavior consistent with our long-term strategic plan and reduces any incentive to pursue risky or unsustainable results.



Short Term Incentive Awards (Management Incentive Program)

Our annual cash bonus program, which we refer to as the Management Incentive Program, or MIP, is a short term incentive award plan designed to motivate and reward executives for the achievement of annual goals. Target awards, specified as a percentage of base salary, vary by pay grade. The named executive officers have the opportunity to earn awards up to 200% of their target incentive opportunity, based on performance. For the named executive officers, we base the financial goals on the company's overall consolidated financial performance.

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Fiscal 2013 financial measures were:

- 60% weight — operating margin (operating income as a percentage of net sales)
- 40% weight — net sales

The compensation committee approved these financial measures because they drive shareholder value and reflect our emphasis on profitability (operating margin) and sales growth. For these purposes, we calculated operating margin without taking into account the impact of restructuring. After defining required performance, the committee has discretion, in extraordinary circumstances, to modify incentive awards for the named executive officers, either up or down, to ensure a linkage between incentive plan payouts and the quality of performance. The committee did not exercise such discretion in awarding MIP payments for fiscal 2013.

The committee set the target financial performance goals to be challenging but achievable. Over the prior five years (fiscal years 2008 to 2012), our payouts under the MIP for overall company financial performance averaged approximately 59% of target.

The following table summarizes the fiscal 2013 MIP performance goals.

## Fiscal 2013 MIP Goals

Performance Level	Net Sales (in Billions)	Operating Margin	
Maximum	\$ 1.389	7.0	%
Target	\$ 1.321	5.5	%
Threshold	\$ 1.238	3.5	%

## Analysis — 2013 MIP Awards Were Above Target Reflecting Our Financial Performance

Our 2013 company financial performance results exceeded, on a combined basis, the established target levels, reflecting the strong operating results during the year. Our 2013 sales of \$1,332,525,000 exceeded our target of \$1,321,407 and produced a payout of 117% of the sales goal opportunity, and our operating margin of 5.3% was slightly under our target of 5.5% and produced a 95% payout of the operating margin opportunity. The overall payout level, after applying the weighting factors, was 104% of target. Thus, in line with our compensation philosophy and in accordance with standards we set at the outset of the year, MIP payments to our named executive officers for 2013 were above target levels.

Our named executive officers' fiscal 2013 target, achieved performance level, and actual MIP awards, expressed as a percentage of base salary, were as follows:

Executive	Fiscal 2013 Target Incentive (% of base salary)	Achieved Performance Level (% of target performance)	Actual Fiscal 2013 Incentive Payout (% of base salary)
	100 %	104 %	104.0 %

Kurt L. Darrow						
Louis M. Riccio, Jr.	75	%	104	%	78.0	%
Mark S. Bacon, Sr.	75	%	104	%	78.0	%
Steven M. Kincaid	60	%	104	%	62.4	%
Otis S. Sawyer	60	%	104	%	62.4	%

Fiscal 2014 MIP Awards

The committee has approved the following target incentives percentage of base salary for fiscal 2014: Mr. Darrow, 100%; Messrs. Riccio and Bacon, 75%; and Messrs. Kincaid and Sawyer, 60%. The committee established operating margin (60% weight) and net sales (40% weight) as the financial measures for fiscal 2014.

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Long-term Equity Incentive Awards

The long-term incentive award provisions of our 2010 Omnibus Incentive Plan provide for equity-based compensation (restricted stock, restricted stock units, options, or other forms of equity based compensation) intended to align executive pay with long-term shareholder returns, motivate our executive officers to focus on long-term business objectives, and encourage long-term strategic thinking. The value received by executives from these awards varies based on the company's performance and the future price appreciation of our common stock.

We establish award levels for each eligible pay grade after considering market median practices and total cost (share usage, accounting, and tax impacts). The committee approves annual equity-based awards that are granted in the first quarter of the new fiscal year. Our chief executive officer has discretion during the year to approve limited grants of restricted stock to new or newly promoted employees other than the named executive officers.

Each year the committee determines the appropriate long-term incentive award types and mix based on our objectives for the grants, as well as market practices, share usage, accounting and tax impacts, and past practices. We review the accounting treatment of the relevant incentive award types, including stock options and performance-based stock awards. Our stock options and performance-based stock awards are generally designed to enable the company to deduct their cost for tax purposes, while executives who exercise options or receive performance-based shares are taxed at ordinary income rates. However, we may not be able to deduct the cost of restricted stock awards to certain named executive officers for federal income tax purposes in a given year. For more discussion of the tax treatment, see Deductibility of Executive Compensation on page 27.

Fiscal 2013 Grants

Early in fiscal 2013, we granted two types of stock-based awards to the named executive officers under the La-Z-Boy Incorporated 2010 Omnibus Incentive Plan: stock options and performance-based shares.

The fiscal 2013 award types are summarized below.

Stock Options (50% of total fiscal 2013 long-term incentive opportunity)

Stock options entitle executives to purchase stock at the exercise price (closing price on date of grant) for up to ten years. Options expire at the end of ten years if they have not been exercised by that time. Stock options deliver value to executives if the company's stock price appreciates, directly aligning executive compensation with the value created for shareholders as reflected in stock price appreciation from the date of grant. Stock options granted in fiscal 2013 vest in equal installments over four years (25% per year) and have a ten-year term.

Once a stock option vests, an executive may purchase stock at the exercise price. The executive realizes value equal to the difference between the exercise price and the price at which our stock is trading on the New York Stock Exchange at the time of exercise.

Performance-Based Stock Awards (50% of total fiscal 2013 long-term incentive opportunity)

Performance-based stock represents an opportunity to earn a defined number of shares of our common stock if we achieve pre-set performance goals. Through performance-based stock awards granted in fiscal 2013, executives will earn stock if the company achieves specified financial goals. The value of any earned shares depends on La-Z-Boy's future stock price. An executive's award opportunity ranges from 50% of the executive's target award if minimum performance requirements are met to a maximum of 200% of the target award. Payout of shares earned will be made following the conclusion of the three-year performance period.



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The number of shares our executives receive, if any, will depend on how the company performs against sales growth and operating margin targets in fiscal 2013, 2014, and 2015, and against the total shareholder return goal over the three-year performance period. Targets for the awards are based 40% on the growth in sales, 40% on operating margin, and 20% on total shareholder return:

**Sales Growth (40%):** 50% of the payout based on the sales growth factor will be based on fiscal 2013 results, 30% on fiscal 2014 results, and 20% on fiscal 2015 results.

**Operating Margin (40%):** 50% of the payout based on the operating margin factor will be based on fiscal 2013 results, 30% on fiscal 2014 results, and 20% on fiscal 2015 results.

**Total Shareholder Return (20%):** Payout based on total shareholder return will be based on shareholder return over the entire three-year performance period relative to the performance of the S&P 600 small cap index.

Shares may be earned based on each factor independent of performance on the other factors. Each factor includes a minimum performance level that must be achieved before any shares are earned based on that factor. No shares are earned if the company performs below the threshold performance level of all three factors. If the company performs at the designated target level of all three factors, the target number of shares is earned. The actual number of shares earned can be more or less than target level depending on performance.

### Earnings and Payouts for Prior Equity Grants

The named executive officers realized value in fiscal 2013 when the restrictions lapsed on a portion of restricted grants made in fiscal 2008 through fiscal 2010.

The named executive officers earned payouts on the performance-based equity grants made in fiscal 2011 for the three-year performance period that ended with our fiscal 2013 year end. The performance targets for fiscal 2011 grants were sales growth of 11% from our fiscal 2010 results and diluted earnings per share in fiscal 2013 of \$1.25. We achieved 13% sales growth, resulting in the maximum payout for the sales growth goal. The named executive officers earned no payout for the earnings per share goal. In addition, our performance-based equity grants made in fiscal 2013 (which are more fully described above) provide for the opportunity to earn a portion of the awards based on sales and operating margin targets established for each of the three years covered by the grant. The goals established for fiscal 2013 were sales growth of 7% and operating margin of 5.5%. Based on our sales growth of 8.2% and our 5.3% operating margin, the named executive officers earned 130% of the sales growth target and 80% of the operating margin target. These awards are earned contingent on the executive's remaining with the company through the end of fiscal 2015, when they will be paid.

Our named executive officers also exercised stock options during fiscal 2013. The pre-tax amounts realized from these sources are shown in the fiscal 2013 Option Exercises and Stock Vested table (on page 34).

### Fiscal 2014 Grants

Awards made to executive officers during the past several fiscal years have included a mix of stock options, restricted stock, and performance-based shares. The committee determined that equity grants made June 17, 2013 (for fiscal 2014) will be composed of stock options and performance-based shares of equal value. We intend this mix to provide a balanced focus on stock price appreciation and multi-year goal achievement. The financial measures and related weightings for the performance-based shares will be sales growth (40%), operating margin (40%), and total shareholder return (20%) relative to the performance of the S&P 600 small cap index. The size of an equity award will be based on a percentage of the recipient's base salary, and the percentage will vary by grade. In fiscal 2014, the committee granted our named executive officers stock options totaling 174,595 shares and performance-based equity awards covering 106,538 shares (at target).



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Other Executive Compensation Program Elements

Executive Management Stock Ownership Guidelines

The committee annually monitors compliance by our executive management with stock ownership guidelines. Our executives are expected to own a fixed number of shares of company stock equal in value to a multiple of their annual base salary (four times base salary for our CEO and two times base salary for the other named executive officers). Executives must achieve compliance within five years of becoming subject to the ownership guidelines. Until June 2013, we computed the requirement for each executive based on each executive's annual salary and our stock's average closing price in the month of April 2010, which resulted in requirements ranging from approximately 45,000 to 210,000. We reassessed the share requirement in June 2013 based on each executive's salary and a representative share price at the end of fiscal year 2013. The new share requirements for the named executive officers range from approximately 37,000 to 189,000. The committee will reassess the share requirement again in 2016, and, subject to variation in our stock price, executives can expect their requirements to increase as their compensation increases.

In determining compliance with the guidelines, we include shares owned directly, shares held in a family trust or qualified retirement program, service-based restricted stock, and performance-based shares contingently earned in completed performance periods but not yet paid out. As of April 27, 2013, all of the named executive officers were in compliance with their guidelines.

Retirement Benefits

We provide retirement benefit plans to encourage long-term employment and to help employees save for their retirement. Our named executive officers are eligible to participate in the same retirement benefit programs we offer to salaried employees at the corporate level.

We currently offer 401(k) and profit sharing plans to which the company may contribute. Company matching contributions vary by operating unit and range from 0% to a maximum of 50% of the first 4% contributed by the employee. Profit sharing contributions for each participant (including all of the named executive officers) can range from 0% to 10% of the participant's salary and bonus, based on the company's annual profitability. Profit sharing contributions were suspended for fiscal 2009 for all participants and have not been reinstated. The company introduced an annual profit-sharing component to the 401(k) plan for fiscal year 2013, however, employees who are eligible for the MIP, including our named executive officers, are not eligible to participate in this benefit.

Performance Compensation Retirement Plan

Effective April 27, 2013, our board of directors adopted the La-Z-Boy Incorporated Performance Compensation Retirement Plan. All of our executive officers and executive management employees will participate in the plan, as may certain other key management employees designated from time to time by our compensation committee. The plan is a bonus-style arrangement that allows contribution credits to be made to accounts for the participants, based on performance, for their retirement.

The plan calls for the compensation committee to set company performance criteria and minimum performance levels (called "thresholds") for those criteria shortly after the beginning of a fiscal year for that fiscal year (although we may choose not to make any contributions in any particular year). During any year in which we set forth these criteria and thresholds, we will also set forth a percentage factor (which may differ among participants). If, at the end of the fiscal year, the performance criteria and thresholds are met or exceeded, the accounts for executives participating in the plan for the full fiscal year will receive contribution credits measured by the applicable percentage factor chosen for that year multiplied by the sum of the participant's base salary and bonus. The contribution credits are bookkeeping credits that are each equivalent to one U.S. dollar if the participant becomes vested in the account and is later entitled to a



distribution. The contribution credits will be increased each year by tracking an interest element corresponding with corporate bond yields. Any contribution credits made to any account that are determined to be the result of financial errors or omissions will be eliminated.

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Distribution of an account balance will generally be made upon a participant's separation from service (except in certain circumstances where a delay is required by law or where a participant elects to delay a distribution) as long as the participant is vested at that time. To achieve vesting, the plan requires that a participant reach age 55 and that the sum of the participant's age and credited years of vesting service equals or exceeds 65. If a participant is not vested upon separation from service, all contribution credits in the participant's account will be forfeited. Distributions of accounts will generally be made on a monthly basis over a period of 5, 10, or 20 years, as chosen by a participant; however, distributions will be made over a 20-year period if no valid election is made. Regardless of the period of distribution actually chosen, the plan applies a limit (based on a 20-year distribution period) to all participants so that a participant's monthly distribution amount may not exceed 65% of the participant's average monthly total cash compensation earned during the participant's final three complete fiscal years of service. Participants may designate beneficiaries to receive their benefits if they die before their distributions are complete.

At its June meeting, the compensation committee set total operating income as the sole performance criterion for the current fiscal year and established threshold and target levels. It also set percentage factors for the current fiscal year. If the company's total operating income does not meet the threshold level participants will receive no contribution credits. If total operating income meets the threshold but is less than target, participants will receive contribution credits calculated by applying 50% of their respective percentage factors. If total operating income equals or exceeds the target level, then each participant will receive contribution credits equal to his percentage factor applied against the sum of his base salary and bonus earned for fiscal 2014. The fiscal 2014 percentage factor is 25% for Messrs. Bacon, Riccio, Kincaid, and Sawyer and 35% for Mr. Darrow.

### Executive Deferred Compensation Plan

Our 2005 Executive Deferred Compensation Plan allows executives to defer pay they have earned. Participants may elect to defer up to 100% of their salaries and up to 100% of the portion of their annual cash incentive award (under the MIP) that is based on company performance. In addition, the company may contribute to this plan any company 401(k) match and profit sharing contributions that cannot be credited to the executives' accounts due to the Internal Revenue Code compensation limitations that apply to the tax-qualified retirement plans. (Such limits may apply because the executive's contributions to the 401(k) plan were returned following discrimination testing for highly compensated personnel, the executive's contributions and the company's matching contributions were limited by either the annual contribution limit — \$17,500 for 2013 — or the annual compensation limit — \$255,000 for 2013, or a contribution to the executive's account in the profit-sharing plan would have caused the plan to fail discrimination testing. Contributions returned to executives are not deferrable into this plan.) Named executive officers' salary and bonus deferrals are detailed in the Fiscal 2013 Non-Qualified Deferred Compensation table on page 34.

### Named Executive Officer Change in Control Agreements

We have change in control agreements with our named executive officers to ensure continuity of our leadership in the event the company's ownership changes. The agreements define a change in control as any event that must be reported in Item 6(e) of Schedule 14A of Regulation 14A issued under the Securities Exchange Act of 1934 that qualifies as a change of control event pursuant to Internal Revenue Code Section 409A. This generally occurs when a person, entity or group acquires ownership of 30% of our stock, if a person, entity or group acquires an amount that increases its holding to more than 50% of the value or voting power of the company stock, if a majority of the company's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the directors before the date of the appointment or election, or if 40% or more of the company's assets are acquired.

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The agreements provide for the following cash severance payouts upon the occurrence of both a change in control and a qualifying termination of employment within a two-year period (three years for the CEO) following the change in control. Payouts are calculated as two times the executive's current base salary plus two times the executive's average annual bonus amount paid over the three-year period immediately prior to the change in control (three times salary plus three-year average bonus for the CEO). During their respective cash severance terms following the change in control, executives will also receive a continuation of medical and life insurance benefits. With respect to outstanding equity awards under our La-Z-Boy Incorporated 2004 Long-Term Equity Award Plan, we utilize a single-trigger approach whereby an executive's outstanding unvested stock options and restricted shares will immediately fully vest upon the occurrence of the change in control. Similarly, upon a change in control, outstanding performance-based share awards will be payable based on performance through the change in control date. The La-Z-Boy Incorporated 2004 Long-Term Equity Award Plan was replaced by the La-Z-Boy Incorporated 2010 Omnibus Incentive Plan, and awards under the new plan have a double trigger vesting requirement (change in control, followed by a qualifying termination of employment). Under our current change in control agreements, we utilize a "best-net" approach wherein the company will reduce payments below the safe harbor limit (defined as the amount below which no excise tax liability is incurred with respect to change in control payments to executives) only if doing so results in a greater after-tax benefit to the executive. The executive is responsible for the excise tax, and the company does not pay any tax gross-up on the excise tax. Additional information regarding the change in control agreements and estimated termination payments to executives is presented on page 35.

### Named Executive Officer Severance Plan

The severance plan for the named executive officers is designed to assist the company in attracting and retaining quality executive talent while providing the company some protection against competition and solicitation by former executives.

The severance plan provides that the company is to pay a named executive officer severance if the company discharges the executive except "for cause" or if the named executive officer leaves the company with "good reason." In that event, the company would pay the CEO severance for 24 months after the CEO's employment ends and would pay the other named executive officers severance for 12 months after a qualifying termination of employment. Severance is to be paid at the level of a departing executive's base salary at the time the executive's employment ended. Discharge "for cause" would generally include employee acts of fraud, reckless misconduct, substandard performance that is not corrected, and similar acts or failures to act. Resignation for "good reason" would generally include a resignation triggered by a reduction in the employee's pay, unless similarly situated employees are similarly affected, or a requirement that the executive relocate.

Executives will receive medical benefits during the time they receive severance. The severance periods of 24 and 12 months were established based on the market and peer company analysis. Entitlement to severance benefits is subject to the officer's compliance with non-competition and non-solicitation covenants for the duration of the severance term. Executives are entitled to receive and retain only that portion of the severance pay that is in excess of compensation they receive from other employment during the severance period.

## Other Considerations

### Deductibility of Executive Compensation

We monitor our executive pay programs with respect to current federal tax law to maximize the deductibility of compensation paid to named executives. Section 162(m) of the Internal Revenue Code generally precludes public companies from taking a tax deduction for compensation over \$1 million paid to a named executive officer unless the compensation is performance-based. Performance-based stock awards and stock option grants made under both the 2004 Long-term Equity Award Plan and the La-Z-Boy Incorporated 2010 Omnibus Incentive Plan, and the short term

cash incentive awards under the 2010 Omnibus Incentive Plan, all are intended to qualify as performance-based compensation exempt from the tax deduction limit so long as the performance goal requirements of Section 162(m) have been met. Restricted stock awards generally do not qualify.

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Recoupment of Incentive Payments

In accordance with our policy, we will require reimbursement of annual or long-term incentive payments, and we will eliminate contribution credits under the Performance Compensation Retirement Plan, made to any management employee if the board of directors determines that the employee engaged in misconduct that resulted in a material inaccuracy in our financial statements or performance metrics used to make incentive payments or awards, and the employee would have received a lower payment if calculated based on accurate financial statements or performance metrics. If it is determined that any contribution credits to the La-Z-Boy Incorporated Performance Compensation Retirement Plan were made based on a contribution formula that took into account any erroneous financial statements or other financial errors or misstatements, the participant accounts will be adjusted to reflect contribution credits based on the complete and accurate financial information.

COMPENSATION COMMITTEE REPORT

The compensation committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on this review and discussion, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in the company's Annual Report on Form 10-K and this proxy statement.

W. Alan McCollough, Chairman

Richard M. Gabrys

Janet L. Gurwitch

H. George Levy, MD

Dr. Nido R. Qubein

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## EXECUTIVE COMPENSATION

The Summary Compensation Table and other tables present pay for our named executive officers received for fiscal 2013.

Named Executive Officers as of April 27, 2013

- Kurt L. Darrow (age 58), Chairman, President, and Chief Executive Officer
- Louis M. Riccio, Jr. (age 50), Senior Vice President and Chief Financial Officer
- Mark S. Bacon, Sr. (age 50), Senior Vice President and President La-Z-Boy Branded Business
- Steven M. Kincaid (age 64), Senior Vice President and President Casegoods Product
- Otis S. Sawyer (age 55), Senior Vice President and President Non-Branded Upholstered Product

## Summary Compensation Table

The Summary Compensation Table presents “total compensation” (see footnotes for the included pay elements) for the named executive officers.

· Actual value realized in fiscal 2013 for previously granted long-term incentives is presented in the Option Exercises and Stock Vested table on page 34.

· Target annual and long-term incentive opportunities for fiscal 2013 are presented in the Grants of Plan-Based Awards table on page 31.

## 2013 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive	All Other Compensation (\$)(4)	Total (\$)
					Plan Compensation (\$)(3)		
Kurt L. Darrow Chairman, President & Chief Executive Officer	2013	842,484	859,350	974,534	876,183	39,789	3,592,340
	2012	816,651	2,008,230	510,452	881,983	24,087	4,241,403
	2011	766,652	748,728	146,521	124,198	38,944	1,825,043
Louis M. Riccio, Jr. Senior Vice President & Chief Financial Officer	2013	408,325	208,230	236,147	318,494	16,203	1,187,399
	2012	395,826	486,845	123,747	320,619	10,066	1,337,103
	2011	370,826	217,949	42,653	33,374	13,885	678,687
Mark S. Bacon, Sr. Senior Vice President & President La-Z-Boy Branded Business	2013	459,991	234,648	266,093	358,793	264,631	1,584,156
	2012	441,658	547,695	139,211	357,743	10,592	1,496,899
	2011	395,826	217,949	42,653	35,624	15,555	707,607
Steven M. Kincaid Senior Vice President & President Casegoods Product	2013	378,326	154,401	175,092	236,075	16,583	960,477
	2012	368,326	360,265	91,576	238,675	11,254	1,070,096
	2011	359,993	217,949	42,653	32,399	15,180	668,174

Otis S. Sawyer	2013	337,269	137,739	156,204	210,456	363	842,031
Senior Vice President & President Non-Branded Upholstered Product	2012	326,923	321,313	81,670	211,846	363	942,115
	2011	310,000	217,949	42,653	27,900	363	598,865

(1) Reflects the value at target of the performance-based awards granted during fiscal 2011, 2012 and 2013. We valued the performance-based share awards using the closing price of La-Z-Boy stock on the date of grant, except that we valued the 2011 performance-based awards using the closing price of \$7.65 of La-Z-Boy stock on August 18, 2010, the date the 2010 Omnibus Incentive Plan was approved by shareholders. Of the total long term incentive opportunity, grants for 2011 and 2012 were composed of stock options (25%) and performance-based shares (75%). The committee determined that the grants for 2013 would be composed of stock options (50%) and performance-based shares (50%) to align with best practices of U.S. companies utilizing both of these long-term incentive vehicles as part of their executive compensation strategy.

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Maximum value of performance-based shares is shown below:

Name	2013	2012	2011
Kurt L. Darrow*	\$1,718,700	\$3,272,500	\$1,497,457
Louis M. Riccio, Jr.	\$416,460	\$973,690	\$435,897
Mark S. Bacon, Sr.	\$469,296	\$1,095,390	\$435,897
Steven M. Kincaid	\$308,802	\$720,530	\$435,897
Otis S. Sawyer	\$275,478	\$642,626	\$435,897

\*Maximum value of Mr. Darrow's 2012 award reflects the Omnibus Plan annual share limit of 350,000 shares

(2) Reflects the total grant date fair value of the stock option awards granted during the fiscal year. For additional information regarding the assumptions we used in valuing the awards, refer to the Stock-Based Compensation notes to the Consolidated Financial Statements found in Item 8 of Part II of our Forms 10-K (Note 12 for fiscal 2011 and 2012 and Note 14 for fiscal 2013).

(3) Consists of cash awards for the achievement of performance results for the respective year made under our management incentive program. Payments are made in the first quarter following completion of the fiscal year.

(4) All Other Compensation for fiscal 2013 consists of the following:

- Company contributions to the 401(k) and Executive Deferred Compensation Plans of the following amounts: Mr. Darrow \$34,449, Mr. Riccio \$14,579, Mr. Bacon \$16,355, and Mr. Kincaid \$12,340.
- Company paid life insurance premiums, financial planning services, physicals and tax reimbursements related to company contributions to the deferred compensation plans (made in the prior year).
- Pursuant to our relocation reimbursement policy, Mr. Bacon received relocation reimbursements of \$247,088 including \$70,252 as reimbursement of the taxes related to his relocation.

#### Grants of Plan-Based Awards

The following table provides details of all incentive plan-based awards granted to the named executive officers during fiscal 2013. Specifically, the table presents the following fiscal 2013 incentive awards:

- Annual management incentive award (MIP) potential award range (see "Estimated Future Payouts Under Non-Equity Incentive Plan Awards" columns). The actual awards are presented in the Summary Compensation Table (see page 29).
- Performance-based shares
- Stock options



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## Fiscal 2013 Grants of Plan-Based Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payout Under Equity Incentive Plan Awards(2)			All Other Stock Awards of Shares or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Share)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	(\$/Share)
Kurt L. Darrow										
2013 Annual Incentive (MIP)		168,497	842,484	1,684,968						
Performance-Based Shares	7/11/2012				2,872	71,792	143,584			
Non-Qualified Stock Options	7/11/2012							123,829		11.97
Louis M. Riccio, Jr.										
2013 Annual Incentive (MIP)		61,249	306,244	612,488						
Performance-Based Shares	7/11/2012				696	17,396	34,792			
Non-Qualified Stock Options	7/11/2012							30,006		11.97
Mark S. Bacon, Sr.										
2013 Annual Incentive (MIP)		68,999	344,993	689,987						
Performance-Based Shares	7/11/2012				784	19,603	39,206			
Non-Qualified Stock Options	7/11/2012							33,811		11.97
Steven M. Kincaid										
2013 Annual Incentive (MIP)		45,399	226,996	453,991						
Performance-Based Shares	7/11/2012				516	12,899	25,798			
Non-Qualified Stock Options	7/11/2012							22,248		11.97
Otis S. Sawyer										
2013 Annual Incentive (MIP)		40,472	202,361	404,723						
Performance-Based Shares	7/11/2012				460	11,507	23,014			

Non-Qualified Stock Options	7/11/2012	19,848	11.97
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(1) Actual awards could have been up to 200% of target for the MIP based on performance results.

(2) The “Threshold” estimated future payout shown reflects meeting the threshold for just the sales growth or operating margin goal in the third year of the performance cycle.

The value of performance-based shares equals the target number of shares at the closing price of La-Z-Boy stock (3) on the grant date (\$11.97). The value of non-qualified stock options is the fair value (\$7.87 per share) and will be expensed over the vesting period.

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## Outstanding Equity Awards at 2013 Fiscal Year-End

The following table presents all outstanding stock options and unvested stock awards (performance-based stock and restricted stock) held by the named executive officers at the end of the fiscal year. Market values for the unvested stock awards are presented based on the closing price of the company's stock on April 26, 2013, of \$17.69.

Name	Option Awards					Stock Awards		Equity	Equity
	Grant Year	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Exercised Options (#)(1)	Exercise Price (\$)	Expiration Date	Number of Shares or Units of Stock that Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Awards: Number of Unearned Shares, Rights That Have Vested (#)(3)	Awards: Market or Value of Unearned Shares, Other Rights That Have Not Vested (\$)(3)
Kurt L. Darrow									
Restricted Shares						44,598	788,939		
Performance-Based Shares						30,152	533,389	371,538	6,572,507
Stock Options	2013	—	123,829	11.97	7/11/2022				
	2012	19,103	57,312	9.35	7/13/2021				
	2011	17,157	17,157	7.75	7/14/2020				
	2010	—	69,225	4.37	7/08/2014				
	2004	33,100	—	22.20	9/30/2013				
	2004	16,900	—	20.44	8/12/2013				
Louis M. Riccio, Jr.									
Restricted Shares						13,562	239,912		
Performance-Based Shares						7,305	129,225	109,357	1,934,525
Stock Options	2013	—	30,006	11.97	7/11/2022				
	2012	4,631	13,894	9.35	7/13/2021				
	2011	4,994	4,995	7.75	7/14/2020				
	2010	—	31,013	4.37	7/08/2014				
	2004	5,000	—	20.44	8/12/2013				
Mark S. Bacon, Sr.									
Restricted Shares						15,262	269,985		
Performance-Based Shares						8,233	145,642	123,035	2,176,489

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Stock  
Options

2013	—	33,811	11.97	7/11/2022
2012	—	15,630	9.35	7/13/2021
2011	—	4,995	7.75	7/14/2020
2010	—	31,013	4.37	7/08/2014

Steven M. Kincaid

Restricted

Shares

13,562 239,912

Performance-Based Shares

5,418 95,844 80,932 1,431,687

Stock

Options

2013	—	22,248	11.97	7/11/2022
2012	3,427	10,282	9.35	7/13/2021
2011	4,994	4,995	7.75	7/14/2020
2010	—	31,013	4.37	7/08/2014
2004	16,900	—	20.44	8/12/2013

Otis S. Sawyer

Restricted

Shares

13,562 239,912

Performance-Based Shares

4,833 85,496 72,182 1,276,900

Stock

Options

2013	—	19,848	11.97	7/11/2022
2012	3,056	9,170	9.35	7/13/2021
2011	4,994	4,995	7.75	7/14/2020
2010	—	31,013	4.37	7/08/2014
2004	5,000	—	20.44	8/12/2013

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(1) Stock options that were unvested will vest as follows:

Grant Year Options Vesting Schedule

2013	Unvested options vest 25% on July 11, 2013, 25% on July 11, 2014, 25% on July 11, 2015, and 25% on July 11, 2016.
2012	1/3 of the unvested options vest on July 13, 2013, 1/3 on July 13, 2014, and 1/3 on July 13, 2015.
2011	50% of the unvested options vest on July 14, 2013 and 50% on July 14, 2014.
2010	Unvested options vest July 8, 2013.

(2) Unvested restricted share grants will vest as follows:

	2010 Grant(a)	2009 Grant(b)	Total
Kurt L. Darrow	17,325	27,273	44,598
Louis M. Riccio, Jr.	7,762	5,800	13,562
Mark S. Bacon, Sr.	7,762	7,500	15,262
Steven M. Kincaid	7,762	5,800	13,562
Otis S. Sawyer	7,762	5,800	13,562

(a) 25% of the original shares vested on July 8, 2012. Unvested shares are shown and vest 25% on July 8, 2013 (1/3 of the unvested shares) and 50% on July 8, 2014 (2/3 of the unvested shares).

(b) 25% of the original shares vested on July 9, 2011 and 25% on July 9, 2012. The unvested shares are shown and vest on July 9, 2013. For Mr. Bacon, 25% of the original shares vested on October 17, 2011 and 25% on October 17, 2012. Unvested shares are shown and vest on October 17, 2013.

The earned but unvested performance-based shares will vest in April 2015.

(3) Unearned performance-based shares are shown assuming threshold performance for fiscal year 2013 and maximum performance for fiscal year 2012 for each goal.

Name	Performance-Based Shares		Total
	2013 Grant At Threshold (a)	Fiscal year 2012 Grant At Maximum (b)	
Kurt L. Darrow	21,538	350,000	371,538
Louis M. Riccio, Jr.	5,219	104,138	109,357
Mark S. Bacon, Sr.	5,881	117,154	123,035
Steven M. Kincaid	3,870	77,062	80,932
Otis S. Sawyer	3,452	68,730	72,182

(a) Three-year performance period ends fiscal 2015 (April 2015).

(b) Three-year performance period ends fiscal 2014 (April 2014).

Maximum value of Mr. Darrow's 2012 award reflects the Omnibus Plan annual share limit of 350,000 shares

Option Exercises and Stock Vested

The following table provides details for each of the named executive officers regarding stock options exercised and stock awards vested during fiscal 2013.

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## Option Exercises and Stock Vested in Fiscal 2013

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(2)
Kurt L. Darrow	69,225	1,002,346	96,112	1,618,735
Louis M. Riccio, Jr.	31,012	426,738	27,382	464,093
Mark S. Bacon, Sr.	41,216	349,191	25,332	452,571
Steven M. Kincaid	41,835	618,216	27,382	464,093
Otis S. Sawyer	81,537	1,168,344	27,382	464,093

(1) Amounts reflect the difference between the exercise price of the stock option and the market price of La-Z-Boy Incorporated's stock at the time of exercise.

(2) The dollar value of the vested restricted stock reflects the total pre-tax value realized (based on the price of La-Z-Boy stock at vesting). The dollar value of the vested performance-based shares is based on the closing price of the company's stock on the vesting date, June 17, 2013.

## Non-Qualified Deferred Compensation

The following table provides details for the named executive officers regarding their non-qualified deferred compensation accounts as of April 27, 2013. Company contribution amounts reflect contributions to the 401(k) plan that could not be made under the qualified plan due to IRS rules. Aggregate balances include deferred salary and MIP awards earned in prior years but voluntarily deferred by the officers. Additional discussion of our non-qualified deferred compensation program is presented below the table.

## Fiscal 2013 Non-Qualified Deferred Compensation

Name	Executive Contribution in FY 2013 (\$)(1)	Registrant Contribution in FY 2013 (\$)(2)	Aggregate Earnings in FY 2013 (\$)(3)	Aggregate Withdrawals Distribution (\$)	Aggregate Balance at FYE 2013 (\$)(4)
Kurt L. Darrow	174,422	29,349	204,376	—	1,689,041
Louis M. Riccio, Jr.	105,804	10,512	42,460	—	256,093
Mark S. Bacon, Sr.	—	11,275	(22 )	—	17,749
Steven M. Kincaid	—	8,573	199,499	—	1,717,544
Otis S. Sawyer	—	—	9,235	—	323,750

(1) Elective deferrals of base salary or fiscal 2012 MIP awards paid in fiscal 2013. Amounts included in Base Salary and Non-Equity Incentive Plan Compensation in the Summary Compensation Table on page 29 are: Mr. Darrow Base Salary \$42,125 and Non-Equity Incentive Plan Compensation \$132,297 and Mr. Riccio Non-Equity Incentive Plan Compensation \$105,804.

(2) Company contributions to the Executive Deferred Compensation Plan to cover 401(k) contributions that could not be made under the qualified plans. Amounts are included in All Other Compensation in the Summary Compensation Table.

(3) Earnings were not reported in the Summary Compensation Table because they were not above-market or preferential.

(4) The portions of the aggregate balance representing executive and company contributions made for prior years were reported in the appropriate columns of our Summary Compensation Tables for the respective years. Amounts shown are fully vested.

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All of the executives' deferrals and any company match or profit sharing amounts are added to a recordkeeping account. The account is credited with earnings or losses, depending upon actual performance of the mutual-fund-type investment options the participant has chosen. These are the same investment options available to non-executive participants.

Payment of a participant's account balance is deferred until a date designated by the participant upon making the deferral election. The deferral amounts are paid either in one lump sum or in annual installments for up to 15 years. Upon a participant's death, any remaining balance in the participant's account is paid to the participant's designated beneficiary.

### Estimated Payments Upon Termination or Change in Control

This section presents the estimated incremental payments to the named executive officers upon a termination of employment. Estimated payouts are provided for the following termination events:

- Amounts payable upon termination, regardless of manner.
- Amounts potentially payable upon disability, retirement or death.
- Amounts potentially payable upon a change in control and a subsequent termination of employment.
- Amounts potentially payable upon involuntary termination without cause or termination by the named executive officer with "good reason" under the terms of the severance plan.

### Payments Made Upon Termination

An officer is entitled upon termination to receive amounts earned during the term of employment. These amounts, which are not included in the table below, consist of:

- Accrued salary and unused vacation.
- Amounts contributed and vested under retirement and non-qualified deferred compensation plans.

No other payments are made upon a termination of employment except when the termination is due to the executive's disability, retirement, or death, change in control of the company, or involuntary termination without cause or termination by the named executive officer with "good reason." Payments upon disability, retirement, or death are based on plan provisions that apply to all participants in the pertinent plans. Payments made to named executive officers upon a termination of employment due to the executive's disability, retirement, or death, or change in control of the company are described below. Payments made upon involuntary termination without cause or termination by the named executive officer with "good reason" are described in Named Executive Officer Severance Plan on page 27. We have change in control agreements only with the named executive officers. The Table of Estimated Payments details each type of payment.

### Payments Made Upon Disability or Retirement

In the event of disability or retirement, the officer will receive the following incremental benefits:

- Stock options: Accelerated vesting of unvested options.

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- Restricted shares: For grants made prior to fiscal year 2011, restrictions lapse at retirement provided the employee remained in the employ of La-Z-Boy or a subsidiary for at least one year after the grant date of the award. In the event of disability, the restrictions will lapse. Grants made beginning in fiscal year 2011 under the La-Z-Boy Incorporated 2010 Omnibus Incentive Plan do not have an accelerated vesting provision at retirement and restricted shares will be forfeited. In the event of disability, the restrictions will lapse.
- Performance-based shares: If the executive remained in the employ of the company or a subsidiary for at least one year after the grant date of the award, awards will remain outstanding until the end of the three-year duration of the grant. If, at that time, awards are paid for the period, the executive will receive an award prorated based on the number of full calendar months the executive worked during the performance period applicable to the grant and the company's performance up to the executive's termination of active employment.
- MIP awards: Payment of the MIP percentage award an officer would have received based on performance results, applied to the officer's actual earnings during the year. The MIP awards earned and paid for fiscal 2013 performance, which are reported in the Summary Compensation Table on page 29, are not included in the table below.

## Payments Made Upon Death

In the event of death, the officer's beneficiary will receive the following incremental benefits:

- Stock options: Accelerated vesting of unvested options.
- Restricted shares: Restrictions lapse.
- Performance-based shares: The committee may, in its discretion, provide for payment of awards, in whole or in part. Where the committee provides for payment, the company may, in its discretion and at the request of a deceased employee's personal representative, provide for payment prior to the conclusion of the performance period as follows:
  - o Pay 35% of the maximum award if the officer's last day of active employment was during the first half of the performance period; or
  - o Pay 50% of the maximum award if the officer's last day of active employment was during the second half of the period.
- MIP awards: Payment of the MIP percentage award an officer would have received based on performance results, applied to actual earnings during the year. The MIP awards earned and paid for fiscal 2013 performance, which are reported in the Summary Compensation Table on page 29, are not included in the following table.

Additionally, the officer will receive benefits under disability or life insurance plans available generally to all salaried employees. These potential payments are not reflected in the table.

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Change in Control

The change in control agreements are designed to ensure continued management in the event of an actual or threatened change in control of the company. The agreements provide that in the event a named executive officer is terminated other than upon death, disability or for cause within two years (three years for the CEO) after a change in control, the executive will be entitled to the following:

- Cash severance payments equal to two times annualized salary plus two times the average bonus amount paid in the prior three years. The CEO will receive payments equal to three times annualized salary plus three times the average bonus amount paid in the prior three years.
- Continuation of health benefits and life insurance for two years for the other named executive officers and three years for the CEO.
- Reimbursement of certain legal fees and expenses incurred by the employee in enforcing the agreement.

The agreements automatically renew for an additional one-year period unless either party gives the other 90 days' prior notice of non-extension. If a change in control occurs, the agreements automatically extend for 36 months.

The agreements employ a "best-net" approach to excise taxes related to change in control payments. The executive is responsible for excise taxes on any parachute payments, and we do not pay any tax gross-ups on these payments. We will reduce payments below the parachute payment threshold only if doing so results in a greater after-tax benefit to the executive. This "best-net" approach delivers a greater portion of the intended severance benefit to the executive without the company incurring the additional expense of a tax gross-up.

Under the 2010 Omnibus Incentive Plan, awards have a double trigger vesting requirement (change in control, followed by a qualifying termination of employment).

Table of Estimated Payments

The following table presents estimated incremental payments (payable as the result of the specified termination event) that would have been payable in the event of change in control, disability, retirement, death, or involuntary termination under the terms of the severance plan. The value of equity awards is based on the closing price of \$17.69 of the company's stock on April 26, 2013 (the last business day of the fiscal year). The amounts provided below are the estimated incremental amounts that would have been payable to the named executive officer. The actual amounts paid in future years, if any, will depend upon the executive's pay, terms of separation, severance and/or change in control policy in place, and the company's stock price at the time of termination.

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## Estimated Payments Upon Termination or Change in Control

Name and Benefit	Change in Control \$	Retirement \$(1)(2)	Disability/ Death \$(1)	Involuntary Termination or Termination with Good Cause Under Severance Plan \$
Kurt L. Darrow				
Base Salary (3 times annual salary)	2,538,000			
Annual Incentive (3 times average actual MIP amount paid in prior 3 years)	1,965,356			
Stock Options (accelerated vesting)	260,155	2,278,902	2,278,902	
Restricted Shares (accelerated vesting)	41,240	788,939	788,939	
Broad-Based Benefits(4)	15,533			9,189
Severance Payment				1,692,000
Total Incremental Pay(3)	4,820,284	3,067,841	3,067,841	1,701,189
Louis M. Riccio, Jr.				
Base Salary (2 times annual salary)	820,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	407,495			
Stock Options (accelerated vesting)	67,703		750,254	
Restricted Shares (accelerated vesting)	16,144		239,912	
Broad-Based Benefits(4)	26,835			13,135
Severance Payment				410,000
Total Incremental Pay(3)	1,338,177	—	990,166	423,135
Mark S. Bacon, Sr.				
Base Salary (2 times annual salary)	924,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	445,995			
	74,603		786,497	

Stock Options (accelerated vesting)				
Restricted Shares (accelerated vesting)	22,163		269,985	
Broad-Based Benefits(4)	27,011			13,187
Severance Payment				462,000
Total Incremental Pay(3)	1,493,772	—	1,056,482	475,187
Steven M. Kincaid				
Base Salary (2 times annual salary)	760,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	357,116			
Stock Options (accelerated vesting)	53,547	675,754	675,754	
Restricted Shares (accelerated vesting)	16,144	239,912	239,912	
Broad-Based Benefits(4)	22,267			10,872
Severance Payment				380,000
Total Incremental Pay(3)	1,209,074	915,666	915,666	390,872
Otis S. Sawyer				
Base Salary (2 times annual salary)	678,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	311,731			
Stock Options (accelerated vesting)	49,172	652,752	652,752	
Restricted Shares (accelerated vesting)	16,144	239,912	239,912	
Broad-Based Benefits(4)	8,624			4,134
Severance Payment				339,000
Total Incremental Pay(3)	1,063,671	892,664	892,664	343,134

1. Reflects value as of April 26, 2013, of all outstanding restricted shares and stock options.
2. Messrs. Riccio and Bacon are not eligible for retirement because they are not 55 years old.
3. Total incremental pay represents amounts received by the officer before the officer's payment of applicable excise and/or income taxes.
4. Change in Control — two years (three years for CEO) of health/insurance coverage. Severance Plan — health insurance during the time of severance.

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PROPOSAL NO. 2:

TO APPROVE THE AMENDED AND RESTATED LA-Z-BOY INCORPORATED 2010 OMNIBUS INCENTIVE PLAN

Background

The La-Z-Boy Incorporated 2010 Omnibus Incentive Plan was adopted by the board of directors on June 11, 2010 and approved by our shareholders on August 18, 2010. The plan provides for a variety of awards designed to advance La-Z-Boy's interests and long-term success by encouraging share ownership among our officers and other key executives, employees, nonemployee directors and consultants and other advisors and otherwise linking their compensation to share price performance or the achievement of specific corporate goals. These awards include equity and cash awards intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code.

The awards we have granted to our named executive officers under the plan are described elsewhere in this proxy statement and in the proxy statements for our 2010 through 2012 annual meetings of shareholders. None of those awards are contingent on approval of the proposed amended plan. Due to the nature of the plan, we cannot predict in advance the benefits that any employee or director ultimately may receive if the amended plan is approved.

Proposed Amendments

On June 18, 2013, our board of directors adopted an amended version of the plan, entitled "Amended and Restated La-Z-Boy Incorporated 2010 Omnibus Incentive Plan," subject to shareholder approval at the annual meeting. A copy of the plan, as so amended, is attached to this proxy statement as Annex A. A copy of the existing plan was annexed to the proxy statement for our 2010 annual meeting of shareholders, which is available electronically through the Securities and Exchange Commission's EDGAR system at [www.sec.gov](http://www.sec.gov).

If approved by shareholders, the amended plan will make four changes to the existing plan:

· An additional 4,100,000 shares of stock will be made available for issuance under the plan;

· The factor for counting shares covered by future awards other than options and SARs against the aggregate plan limit will be increased from 1.26 to 1.54;

· The maximum number of shares that may be awarded to any one person in a calendar year other than pursuant to options and SARs will be increased from 350,000 to 500,000; and

· The time during which departing employees will be able to exercise options will be increased from the current 30 days to 90 days after their employment terminates, except as otherwise specified in an award agreement, and except that employees terminated for cause will continue to have no post-termination exercise rights.

In addition, the amended plan reiterates the Section 162(m) performance goals that may be used under the plan for performance awards.

Each of these changes is discussed in more detail below, together with the reasons why we believe they are in the best interests of La-Z-Boy and our shareholders.

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## Increase in Total Number of Shares that May Be Issued Under Plan

The existing plan limits the total amount of common stock that may be subject to awards under the plan to 4,600,000 shares. For purposes of counting the number of shares used and the number remaining available for new awards:

Each share subject to an option or an SAR (other than SARs to be settled in cash, which do not count at all) counts as one share, while each share subject to an award other than an option or an SAR counts as 1.26 shares (proposed to be increased to 1.54 as discussed below).

If shares covered by an award are not purchased or are forfeited, or if the award expires, or if an award otherwise terminates without delivery of any shares or is settled in cash in lieu of shares, then the number of shares counted against the total number of shares available under the plan with respect to that award, to the extent of the forfeiture, termination, or expiration, become available again for making awards in the same amount as they were originally counted against the limit.

We have granted three types of awards under the plan that are relevant for purposes of this computation: stock options, restricted stock, and performance awards payable in shares. The table below shows the computation of the number of shares remaining available for future awards after taking into account the awards we have previously granted:

	Actual	Factored (1)
Shares subject to option awards	896,955	896,955
Less expirations and forfeitures	- 18,318	- 18,318
Net shares used for option awards		878,637
Shares subject to restricted stock awards	556,766	701,525
Less cancellations and forfeitures	- 47,385	- 59,705
Net shares used for restricted stock awards		641,820
Shares subject to performance awards (2)	2,863,638	3,608,184
Less cancellations, forfeitures, and shares not earned	- 738,795	- 930,882
Net shares used for performance awards		2,677,302
Plan limitation		4,600,000
Net shares used for previous awards		-
Shares currently available for future awards		4,197,759
		402,241

(1) Each share covered by a restricted stock award or a performance award counts as 1.26 shares for purposes of the plan limitation.

(2) These amounts reflect the maximum number of shares that could theoretically be issued under outstanding performance awards if all financial targets were achieved at the maximum levels specified in the awards. While such a result is theoretically possible, we believe it would be highly unlikely.

As of the close of the regular trading session on June 28, 2013, the company's stock price was \$20.27 per share.

When we adopted the plan in 2010, we expected that the 4,600,000 shares it authorized would be sufficient to meet our needs for approximately five years. Since that time, however, we have used shares under the plan faster than originally anticipated, primarily due to the increase in the portion of our executives' total potential compensation (salary, bonus, and equity grants) payable in shares, beginning with awards granted for fiscal 2012, so as to place more of their total potential compensation at risk in accordance with our pay for performance philosophy.

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We believe the best interests of our company and shareholders will be served by continuing to tie a large portion of executives' compensation to our share value. Accordingly, we are asking shareholders to approve the amended plan, which will increase the maximum number of shares that may be issued under the plan from 4,600,000 to 8,700,000, an increase of 4,100,000 shares. We calculated the 4,100,000 number, with the assistance of Hay Group, based on our historic and projected future usage patterns, and using a share value transfer model used by some advisors. We currently expect that number to be adequate to meet our equity compensation needs for approximately four fiscal years.

### Change in Ratio Used for Calculating Award Fungibility

An outright award confers on the recipient greater value per share than an option or SAR because it does not require payment of an exercise or base price. In recognition of this fact, and so as to approximate fungibility between various types of share-based awards and prevent excessive transfer of shareholder value, the plan currently provides that while each share covered by an option or SAR counts toward the aggregate plan limit as one share, each share covered by an award other than an option or SAR counts as 1.26 shares. We computed at this ratio in 2010 based on historical data available at that time. Based on more recent data provided by Hay Group, we now believe that changing the ratio to 1.54 will more accurately reflect the relative values of the two types of awards.

### Increase in Maximum Number of Shares that May Be Awarded to One Person in Calendar Year Other than Pursuant to Options and SARs

We no longer believe there is any reason to differentiate between options and SARs on the one hand and other forms of awards on the other for purposes of limiting the number of shares that may be awarded under the plan to any one person in a calendar year. Accordingly, the amended plan would increase the maximum number of shares that may be awarded to any one person in a calendar year other than pursuant to options and SARs from 350,000 to 500,000, the same limit that applies for options and SARs.

### Increased Time for Departing Employees to Exercise Options

The plan currently provides that departing employees have 30 days after their employment terminates to exercise options, except as otherwise specified in an award agreement, and except that employees terminated for cause have no post-termination exercise rights.

We have a policy under which directors, executive officers, and certain other employees are only permitted to buy or sell La-Z-Boy stock during a window period that begins two business days after we publicly release quarterly earnings information and extends until the end of the second month of the fiscal quarter. While the policy technically does not apply to former employees, we encourage former employees who were subject to the policy not to trade before the first open window period after their employment ends. Persons exercising employee stock options often wish to sell some or all of the shares acquired under the options promptly for various reasons, including providing cash to pay applicable taxes and diversifying their investment portfolios. Since our window period policy results in the trading window being closed for more than 30 days each quarter, it is possible, depending on timing, for an employee's 30-day post-termination exercise period under the plan as now in effect to fall entirely within a time when the window is closed.

In order to avoid this result, and consistent with reported best practice from Hay Group, the amended plan would increase the normal post-termination exercise period for employee stock options from 30 to 90 days. As under the current plan, if the amendment is approved, a different termination period may be specified in an award agreement, and employees terminated for cause will have no post-termination exercise rights.

### Reapproval of Performance Goals

The amended plan reiterates the performance measures that may be used for performance awards under the plan. The performance measures are listed below in “—Performance Measures” and, under the requirements of Section 162(m), must be reapproved by shareholders at least every five years. Approval of the amended plan will constitute approval of these performance measures.

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### Vote Required for Approval

To be approved, the amended plan must receive a majority of the votes cast on the proposal, provided that a majority of shares entitled to vote actually vote “For” or “Against” the proposal. For this purpose, an abstention or broker non-vote will be considered as not voted. If it is approved by shareholders, the amended plan will become effective immediately. If shareholders do not approve the amended plan, it will not become effective, and the existing plan will continue in effect. The results of the vote will not affect any awards outstanding under the existing plan at the time of the annual meeting.

### Summary of the Amended Plan

The following summary of the amended plan is qualified in its entirety by reference to the complete text of the amended plan included as Annex A to this proxy statement. You should read the complete text of the amended plan for more details regarding its operation. Unless otherwise indicated, all references in this summary to the “plan” refer to the amended plan proposed for shareholder approval at this meeting.

### Purpose

We believe the plan will continue to enhance our long-term financial success and materially increase shareholder value by:

- maintaining our ability to attract and retain highly qualified executive and director talent by providing competitive compensation opportunities;
- continuing our ability to develop, maintain, and motivate our management team;
- continuing to align executive pay with shareholders’ interests;
- motivating superior performance by means of long-term performance related incentives; and
- encouraging and providing executives and directors the opportunity to gain an ownership interest in La-Z-Boy to participate in our long-term growth and financial success.

### Plan Term

The existing plan is currently in effect, and the amended plan will be effective upon shareholder approval. No new awards may be granted under the plan after June 11, 2020. However, the term and exercise of awards granted before then may extend beyond that date. The board may terminate the plan at any time with respect to all future awards.

### Eligibility

The board or the compensation committee will select the officers, executives, and other employees of La-Z-Boy or its subsidiaries and the non-employee directors to receive awards under the plan. In addition, the board may select certain consultants and advisors providing services to La-Z-Boy or its subsidiaries to receive awards under the plan. The board will determine which eligible persons will receive awards and the award’s size, terms, conditions and restrictions. Approximately 270 people are currently eligible to participate in the existing plan and will continue to be eligible to participate under the amended plan.

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### Administration

The plan is to be administered by the board or a committee to which the board delegates the appropriate authority. The board may grant awards to eligible persons and, to the extent permitted by applicable law, may delegate to (1) a board committee of one or more directors any of the board's authority under the plan or (2) one or more executive officers, or a committee of executive officers, the right to grant awards to employees who are not directors or executive officers of La-Z-Boy and the authority to take action on behalf of the board pursuant to the plan to cancel or suspend awards to employees who are not directors or executive officers of La-Z-Boy. The board is authorized to interpret the plan and related agreements and documents and to take various other related actions. The board delegated has the powers and authority to administer the plan to the compensation committee.

### Available Awards

The plan provides for equity-based compensation in the form of: (1) stock options, including incentive stock options ("ISOs"); (2) stock appreciation rights ("SARs"); (3) restricted stock and restricted stock units ("RSUs"); (4) unrestricted stock awards; (5) performance awards; and (6) related dividend equivalent rights. Each type of award is described below under "Types of Awards Authorized Under the Plan." Each award granted under the plan will be evidenced by an award agreement containing such terms and provisions, consistent with the plan, as the committee may approve.

### Shares Available Under the Plan

Subject to adjustment as provided for in the plan, the number of shares of common stock subject to grants under the plan will not exceed in the aggregate 8,700,000 shares.

### Award Limitations

Subject to adjustments as provided for in the plan:

No participant may be granted stock options or SARs for more than 500,000 shares of common stock for each type of award during any calendar year.

No participant may be granted stock awards other than an option or SAR for more than 500,000 shares of La-Z-Boy common stock for each type of award during any calendar year.

The maximum dollar value that may be earned by any participant with respect to performance awards denominated in cash and intended to be "performance-based compensation" under Section 162(m) of the Internal Revenue Code for any 12-month performance period (as established by the board) is \$3 million, and for a longer-term performance period, \$4 million.

### Share Counting

Under the plan, each share of common stock covered by an option or SAR counts against the aggregate plan limit as one share, each share covered by an award granted on or after August 21, 2013 that is not an option or SAR counts as 1.54 shares, and each share covered by an award granted before August 21, 2013 that is not an option or SAR counts as 1.26 shares. However, for each share that is forfeited, expires or is settled for cash (in whole or in part) under the plan, then, with respect to each award, the applicable number of shares of stock as counted against the aggregate number of shares available under the plan will be added back to the aggregate limit. The following will not increase the number of shares available for grant under the plan:

any shares tendered by a participant or withheld by us in full or partial payment of the exercise price of stock options or the full or partial satisfaction of a tax withholding obligation on any award under the plan or under our former equity compensation plans; or

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shares we reacquire on the open market or otherwise using cash proceeds from the exercise of stock options granted either under the plan or our previous long-term equity award plan.

### Section 162(m) of the Internal Revenue Code

The plan is designed to allow us to grant awards that satisfy, to the extent feasible, the requirements for the performance-based compensation exclusion from the deduction limitations under Section 162(m) of the Internal Revenue Code. The plan has been structured in a manner such that stock options, SARs, and performance awards can be granted that satisfy the requirements as performance-based compensation and be excluded from the deduction limitations under Section 162(m). Restricted stock and RSUs, however, cannot be excluded from the Section 162(m) limitations. We consider tax deductibility an important consideration in determining executive compensation, but there are other important considerations as well, and as a result, we may sometimes grant awards to our named executive officers that are not deductible or are deductible only in part.

### Repricing Prohibited

Except in connection with an adjustment involving a corporate transaction or similar event, the board may not authorize the amendment of any outstanding stock option or SAR to reduce the exercise or base price, and no outstanding stock option or SAR may be cancelled in exchange for other awards, or cancelled in exchange for stock options or SARs having a lower exercise or base price, or cancelled in exchange for cash, without the approval of our shareholders.

### Types of Awards

**Stock Options.** Stock options may be granted that entitle the optionee to purchase shares of La-Z-Boy common stock at a price not less than fair market value as of the date of grant. The maximum term for stock options is 10 years except that ISOs granted to any person who owns, as of the date of grant, stock possessing more than 10% of the total combined voting power of all classes of our stock must have an exercise price that is not less than 110% of the fair market value of the common stock on the date of grant and may not have a term extending beyond the fifth anniversary of the date of grant. Stock options may be granted as ISOs, nonqualified stock options, or combinations of the foregoing. The exercise price for each grant of stock options will be specified in the award agreement, which will also provide whether the price is payable: (1) in cash or by cash equivalents; (2) by the transfer to us of previously acquired shares of La-Z-Boy common stock owned by the optionee; (3) with the consent of the compensation committee, by delivery of other consideration having a fair market value on the exercise date equal to the total purchase price; (4) pursuant to a net exercise arrangement whereby the participant directs us to deduct from shares issuable upon exercise of his or her stock options a number of shares having an aggregate fair market value equal to the sum of the total purchase price; (5) by delivery (on a form acceptable to the committee) of an irrevocable direction to a licensed securities broker acceptable to us to sell shares of stock and to deliver all or part of the sales proceeds to us in payment of the option price and any withholding taxes; (6) by such other methods as may be specified in the award agreement; or (7) by a combination of those payment methods.

**SARs.** An SAR is a right to receive from La-Z-Boy an amount equal to a specified number of shares of La-Z-Boy common stock multiplied by the difference between the fair market value of one share on the date of exercise and the grant price of the SAR. The grant price may not be less than the market value per share at the date of grant. Any grant may specify that the amount payable on exercise of the SAR may be paid in cash, in shares of La-Z-Boy common stock or other property, or in any combination thereof, in the sole discretion of the committee. No SAR may be exercisable more than ten years from the date of grant.

**Restricted Stock and RSUs.** A grant of restricted stock involves the immediate transfer of ownership of a specified number of restricted shares of La-Z-Boy common stock in consideration of the performance of services. The

participant is entitled immediately to voting, dividend, and other ownership rights in the shares, but at least a portion of the restricted stock must be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Internal Revenue Code for a period to be determined by the committee at the date of grant or to the achievement of specified performance measures. An RSU represents the right of the grantee to receive a payment upon vesting of the RSU of an amount equal to a specified number of shares of La-Z-Boy common stock multiplied by the value of one share as of the vesting date. At the discretion of the committee, RSUs may be settled in cash, shares of La-Z-Boy common stock or any combination thereof. RSUs may entitle the participant to receive credits for dividend equivalents, but not voting or other rights as a shareholder.

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If the restricted stock or RSUs vest upon the passage of time rather than the achievement of performance measures, the period of time for vesting may not be shorter than three years from the date of grant (with the possibility of ratable vesting during the three-year period). If the restricted stock or RSUs vest upon the achievement of performance measures, the restrictions may not terminate sooner than one year after the date of grant. In each case, awards are subject to accelerated vesting in the committee's discretion in the event of a change of control (as defined in the plan) or the death or disability of the participant.

**Unrestricted Stock Awards.** The committee may, subject to limitations under applicable law, grant to any participant other unrestricted stock awards, entitling the participant to receive shares of La-Z-Boy common stock free of any restrictions. The committee will determine the terms and conditions of these awards. No more than 10% of the shares reserved for issuance under the plan may be granted as unrestricted stock awards.

**Dividend Equivalent Rights.** The committee may award dividend equivalent rights entitling the recipient to receive credits based on cash distributions that would have been paid on the shares of stock specified in the award agreement if the shares had been issued to and held by the recipient. Dividend equivalents credited to the holder of a dividend equivalent right may be paid currently or may be deemed to be reinvested in additional shares of stock, which may thereafter accrue additional equivalents. Any such reinvestment will be at fair market value on the date of reinvestment. Dividend equivalent rights may be settled in cash or stock or a combination thereof, in a single installment or installments, all determined in the sole discretion of the committee. Any dividends or dividend equivalents provided with respect to performance awards, as well as with respect to restricted stock, RSUs and other share-based awards that are subject to the attainment of performance measures, will be subject to the same restrictions and risk of forfeiture as the underlying awards.

**Performance Awards.** The committee may grant to any participant performance awards in the form of performance shares or performance units, as determined by the committee in its sole discretion. Performance shares entitle the grantee to units valued by reference to a designated number of shares of La-Z-Boy common stock. Performance units entitle the grantee to units valued by reference to a designated amount of cash or property other than shares of La-Z-Boy common stock. Each performance award will specify one or more performance measures that must be satisfied within a specified period, which may not be shorter than one year (referred to as the performance period), in order for the performance awards to be earned.

To the extent earned, the performance awards will be paid to the participant in the manner and at the time determined by the committee. Any grant may specify that the amount payable may be paid in cash, shares of La-Z-Boy common stock or other property or any combination thereof at the committee's discretion. Performance awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with procedures established by the committee, on a deferred basis subject to the requirements of Section 409A of the Internal Revenue Code.

### Performance Measures

The committee will establish measurable performance objectives for participants who receive performance awards under the plan. Performance measures may be described in terms of either company-wide objectives or objectives that are related to the performance of the subsidiary or division, business segment or business unit within La-Z-Boy or a subsidiary in which the participant is employed. Performance measures applicable to any award or portion of an award that is intended to be a qualified performance-based award to a participant who is, or is determined by the committee to be likely to become, a "covered employee" within the meaning of Section 162(m) of the Internal Revenue Code will be based on the attainment of specified levels of one or any combination of the following:



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- (a) net earnings or net income;
- (b) operating earnings;
- (c) pretax earnings;
- (d) earnings per share;
- (e) share price, including growth measures and total stockholder return;
- (f) earnings before interest and taxes;
- (g) earnings before interest, taxes, depreciation and/or amortization;
- (h) sales or revenue growth, whether in general, by type of product or service, or by type of customer;
- (i) gross or operating margins;
- (j) return measures, including return on assets, capital, investment, equity, sales or revenue;
- (k) cash flow, including operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment;
- (l) productivity ratios;
- (m) expense targets;
- (n) market share;
- (o) financial ratios as provided in credit agreements of La-Z-Boy and its subsidiaries;
- (p) working capital targets;
- (q) completion of acquisitions of businesses or companies;
- (r) completion of divestitures and asset sales; and
- (s) any combination of any of the foregoing business criteria.

Amendment and Termination of Plan

The committee may, at any time and from time to time, amend, suspend, or terminate the plan as to any shares of stock as to which awards have not been made, except that we must submit for shareholder approval any amendment required to be submitted for shareholder approval by applicable law or stock exchange listing requirements, or that would otherwise materially: (i) increase the benefits accrued to participants under the plan; (ii) increase the numbers of securities that may be issued under the plan (other than an increase pursuant to the adjustment provisions in the plan); or (iii) modify the requirements for participation in the plan.

The committee may not amend the plan to impair the rights of a participant in any material respect under any award previously granted without the participant's consent.



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### Vesting and Exercise of Awards

The applicable award agreement governing an award will specify the period during which the right to exercise the award in whole or in part vests, including the events or conditions upon which the vesting of an award will occur or may accelerate. No portion of an award that is not vested at the time of the participant's termination of service with us will become vested, except as may be otherwise provided in the agreement relating to the award or determined by the committee.

Generally, a stock option or SAR may only be exercised while a participant remains an officer, executive, or other employee of La-Z-Boy or its subsidiaries or a nonemployee director of La-Z-Boy or, in the case of a stock option, for 90 days following the participant's termination of service, but no more than the remainder of the term of the award as established on the date of grant. An award may be exercised for any vested portion of the shares subject to such award until the award expires or as otherwise determined by the committee.

If permitted by applicable law, in the case of a termination of employment by reason of the death or disability of a participant who holds any restricted stock or RSUs as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or other share-based awards that have not been fully earned, or who holds shares of La-Z-Boy common stock subject to any other transfer restriction imposed under the plan, the committee, may, in its sole discretion, take such action as it deems equitable in the circumstances or in the best interests of La-Z-Boy, including accelerating vesting and waiving or modifying any performance or other period, any performance measure, or any other requirement, condition, restriction or limitation applicable to any such award.

Unless otherwise provided in the applicable award agreement, in the event of a change of control of La-Z-Boy (as defined in the plan) in which the successor company assumes or substitutes for stock options, SARs, restricted stock or RSUs or other share-based awards, if a participant's employment is terminated within one year following a change of control: (1) stock options and SARs will immediately vest and become exercisable for one year following the date of such change of control; (2) the restrictions, limitations, and other conditions applicable to any restricted stock or RSUs as of the date of termination of employment will lapse and the restricted stock or RSUs will become vested; and (3) the restrictions, limitations, and other conditions applicable to any other share-based awards will lapse, and the other share-based awards will become fully vested and transferable to the full extent of the original grant.

### Adjustments

The committee may, in its sole discretion exercised in good faith, adjust the number and kind of shares covered by outstanding awards under the plan and, in the case of stock options and SARs, the applicable exercise or base prices, to equitably prevent dilution or enlargement of the rights of participants or optionees in the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution, share split, reverse share split, spin-off or similar transaction, or other change in corporate structure affecting the shares of common stock or its value. In the event of any such transaction or event or in the event of a change in control of La-Z-Boy (as defined in the plan), the committee, in its discretion, may provide in substitution for any or all outstanding awards under the plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require the surrender of all awards so replaced in a manner that complies with Section 409A of the Internal Revenue Code. In addition, for each stock option or SAR with an exercise price or base price greater than the consideration offered in connection with any such transaction or event or change in control, the committee may in its sole discretion elect to cancel the stock option or SAR without any payment to the holder. The committee will also make or provide for such adjustments in the number of shares available under the plan, including the individual participant limits, as the committee may determine appropriate to reflect any transaction or event described above, except that any such adjustment will be made only to the extent that it would not cause any stock option intended to qualify as an ISO to fail to so qualify. Additionally, we may eliminate fractional shares or settle fractional shares in cash.



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### Limited Transferability

No award and no shares of La-Z-Boy common stock that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution. An award may be exercised during the life of the participant only by the participant or the participant's guardian or legal representative. A participant may assign or transfer an award to: (1) the participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents, or siblings; (2) a trust for the benefit of one or more of the participants or the persons referred to in clause (1); or (3) a partnership, limited liability company or corporation in which the participants or the persons referred to in clause (1) are the only partners, members, or shareholders, so long as, in each case, the permitted assignees are bound by and subject to all of the terms and conditions of the plan and the award agreement relating to the transferred award and they execute an agreement satisfactory to us evidencing those obligations.

### Withholding Taxes

To the extent that we are required to withhold federal, state, local, or foreign taxes in connection with any payment made or benefit realized by a participant or other person under the plan, and the amounts available to us for withholding are insufficient, it will be a condition to the receipt of the payment or the realization of the benefit that the participant or other person make arrangements satisfactory to us for payment of the balance of the taxes required to be withheld, which arrangements (in the discretion of the committee) may include relinquishment of a portion of the benefit. In certain circumstances, we may withhold from wages, amounts otherwise payable to participant, or shares of common stock that are deliverable to a participant to settle tax withholding obligations. Participants may elect to have shares of common stock withheld or may deliver other shares of common stock to satisfy tax withholding obligations, but the value of any shares withheld will not exceed the minimum amount of taxes required to be withheld.

### Compliance with Section 409A of Internal Revenue Code

To the extent applicable, it is intended that the plan and any grants made under it comply with or be exempt from the provisions of Section 409A of the Internal Revenue Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to the participants. The plan and any grants made under it are to be administered in a manner consistent with this intent.

### Termination

No grant will be made under the plan after June 11, 2020, but all grants made on or before June 11, 2020 will continue in effect after that date unless they terminate under their terms or the terms of the plan.

### Federal Income Tax Consequences

The following is a brief summary of some of the federal income tax consequences of some types of transactions under the plan based on federal income tax laws currently in effect. This summary is not intended to be complete and does not describe any gift, estate, social security, or state or local tax consequences. It is not intended as tax guidance to participants in the plan.

**Nonqualified Stock Options.** A recipient of stock options will not realize any taxable income upon the grant of a nonqualified stock option. Upon exercise of a nonqualified stock option, the recipient generally will realize ordinary income in an amount equal to the excess of the fair market value of the shares of common stock on the date of exercise over the exercise price. We will not receive a deduction at the time of grant unless the stock option has a readily ascertainable fair market value (as determined under applicable tax law) at the time of grant. Upon a

subsequent sale of the shares of common stock by the recipient, the recipient will recognize short-term or long-term capital gain or loss depending upon his or her holding period of the shares. Subject to the limitations under Sections 162(m) and 280G of the Internal Revenue Code (as described below), we will generally be allowed a deduction equal to the amount recognized by the recipient as ordinary income. Officers and directors subject to Section 16(b) of the Securities Exchange Act of 1934 may be subject to special tax rules regarding the income tax consequences concerning their options.

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ISOs. In general, a recipient will not realize taxable income upon either the grant or the exercise of an ISO, and we will not realize an income tax deduction at either of those times. In general, however, for purposes of the alternative minimum tax, the excess of the fair market value of the shares of common stock acquired upon exercise of an ISO (determined at the time of exercise) over the exercise price of the ISO will be considered income. If the recipient was continuously employed from the date of grant until the date three months prior to the date of exercise and the recipient does not sell the shares of common stock received pursuant to the exercise of the ISO within either (1) two years after the date of the grant of the ISO, or (2) one year after the date of exercise, a subsequent sale of the shares will result in long-term capital gain or loss to the recipient and will not result in a tax deduction to us.

If the recipient is not continuously employed from the date of grant until the date three months prior to the date of exercise or the recipient disposes of the shares of common stock acquired upon exercise of the ISO within either of the time periods described in the immediately preceding paragraph, the recipient will generally realize as ordinary income an amount equal to the lesser of (1) the fair market value of the shares on the date of exercise over the exercise price, or (2) the amount realized upon disposition over the exercise price. In such event, subject to the limitations under Sections 162(m) and 280G of the Internal Revenue Code (as described below), we generally will be entitled to an income tax deduction equal to the amount recognized as ordinary income. Any gain in excess of the amount realized by the recipient as ordinary income would be taxed at the rates applicable to short-term or long-term capital gains (depending on the holding period).

SARs. No income will be recognized by a participant in connection with the grant of a SAR. When the SAR is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the amount of cash received and the fair market value of any unrestricted shares of La-Z-Boy common stock received on the exercise.

Restricted Stock. The recipient of restricted stock generally will be subject to tax at ordinary income rates on the fair market value of the restricted stock (reduced by any amount paid by the participant for the restricted stock) at such time as the shares are no longer subject to forfeiture or restrictions on transfer. However, a recipient who makes a valid election under Section 83(b) of the Internal Revenue Code will have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of the shares (determined without regard to the risk of forfeiture or restrictions on transfer) over the purchase price, if any, of the restricted stock. If a Section 83(b) election has not been made, any dividends received with respect to restricted stock that is subject to risk of forfeiture or restrictions on transfer generally will be treated as compensation that is taxable as ordinary income to the participant and deductible by us.

RSUs. No income generally will be recognized upon the award of RSUs. The recipient of an award of RSUs generally will be subject to tax at ordinary income rates on the cash or the fair market value of the property (for example, the unrestricted shares of La-Z-Boy common stock) on the date that the cash or property is transferred to the participant under the award (reduced by any amount paid by the participant for the RSUs), and the capital gains/losses holding period for any such property will also commence on that date.

Performance Awards. No income generally will be recognized upon the grant of performance shares pursuant to a performance award. Upon payment in respect of the earn-out of performance awards, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the amount of cash received and the fair market value of any unrestricted shares of La-Z-Boy common stock or other property received.

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Existing Equity Compensation Plans

The table below provides information concerning our compensation plans under which common shares may be issued.

Equity Compensation Plan Information as of April 27, 2013

Plan category	Number of securities to be issued upon exercise of outstanding options (i)	Weighted average price of outstanding options (ii)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in options column (i)) (iii)
Equity compensation plans approved by shareholders	1,255,890(1)	\$9.78	3,251,457(2)

Note 1: These options were issued under our 2010 Omnibus Incentive Plan, 2004 Long-Term Equity Award Plan and 1997 Incentive Stock Option Plan. No additional options can be awarded under the 2004 or 1997 plans, but as of April 27, 2013, 421,507 and 196,525 options were still outstanding under the 2004 and 1997 plans, respectively.

Note 2: This amount is the aggregate number of shares available for future issuance under our 2010 Omnibus Incentive Plan. The Omnibus Incentive Plan provides for awards of stock options, restricted stock, and performance awards (awards of our common stock based on achievement of pre-set goals over a performance period) to selected key employees and non-employee directors. As of April 27, 2013, we had performance awards outstanding under the plan that would reduce the number of shares remaining available for future issuance under the plan by 2,883,376 shares, assuming the maximum performance targets were achieved. After giving effect to events occurring after April 27, 2013, including shares actually issued under the omnibus incentive plan, new awards granted, and expired, forfeited and canceled awards, and after taking into account the number of shares reserved for possible issuance under outstanding performance awards, 402,241 shares remained available for future awards under the plan as of June 17, 2013.

Other Matters

Our board of directors has determined that the proposed amendment should be submitted for shareholder approval so as to comply with NYSE listing standards, Section 162(m) regulations, and the terms of the existing plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NO. 2, WHICH APPROVES THE AMENDED AND RESTATED LA-Z-BOY INCORPORATED 2010 OMNIBUS INCENTIVE PLAN.



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PROPOSAL NO. 3:

ADVISORY VOTE ON THE COMPENSATION OF  
THE COMPANY'S NAMED EXECUTIVE OFFICERS

Section 14A of the Securities Exchange Act of 1934 requires that we provide you the opportunity to vote to approve, on a non-binding advisory basis, the compensation of our named executive officers (i.e., those executive officers named in the Summary Compensation Table above), as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC, including Item 402 of the SEC's Regulation S-K.

As described in detail in the "Compensation Discussion and Analysis," we seek to closely align the interests of our executive officers with shareholders' best interests. We have endeavored to design our compensation programs to reward our named executive officers and other executive employees for individual and company-wide achievements without encouraging them to subject our company to excessive risks. Before voting on this proposal, please read the "Compensation Discussion and Analysis" and review the compensation disclosure tables and related narrative discussion appearing above. Those materials provide a detailed explanation of our executive compensation philosophy and practices.

The vote on this resolution is not intended to address any specific element of compensation but is instead a vote on approving the overall compensation of our named executive officers as described in this proxy statement. The vote is advisory, which means that the vote is not binding on La-Z-Boy, our board of directors, or the compensation committee.

Our management will present the following resolution to the meeting:

RESOLVED, that the compensation paid to the company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion, is hereby approved.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL NO. 3.

PROPOSAL NO. 4:

TO RATIFY THE SELECTION OF  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee has selected PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2014. PricewaterhouseCoopers LLP acted as our independent registered public accounting firm for fiscal 2013, and we believe it is well qualified to act in that capacity again this year. Representatives of PricewaterhouseCoopers LLP will be present at the meeting with the opportunity to make a statement and to answer questions.

We ask you to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm. Although ratification is not required by our bylaws or otherwise, the board is submitting the selection of PricewaterhouseCoopers LLP to you for ratification as a matter of good corporate practice. If the audit committee's selection is not ratified, it will reconsider the selection. In addition, the audit committee, in its discretion, may select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of La-Z-Boy and our shareholders.

Our management will present the following resolution to the meeting:

RESOLVED, that the audit committee's selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for La-Z-Boy Incorporated for fiscal 2014 is ratified.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSAL NO. 4.

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OTHER MATTERS

Next Annual Meeting

Shareholder Proposals for the 2014 Annual Meeting

Under the rules of the Securities and Exchange Commission, if a shareholder wishes to submit a proposal for possible inclusion in La-Z-Boy Incorporated's 2014 proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, we must receive it on or before March 11, 2014.

Our bylaws provide that in order for a shareholder to nominate a candidate for election as a director at an annual meeting of shareholders, or to propose business for consideration at such meeting outside of Rule 14a-8, written notice containing the information required by the bylaws generally must be delivered to the Secretary at our principal executive offices, not later than the 90<sup>th</sup> day, and not earlier than the 120<sup>th</sup> day, prior to the first anniversary of the preceding year's annual meeting. Accordingly, a shareholder nomination or proposal intended to be considered at the 2014 annual meeting must be received by the Secretary on or after April 23, 2014, and no later than May 23, 2014. Proxies for next year's annual meeting may confer discretionary authority to vote on any shareholder proposal for which we do not receive a timely notice.

All proposals must be in writing and should be mailed to La-Z-Boy Incorporated, to the attention of the Corporate Secretary, 1284 North Telegraph Road, Monroe, MI 48162. A copy of the bylaws may be obtained by written request to the same address.

Costs of Proxy Solicitation

We will pay the expense of soliciting proxies pursuant to this proxy statement.

You may vote by mail, by telephone, or on the Internet. Your vote is important. Even if you plan to attend the meeting, please vote by proxy card, telephone, or computer as soon as possible.

BY ORDER OF THE BOARD OF  
DIRECTORS

James P. Klarr, Secretary

Monroe, Michigan  
July 9, 2013

We will send you a copy of our Form 10-K Annual Report for the fiscal year ended April 27, 2013, without charge if you send a written request to: Office of the Secretary, La-Z-Boy Incorporated, 1284 North Telegraph Road, Monroe, Michigan 48162. You also can obtain copies of our Form 10-K and the other reports we file with the SEC on our website at <http://investors.la-z-boy.com> or through the SEC's website at [www.sec.gov](http://www.sec.gov).

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Annex A

JUNE 11, 2010

AMENDED AND RESTATED EFFECTIVE AUGUST 21, 2013

(Marked to show changes from existing plan; added language is underlined, and deleted language stricken out)

LA-Z-BOY INCORPORATED

2010 OMNIBUS INCENTIVE PLAN

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AMENDED AND RESTATED

LA-Z-BOY INCORPORATED

2010 OMNIBUS INCENTIVE PLAN

La-Z-Boy Incorporated, a Michigan corporation (the "Company"), sets forth herein the terms of its 2010 Omnibus Incentive Plan (the "Plan"), as follows:

1. PURPOSE

The Plan is intended to enhance the Company's and its Subsidiaries' ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such persons to serve the Company and its Subsidiaries and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, stock appreciation rights, restricted stock, stock units (including deferred stock units), unrestricted stock, dividend equivalent rights, and short-term cash incentive awards. Any of these awards may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein, except that stock options granted to outside directors and any consultants or advisers providing services to the Company or a Subsidiary shall in all cases be non-qualified stock options.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 "Affiliate" means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary. For purposes of granting stock options or stock appreciation rights, an entity may not be considered an Affiliate unless the Company holds a "controlling interest" in such entity, where the term "controlling interest" has the same meaning as provided in Treasury Regulation 1.414(c)-2(b)(2)(i), provided that the language "at least 50 percent" is used instead of "at least 80 percent" and, provided further, that where granting of stock options or stock appreciation rights is based upon a legitimate business criteria, the language "at least 20 percent" is used instead of "at least 80 percent" each place it appears in Treasury Regulation 1.414(c)-2(b)(2)(i).

2.2 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.3 "Award" means a grant of an Option, Stock Appreciation Right, Restricted Stock, Unrestricted Stock, Stock Unit, Dividend Equivalent Rights, Performance Share, Performance Unit or cash award under the Plan.

2.4 "Award Agreement" means the agreement between the Company and a Grantee that evidences and sets out the terms and conditions of an Award.

2.5 "Benefit Arrangement" shall have the meaning set forth in Section 15 hereof.

2.6 "Board" means the Board of Directors of the Company. Pursuant to Section 3.2 hereof, matters or responsibilities allocated to the Board under this Plan are (pursuant to the Board's adoption of this Plan) hereby delegated to the Committee except to the extent such matters or responsibilities relate to the compensation or benefits of one or more Outside Directors, unless otherwise determined by the Board.

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2.7 "Cause" means, as determined by the Board and unless otherwise provided in an applicable agreement with the Company or a Subsidiary, (a) a Grantee's conviction of any crime (whether or not involving the Company or Subsidiary) constituting a felony in the jurisdiction involved; (b) conduct of a Grantee related to the Grantee's employment for which either criminal or civil penalties against the Grantee or the Company or Subsidiary may be sought; (c) material violation of the Company's (or Subsidiary's) policies, including the disclosure or misuse of confidential information, or those set forth in manuals or statements of policy issued by the Company and/or any Subsidiary; or (d) serious neglect or misconduct in the performance of a Grantee's duties for the Company or willful or repeated failure or refusal to perform such duties.

2.8 "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.

2.9 "Committee" means a committee of, and designated from time to time by resolution of, the Board, which shall be constituted as provided in Section 3.2. The initial Committee shall be the Compensation Committee of the Board.

2.10 "Company" means La-Z-Boy Incorporated or any successor thereto.

2.11 "Company Achievement Percentage" means a percentage based on the achievement of Company-related performance goals, as approved by the Committee, and may range between 0% and 200%.

2.12 "Company Weighted MIP Component" means a percentage, which shall be established for the Employee by the Committee or its delegatee and shall not exceed 100% (provided that the sum of the Company Weighted MIP component and the Individual Weighted MIP Component shall equal 100%).

2.13 "Corporate Transaction" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are stockholders or affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company.

2.14 "Covered Employee" means a Grantee who is a covered employee within the meaning of Section 162(m)(3) of the Code.

2.15 "Disability" or "Disabled" means, as determined by the Board and unless otherwise provided in an applicable agreement with the Company or a Subsidiary, the Grantee is unable to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided, however, that, with respect to rules regarding expiration of an Incentive Stock Option following termination of the Grantee's Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. For purposes of Section 14 and Short-Term Incentive Awards, "Disabled" means an Employee is on leave due to a disability that has been approved by the Company or a Subsidiary.

2.16 "Dividend Equivalent Right" means a right, granted to a Grantee under Section 12 hereof, to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.

2.17 "Eligible Earnings" means an Employee's base compensation, including vacation and holiday pay, earned during a particular Fiscal Year.



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2.18 "Effective Date" means June 11, 2010, the date the Plan was approved by the Board subject to approval of the Company's shareholders.

2.19 "Employee" means an officer or employee (as defined in accordance with Section 3401(c) of the Code) of the Company, or of any corporation that is a Subsidiary.

2.20 "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

2.21 "Fair Market Value" means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (if there is more than one such exchange or market the Board shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the closest preceding day for which a sale shall have been reported. If the Stock is not listed on such an exchange or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board by the reasonable application of a reasonable valuation method, in a manner consistent with Section 409A of the Code ("Code Section 409A").

2.22 "Family Member" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent of the voting interests.

2.23 "Fiscal Year" means the 12-month accounting period maintained by the Company on which it keeps its annual books and records.

2.24 "Grant Date" means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under Section 6 hereof, or (iii) such other date as may be specified by the Board.

2.25 "Grantee" means a person who receives or holds an Award under the Plan.

2.26 "Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.27 "Individual Achievement Percentage" means the percentage established by an Employee's manager, which shall be reflective of the participating Employee's performance towards measurable goals that were previously set at the beginning of the Fiscal Year, and may range between 0% and 200%.

2.28 "Individual Weighted MIP Component" means a percentage, which shall be established for the Employee by the Committee or its delegatee and shall not exceed 100% (provided that the sum of the Individual Weighted MIP component and the Company Weighted MIP Component shall equal 100%).

2.29 "Long-Term Incentive Award" means an Award made subject to the attainment of performance goals (as described in Section 14.6) over a performance period of up to ten (10) years.

2.30 "Non-qualified Stock Option" means an Option that is not an Incentive Stock Option.  
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2.31 "Option" means an option to purchase one or more shares of Stock pursuant to the Plan.

2.32 "Option Price" means the exercise price for each share of Stock subject to an Option.

2.33 "Other Agreement" shall have the meaning set forth in Section 15 hereof.

2.34 "Outside Director" means a member of the Board who is not an officer or employee of the Company or a Subsidiary.

2.35 "Performance-Based Compensation" means compensation under an Award that is intended to satisfy the requirements of Code Section 162(m) for certain performance-based compensation paid to Covered Employees. Notwithstanding the foregoing, nothing in this Plan shall be construed to mean that an Award which does not satisfy the requirements for performance-based compensation under Code Section 162(m) does not constitute performance-based compensation for other purposes, including Code Section 409A.

2.36 "Performance Measures" means measures as described in Section 14.6 on which the performance goals are based and which are approved by the Company's shareholders pursuant to this Plan in order to qualify Awards as Performance-Based Compensation.

2.37 "Performance Period" means the period of time during which the performance goals must be met in order to determine the degree of payout and/or vesting with respect to an Award.

2.38 "Performance Share" means an Award under Section 14 herein and subject to the terms of this Plan, denominated in shares of Stock, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

2.39 "Performance Unit" means an Award under Section 14 herein and subject to the terms of this Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

2.40 "Plan" means the La-Z-Boy Incorporated 2010 Omnibus Incentive Plan, as herein established and as hereafter amended from time to time.

2.41 "Purchase Price" means the purchase price for each share of Stock pursuant to a grant of Restricted Stock, Stock Units or Unrestricted Stock.

2.42 "Reporting Person" means a person who is required to file reports under Section 16(a) of the Exchange Act.

2.43 "Restricted Stock" means shares of Stock, awarded to a Grantee pursuant to Section 10 hereof.

2.44 "Retired" means an Employee's employment relationship with the Company and all of its Subsidiaries has terminated after the Employee has attained age 55 and been credited with 10 Years of Service.

2.45 "SAR Exercise Price" means the per share exercise price of a Stock Appreciation Right granted to a Grantee under Section 9 hereof.

2.46 "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended.

2.47 "Service" means service as a Service Provider to the Company or a Subsidiary. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated



Service, so long as such Grantee continues to be a Service Provider to the Company or a Subsidiary. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final, binding and conclusive.

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2.48 "Service Provider" means an Employee, officer or director of the Company or a Subsidiary, or a consultant or adviser currently providing services to the Company or a Subsidiary, if and only if (1) the consultant or adviser is a natural person, (2) the consultant or adviser provides bona fide services to the Company, and (3) the services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities.

2.49 "Short-Term Incentive Award" means an Award as described in Section 14.8 (which shall be in the form of a short-term cash incentive award unless otherwise specified in the Award Agreement) made subject to attainment of performance goals (as described in Section 14.6) over a performance period of up to one year (the Company's fiscal year, unless otherwise specified by the Committee).

2.50 "Stock" means the shares of common stock, \$1 par value, of the Company.

2.51 "Stock Appreciation Right" or "SAR" means a right granted to a Grantee under Section 9 hereof.

2.52 "Stock Unit" means a bookkeeping entry representing the equivalent of one share of Stock awarded to a Grantee pursuant to Section 10 hereof.

2.53 "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code that is also a "subsidiary" of the Company within the meaning of Rule 405 of Regulation C under the Securities Act.

2.54 "Target Short-Term Cash Incentive Opportunity" means a predetermined percentage of Eligible Earnings used to calculate the total incentive amount. The predetermined percentages are as follows:

(a) While in salary grades 25 to 29 (both inclusive), an Employee's Target Short-Term Cash Incentive Opportunity is 10% of Eligible Earnings, unless the Committee or its delegatee determines, on an individual case, or on an aggregate, entity, division or similar basis, that such opportunity shall be a higher or lower percentage; and

(b) While in a salary grade above 29, an Employee's Target Short-Term Cash Incentive Opportunity shall be a percentage of Eligible Earnings as determined for that Employee by the Committee or its delegatee; provided, however, that the Committee has the authority to review and approve all Target Short-Term Cash Incentive Opportunities if it so chooses.

2.55 "Ten Percent Stockholder" means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

2.56 "Unrestricted Stock" means an Award pursuant to Section 11 hereof.

2.57 "U.S. Grantee" means any Grantee who is or becomes a taxpayer in the United States.

2.58 "Year of Service" means a 12-month period, beginning with an Employee's employment commencement date, and each successive 12-month period, during which an Employee is credited with 1,000 hours of service (as defined in the Employee Retirement Income Security Act of 1974, as amended) with the Company and/or a Subsidiary.

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3. ADMINISTRATION OF THE PLAN

3.1. Board

The Board shall have such powers and authorities related to the administration of the Plan as are not inconsistent with the Company's articles of incorporation and by-laws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's articles of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

3.2. Committee

The Board, from time to time, may delegate to the Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 above and other applicable provisions, as the Board shall determine, consistent with the articles of incorporation and by-laws of the Company and applicable law. Upon adoption of this Plan by the Board, the foregoing powers and authorities are delegated to the Committee except to the extent specifically retained or hereafter withdrawn from the Committee by Board action, or such powers and authorities involve Plan benefits or compensation payable to Outside Directors.

(a) Except as provided in Subsection (b) and except as the Board may otherwise determine, the Committee appointed by the Board to administer the Plan shall consist of two or more Outside Directors of the Company who: (1) qualify as "outside directors" within the meaning of Section 162(m) of the Code and who (2) meet such other requirements as may be established from time to time by the Securities and Exchange Commission for plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act and who (3) comply with the independence requirements of the stock exchange on which the Common Stock is listed.

(b) The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not be Outside Directors, who may administer the Plan with respect to employees or other Service Providers who are not officers or directors of the Company, may grant Awards under the Plan to such employees or other Service Providers, and may determine all terms of such Awards.

In the event that the Plan, any Award or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. The Committee may seek the assistance or advice of any persons it deems necessary to the proper administration of the Plan.

To the extent permitted by law, the Committee may delegate its authority under the Plan to the Company's Chief Executive Officer.

3.3. Jurisdictions

In order to assure the viability of Awards granted to Grantees employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law,

tax policy, or custom applicable in the jurisdiction in which the Grantee resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 4.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

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3.4. Terms of Awards

Subject to the other terms and conditions of the Plan, the Board or its delegatee shall have full and final authority to:

- (a) designate Grantees,
- (b) determine the type or types of Awards to be made to a Grantee,
- (c) determine the number of shares of Stock to be subject to an Award,
- (d) establish the terms and conditions of each Award (including, but not limited to, the exercise price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of an Award or the shares of Stock subject thereto, the treatment of an Award in the event of a change of control, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),
- (e) prescribe the form of each Award Agreement evidencing an Award, and
- (f) amend, modify, or supplement the terms of any outstanding Award. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to make or modify Awards to U.S. Grantees and eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom. Notwithstanding the foregoing, no amendment, modification or supplement of any Award shall, without the consent of the Grantee, impair the Grantee's rights under such Award.

Notwithstanding any other provision of this Plan or any provision of any Award Agreement, if the Company is required to prepare a material accounting restatement, then the Board (or its delegatee) shall have the discretion to determine whether any Grantee shall forfeit any Award, in whole or in part, including any cash or shares of Stock received in connection with such Award (or an amount equal to the fair market value of such Stock on the date of delivery if the Grantee no longer holds the shares of Stock) if: (1) the Board or Committee, in their sole discretion, determines that the Grantee engaged in misconduct relating to such accounting restatement, (2) pursuant to the terms of the Award Agreement for such Award, the amount of the Award earned or the vesting in the Award was explicitly based on the achievement of pre-established performance goals set forth in the Award Agreement (including earnings, gains, or other criteria) that are later determined, as a result of the accounting restatement, not to have been achieved, and (3) the Award was earned within the three (3) years following the date of the first public issuance or filing with the Securities and Exchange Commission of the financial statements that subsequently required restatement. In determining the amount of forfeiture, the Company shall credit the Grantee with any taxes already paid in connection with such Award.

In addition, if, at any time within one (1) year after the date on which a Grantee exercises an Option or SAR, or receives payment of a Short-Term Incentive Award, Long-Term Incentive Award, or on which Restricted Shares or Stock Units vest or on which income is realized by a Grantee in connection with any other Award (each of which events shall be a "realization event"), the Board determines in its discretion that the Company has been materially harmed by the Grantee, whether such harm (a) results in the Grantee's termination or deemed termination of employment for Cause or (b) results from any activity determined by the Board to be prejudicial or harmful to the interests of the Company, then any gain realized by the Grantee from the realization event shall be paid by the Grantee to the Company upon notice from the Company. Such gain shall be determined as of the date of the realization event, without regard to any subsequent change in the Fair Market Value of the Stock. The Company shall have the right to offset such gain against any amounts otherwise owed to the Grantee by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement).



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3.5. No Repricing

Notwithstanding anything in this Plan to the contrary, no amendment or modification may be made to an outstanding Option or SAR, including, without limitation, by replacement of Options or SARs with cash or other award type, that would be treated as a repricing under the rules of the stock exchange on which the Stock is listed, in each case, without the approval of the stockholders of the Company, provided, that, appropriate adjustments may be made to outstanding Options and SARs pursuant to Section 17 or Section 5.3 and may be made to make changes to achieve compliance with applicable law, including Code Section 409A.

3.6. Deferral Arrangement

The Board may permit or require the deferral of any award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents. Any such deferrals shall be made in a manner that complies with Code Section 409A.

3.7. No Liability

No member of the Board or the Committee or any Employee shall be personally liable for any action, omission or determination made in good faith with respect to the Plan or any Award or Award Agreement. To the maximum extent permitted in its Articles of Incorporation and Bylaws, the Company shall indemnify and hold harmless the members of the Committee, the Board and Employees from and against any and all loss which results from liability to which any of them may be subjected by reason of any act or conduct (except willful misconduct or gross negligence) in their official capacities in connection with the administration of the Plan, including all expenses reasonably incurred in their defense, in case the Company fails to provide such defense. By participating in this Plan, each Employee agrees to release and hold harmless the Company, its Subsidiaries and its Affiliates (and their respective directors, officers and employees), the Board and the Committee, from and against any tax or other liability, including without limitation, interest and penalties, incurred by the Employee in connection with his or her participation in the Plan.

3.8. Share Issuance/Book-Entry

Notwithstanding any provision of this Plan to the contrary, the issuance of the Stock under the Plan may be evidenced in such a manner as the Board, in its discretion, deems appropriate, including, without limitation, book-entry or uncertificated registration or issuance of one or more Stock certificates. If book-entry or uncertificated registration is used, the Company's corporate governance records shall be consistent with this procedure, and, at the time that certificates would otherwise be issued, Awards shall be evidenced by confirmation or similar documents from the Company's transfer agent. If required by Applicable Laws or Company governance records, Stock certificates shall be issued upon appropriate request.

4. STOCK SUBJECT TO THE PLAN

4.1. Number of Shares Available for Awards

Subject to adjustment as provided in Section 17 hereof, the number of shares of Stock available for issuance under the Plan shall be eight million seven hundred thousand (8,700,000) shares. ~~Subject to adjustment as provided in Section 17 hereof, the number of shares of Stock available for issuance under the Plan shall be four million six hundred thousand (4,600,000) shares.~~ Stock issued or to be issued under the Plan shall be authorized but unissued shares; or, to the extent permitted by applicable law, issued shares that have been reacquired by the Company. The issuance of shares of Stock in connection with the exercise of, or as other payment for, Awards under the Plan shall reduce the number of shares of Stock available for future Awards under the Plan.





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### 4.2. Share Usage

Shares covered by an Award shall be counted as used as of the Grant Date. Any shares of Stock subject to Options or SARs shall be counted against the limit set forth in Section 4.1 as one (1) share for every one (1) share subject to an Award, any shares of Stock subject to Awards granted prior to August 21, 2013 other than Options or SARs shall be counted against said limit as 1.26 shares for every one (1) share subject to the Award, and any shares of Stock subject to Awards granted on or after August 21, 2013 other than Options or SARs shall be counted against said limit as 1.54 shares for every one (1) share subject to the Award, except that shares encompassed by Stock Units to be settled in cash or SARs to be settled in cash will not count against such limit. ~~Any shares of Stock that are subject to Options or SARs shall be counted against the limit set forth in Section 4.1 as one (1) share for every one (1) share subject to an Award, and any shares of Stock that are not subject to Options or SARs shall be counted against said limit as 1.26 shares for every one (1) share subject to an Award, except that shares encompassed by Stock Units to be settled in cash or SARs to be settled in cash will not count against such limit.~~ With respect to SARs (but exclusive of SARs to be settled in cash), the number of shares subject to an award of SARs will be counted against the aggregate number of shares available for issuance under the Plan regardless of the number of shares actually issued to settle the SAR upon exercise. If any shares covered by an Award granted under the Plan are not purchased or are forfeited or expire, or if an Award otherwise terminates without delivery of any Stock subject thereto or is settled in cash in lieu of shares, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture, termination or expiration, again be available for making Awards under the Plan in the same amount as such shares were counted against the limit set forth in Section 4.1. The number of shares of Stock available for issuance under the Plan shall not be increased by (i) any shares of Stock tendered or withheld or Award surrendered in connection with the purchase of shares of Stock upon exercise of an Option as described in Section 13, (ii) any shares of Stock deducted or delivered from an Award payment in connection with the Company's tax withholding obligations as described in Section 18.3, or (iii) any shares of Stock repurchased by the Company using proceeds from the purchase of shares of Stock upon exercise of an Option as described in Section 13.

## 5. EFFECTIVE DATE, DURATION AND AMENDMENTS

### 5.1. Effective Date

The Plan shall be effective as of the Effective Date, subject to approval of the Plan by the Company's stockholders within one year of the Effective Date. Upon approval of the Plan by the stockholders of the Company as set forth above, all Awards made under the Plan on or after the Effective Date shall be fully effective as if the stockholders of the Company had approved the Plan on the Effective Date. If the stockholders fail to approve the Plan within one year of the Effective Date, any Awards made hereunder shall be null and void and of no effect.

### 5.2. Term

The Plan shall terminate automatically ten (10) years after the Effective Date and may be terminated on any earlier date as provided in Section 5.3.

### 5.3. Amendment and Termination of the Plan

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any shares of Stock as to which Awards have not been made; provided however, that the Company shall submit for stockholder approval any amendment required to be submitted for stockholder approval by Applicable Law or applicable stock exchange listing requirements, or that would otherwise materially: (i) increase the benefits accrued to Participants under the Plan, (ii) increase the numbers of securities which may be issued under the Plan (other than an increase pursuant to the adjustment provisions of Section 17), or (iii) modify the requirements for participation in the Plan. The foregoing authority to amend, suspend, or terminate the Plan is specifically reserved to the Board and shall not be deemed or

otherwise delegated to the Committee; however, the Committee, in its discretion, may amend an Award Agreement. No amendment, suspension, or termination of the Plan or an Award Agreement shall, without the consent of the Grantee, impair rights or obligations under any Award previously awarded under the Plan.

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6. AWARD ELIGIBILITY AND LIMITATIONS

6.1. Service Providers and Other Persons

Subject to this Section 6, Awards may be made under the Plan to: any Service Provider to the Company or of any Subsidiary, including any Service Provider who is an officer or director of the Company, or of any Subsidiary, as the Board shall determine and designate from time to time.

6.2. Limitation on Shares of Stock Subject to Awards and Cash Awards.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act and the transition period under Treasury Reg. section 1.162-27(f)(2) has lapsed or does not apply:

(i) the maximum number of shares of Stock subject to Options or SARs that can be awarded under the Plan to any person eligible for an Award under Section 6 hereof is five hundred thousand (500,000) per calendar year;

(ii) the maximum number of shares that can be awarded under the Plan, other than pursuant to Options or SARs, to any person eligible for an Award under Section 6 hereof is (a) three hundred fifty thousand (350,000) per calendar year for Awards granted prior to August 21, 2013 and (b) five hundred thousand (500,000) per calendar year for Awards granted on or after August 21, 2013; ~~the maximum number of shares that can be awarded under the Plan, other than pursuant to an Option or SARs, to any person eligible for an Award under Section 6 hereof is three hundred fifty thousand (350,000) per calendar year;~~ and

(iii) the maximum amount that may be earned as an Short-Term Incentive Award or other cash Award in any calendar year by any one Grantee shall be three million dollars (\$3,000,000) and the maximum amount that may be earned as a Long-Term Incentive Award or other cash Award in respect of a performance period by any one Grantee shall be four million dollars (\$4,000,000).

The preceding limitations in this Section 6.2 are subject to adjustment as provided in Section 17 hereof.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan and shall specify the terms, conditions and any rules applicable to the Award, including but not limited to the effect of a Corporate Transaction, or death, Disability, or other termination of employment of the Grantee on the Award. Each Award Agreement evidencing an Award of Options shall specify whether such Options are intended to be Non-qualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Non-qualified Stock Options.

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8. TERMS AND CONDITIONS OF OPTIONS

8.1. Grant of Option

Subject to the limitation set forth in Section 6.2 and the other terms and provisions of the Plan and applicable law, the Committee, at any time and from time to time, may grant Options to persons as set forth in Section 6.1. The Committee shall have sole and complete discretion in determining the type of Option granted, the Option Price, the duration of the Option, the number of shares of Stock to which an Option pertains, any conditions imposed upon the exercisability or the transferability of the Option, including vesting conditions, the conditions under which the Option may be terminated and any such other provisions as may be warranted to comply with the law or rules of any securities trading system or stock exchange.

8.2. Option Price

The Option Price of each Option shall be fixed by the Board and stated in the Award Agreement evidencing such Option. The Option Price of each Option shall be at least the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee is a Ten Percent Stockholder, the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. Unless otherwise permitted by Applicable Laws, in no case shall the Option Price of any Option be less than the par value of a share of Stock. No Option shall provide by its terms for the re-setting of its exercise price or for its cancellation and reissuance, in whole or in part; provided that the foregoing shall not limit the authority of the Committee to grant additional Options hereunder.

8.3. Vesting

Subject to Sections 8.4 and 17.3 hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions as shall be determined by the Board and stated in the Award Agreement, and need not be the same for each Grantee. For purposes of this Section 8.3, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number.

8.4. Term

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the date such Option is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such Option; provided, however, that in the event that the Grantee is a Ten Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five years from its Grant Date. The Company may deduct from the shares of Stock deliverable to the Grantee upon exercise the number of shares of Stock necessary to satisfy payment of the Option Price and all withholding obligations.

8.5. Termination of Service

Unless otherwise stated in the applicable Award Agreement, the Grantee shall have the right to exercise any Option granted prior to August 21, 2013, for thirty (30) days, and any Option granted on or after August 21, 2013, for ninety (90) days, following termination of the Grantee's Service, unless terminated for Cause, in which case there shall be no post-termination exercise period. ~~Unless otherwise stated in the applicable Award Agreement, the Grantee shall have the right to exercise the Option for thirty (30) days following termination of the Grantee's Service, unless terminated for Cause, in which case there shall be no post-termination exercise period.~~ Unless otherwise stated in the applicable Award Agreement, the Option shall remain exercisable for twelve (12) months after termination of the Grantee's Service due to death or Disability. The post-termination provisions shall be determined in the sole discretion of the

Board, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

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### 8.6. Limitations on Exercise of Option

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the stockholders of the Company as provided herein or after the occurrence of an event referred to in Section 17 hereof which results in termination of the Option.

### 8.7. Method of Exercise

Subject to the terms of Section 13 and Section 18.3, an Option that is exercisable may be exercised by the Grantee's delivery of notice of exercise according to any method provided by the Board, which may include but is not limited to, physical delivery of notice on any business day to the Company, at the Company's principal office (on the form specified by the Company) or execution of delivery procedures provided by the Company through a stock transfer or other agent in telephonic, electronic, website or similar form regardless of whether default procedures may be used. The notices and procedures shall specify, among other items requested, the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised plus the amount (if any) of federal and/or other taxes which the Company may, in its judgment, be required to withhold with respect to an Award.

### 8.8. Rights of Holders of Options

Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a stockholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until the shares of Stock covered thereby are fully paid and issued to him. Except as provided in Section 17 hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

### 8.9. Delivery of Stock

Subject to Section 3.8 (and specifically the discretion of the Company to use book-entry or uncertificated registration), promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing his or her ownership of the shares of Stock subject to the Option.

### 8.10. Transferability of Options

Except as provided in Section 8.11, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in Section 8.11, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

### 8.11. Family Transfers

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this Section 8.11, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) unless applicable law does not permit such transfers, a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this Section 8.11, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and shares of Stock acquired pursuant to the Option shall be subject to the same restrictions on transfer of shares as would have applied to the Grantee. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this Section

8.11 or by will or the laws of descent and distribution. The events of termination of Service of Section 8.5 hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified, in Section 8.5.

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8.12. Limitations on Incentive Stock Options

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its Subsidiaries) does not exceed \$100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

8.13. Notice of Disqualifying Disposition

If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Grantee shall notify the Company of such disposition within ten (10) days thereof.

9. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

9.1. Right to Payment and Grant Price

A SAR shall confer on the Grantee to whom it is granted a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one share of Stock on the date of exercise over (ii) the grant price of the SAR as determined by the Board. The Award Agreement for a SAR shall specify the grant price of the SAR, which shall be at least the Fair Market Value of a share of Stock on the Grant Date. SARs may be granted in conjunction with all or part of an Option granted under the Plan or at any subsequent time during the term of such Option, in conjunction with all or part of any other Award or without regard to any Option or other Award; provided, that a SAR that is granted subsequent to the Grant Date of a related Option must have a SAR Price that is no less than the Fair Market Value of one share of Stock on the SAR Grant Date.

9.2. Other Terms

The Board shall determine at the date of grant or thereafter, the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the time or times at which SARs shall cease to be or become exercisable following termination of Service or upon other conditions, the method of exercise, method of settlement, form of consideration payable in settlement, method by or forms in which Stock will be delivered or deemed to be delivered to Grantees, whether or not a SAR shall be in tandem or in combination with any other Award, and any other terms and conditions of any SAR.

9.3. Term

Each SAR granted under the Plan shall terminate, and all rights thereunder shall cease, upon the expiration of ten years from the date such SAR is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such SAR.



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### 9.4. Transferability of SARS

Except as provided in Section 9.5, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise a SAR. Except as provided in Section 9.5, no SAR shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

### 9.5. Family Transfers

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of a SAR to any Family Member. For the purpose of this Section 9.5, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) unless applicable law does not permit such transfers, a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this Section 9.5, any such SAR shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and shares of Stock acquired pursuant to a SAR shall be subject to the same restrictions on transfer or shares as would have applied to the Grantee. Subsequent transfers of transferred SARs are prohibited except to Family Members of the original Grantee in accordance with this Section 9.5 or by will or the laws of descent and distribution.

## 10. TERMS AND CONDITIONS OF RESTRICTED STOCK AND STOCK UNITS

### 10.1. Grant of Restricted Stock or Stock Units

Awards of Restricted Stock or Stock Units may be made for no consideration (other than par value of the shares which is deemed paid by Services already rendered).

### 10.2. Restrictions

At the time a grant of Restricted Stock or Stock Units is made, the Board may, in its sole discretion, establish a period of time (a "restricted period") applicable to such Restricted Stock or Stock Units. Each Award of Restricted Stock or Stock Units may be subject to a different restricted period. The Board may in its sole discretion, at the time a grant of Restricted Stock or Stock Units is made, prescribe restrictions in addition to or other than the expiration of the restricted period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock or Stock Units. Notwithstanding the foregoing, (i) Restricted Stock and Stock Units that vest solely by the passage of time shall not vest in full in less than three (3) years from the grant date (provided, however, Restricted Stock and Stock Units may vest pro-rata during that period and vesting may accelerate on death, Disability or a Corporate Transaction), and (ii) Restricted Stock and Stock Units for which vesting may be accelerated by achieving performance targets shall not vest in full in less than one (1) year from the grant date (provided, however, vesting may accelerate on death, Disability or a Corporate Transaction); provided, however, up to ten percent of the shares reserved for issuance under this Plan may be granted pursuant to this Section 10 or the other provisions of this Plan without being subject to the foregoing restrictions. Neither Restricted Stock nor Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restricted period or prior to the satisfaction of any other restrictions prescribed by the Board with respect to such Restricted Stock or Stock Units.

### 10.3. Restricted Stock Certificates

Subject to Section 3.8 (and specifically the discretion of the Company to use book-entry or uncertificated registration), the Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable

after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantee's benefit until such time as the Restricted Stock is forfeited to the Company or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates (or other appropriate documentation if book-entry or uncertificated registration is used, such as the confirmation documentation issued to the Grantee and the transfer agent records) shall bear a legend or legends that comply with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

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10.4. Rights of Holders of Restricted Stock

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Board may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Grant.

10.5. Rights of Holders of Stock Units

10.5.1. Voting and Dividend Rights

Holders of Stock Units shall have no rights as stockholders of the Company. The Board may provide in an Award Agreement evidencing a grant of Stock Units that the holder of such Stock Units shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Stock, a cash payment for each Stock Unit held equal to the per-share dividend paid on the Stock. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Stock Units at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend is paid.

10.5.2. Creditor's Rights

A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

10.6. Termination of Service

Unless the Board otherwise provides in an Award Agreement or in writing after the Award Agreement is issued, upon the termination of a Grantee's Service, any Restricted Stock or Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock or Stock Units, the Grantee shall have no further rights with respect to such Award, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to shares of Restricted Stock or Stock Units. Notwithstanding the terms of this Section 10.6, but subject to the ten percent limitation set forth in Section 10.2, the Board may not waive restrictions or conditions applicable to Restricted Stock or Stock Units except in the case of a Grantee's death, Disability or a Corporate Transaction or as specified in Section 17.3. If the Board waives restrictions or conditions applicable to Restricted Stock or Stock Units, the shares subject to such Restricted Stock or Stock Units shall be deducted from the ten percent limitation set forth in Section 10.2.

10.7. Purchase of Restricted Stock and Shares Subject to Stock Units

The Grantee shall be required, to the extent required by applicable law, to purchase the Restricted Stock or shares of Stock subject to vested Stock Units from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or Stock Units and (ii) the Purchase Price, if any, specified in the Award Agreement relating to such Restricted Stock or Stock Units. The Purchase Price shall be payable in a form described in Section 13 or, in the discretion of the Board, in consideration for past or future Services rendered to the Company or a Subsidiary.

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10.8. Delivery

10.8.1 Delivery for Restricted Stock Awards

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to shares of Restricted Stock shall lapse, and, subject to Section 3.8 and unless otherwise provided in the Award Agreement, a stock certificate for such shares, or cash, as the case may be, shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as applicable, no later than 75 days following the end of the Company's Fiscal Year in which the vesting occurred (or the restrictions lapsed). Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Stock Unit once the share of Stock represented by the Stock Unit has been delivered or the transfer has been recorded on the Company's books and records.

10.8.2 Delivery for Stock Unit Awards

Upon the expiration or termination of any restricted period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to Stock Units shall lapse, and, subject to Section 3.8 and unless otherwise provided in the Award Agreement, a stock certificate for such shares, or cash, as the case may be, shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as applicable, no later than 75 days following the end of the Company's Fiscal Year in which the vesting occurred (or the restrictions lapsed). Neither the Grantee, nor the Grantee's beneficiary or estate, shall have any further rights with regard to a Stock Unit once the share of Stock, or cash, represented by the Stock Unit has been delivered or the transfer has been recorded on the Company's books and records. With respect to a vested Stock Unit settled in cash, the cash payment for each Stock Unit shall be equivalent to the Fair Market Value of one share of Stock measured as of the date of vesting.

11. TERMS AND CONDITIONS OF UNRESTRICTED STOCK AWARDS

The Board may, in its sole discretion, grant (or sell at par value or such other higher purchase price determined by the Board) an Unrestricted Stock Award to any Grantee pursuant to which such Grantee may receive shares of Stock free of any restrictions ("Unrestricted Stock") under the Plan; provided, however, that in the aggregate, no more than ten percent of the shares reserved for issuance under this Plan may be granted pursuant to this Section 11 and the exceptions set forth in Section 10.2 and Section 10.6. Unrestricted Stock Awards may be granted or sold as described in the preceding sentence in respect of past Service and other valid consideration, or in lieu of, or in addition to, any cash compensation due to such Grantee.

12. TERMS AND CONDITIONS OF DIVIDEND EQUIVALENT RIGHTS

12.1. Dividend Equivalent Rights

A Dividend Equivalent Right is an Award entitling the recipient to receive credits based on cash distributions that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the recipient. A Dividend Equivalent Right may be granted hereunder to any Grantee of an Award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Agreement. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid concurrently with the payment of the actual dividend to which it relates or they may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment. Dividend Equivalent Rights may be settled in cash or Stock or a combination thereof, in a single installment or installments, all determined in the sole discretion of the Board. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that

such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award. Notwithstanding the foregoing, a Dividend Equivalent Right granted as a component of a Performance Share or Performance Unit award shall not settle prior to payment of such Performance Share or Performance Unit award and shall expire or be forfeited and annulled under the same conditions as such Performance Share or Performance Unit award.

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12.2. Termination of Service

Except as may otherwise be provided by the Board either in the Award Agreement or in writing after the Award Agreement is issued, a Grantee's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the Grantee's termination of Service for any reason.

13. PAYMENT

13.1. General Rule.

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company.

13.2. Surrender of Stock.

Payment of the Option Price for shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock may be made all or in part through the tender to the Company of shares of Stock, which shall be valued, for purposes of determining the extent to which the Option Price or Purchase Price has been paid thereby, at their Fair Market Value on the date of exercise or surrender.

13.3. Cashless Exercise.

With respect to an Option only (and not with respect to Restricted Stock), to the extent permitted by law and to the extent the Award Agreement or other written communication of the Board or its delegatee so provides, payment of the Option Price for shares purchased pursuant to the exercise of an Option may be made all or in part by (i) delivery (on a form acceptable to the Board) of an irrevocable direction to a licensed securities broker acceptable to the Company to sell shares of Stock and to deliver all or part of the sales proceeds to the Company in payment of the Option Price and any withholding taxes described in Section 18.3, or (ii) in its discretion, the Company's issuance of the number of shares equal in value to the difference between the Option Price (and any withholding taxes described in Section 18.3) and the Fair Market Value of the shares subject to the portion of the Option being exercised. The Company may provide procedures for executing the delivery of the irrevocable direction to the licensed securities broker referenced in this Section 13.3 by various methods including, but not limited to, those available by telephonic, electronic, website or similar formats regardless of whether default elections may be used by the procedures. In the Company's discretion, appropriate fees, expenses and taxes may be deducted from, and reduce, the amount of shares received by the Grantee.

13.4. Other Forms of Payment.

To the extent the Award Agreement so provides or as otherwise provided in writing by the Committee, payment of the Option Price for shares purchased pursuant to exercise of an Option or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations and rules.

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14. TERMS AND CONDITIONS OF PERFORMANCE SHARES, PERFORMANCE UNITS, LONG-TERM INCENTIVE AWARDS AND SHORT-TERM INCENTIVE AWARDS

14.1. Grant of Performance Units/Performance Shares.

Subject to the terms and provisions of this Plan, the Board, at any time and from time to time, may grant Performance Units and/or Performance Shares to Grantees in such amounts and upon such terms as the Committee shall determine.

14.2. Value of Performance Units/Performance Shares.

Each Performance Unit shall have an initial value that is established by the Board at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a share of Stock on the Grant Date. The Board shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the value and/or number of Performance Units/Performance Shares that will be paid out to the Grantee.

14.3. Earning of Performance Units/Performance Shares.

Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Performance Shares shall be entitled to receive payout on the value and number of Performance Units/Performance Shares earned by the Grantee over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

14.4. Form and Timing of Payment of Performance Units/Performance Shares.

Payment of earned Performance Units/Performance Shares shall be as determined by the Board and as evidenced in the Award Agreement. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned Performance Units/Performance Shares in the form of cash or in shares (or in a combination thereof) equal to the value of the earned Performance Units/Performance Shares. The payments for the Performance Units or Performance Shares, as the case may be, shall be made at the close of the applicable Performance Period, or as soon as practicable after the end of the Performance Period, but in no event later than 75 days following the close of the Company's Fiscal Year in which the term of the Award is complete (i.e., it vests). Any shares of Stock may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

14.5. Performance Conditions.

The right of a Grantee to exercise or receive a grant or settlement of any Award, and the timing thereof, may be subject to such performance conditions as may be specified by the Board. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions. If and to the extent required under Code Section 162(m), any power or authority relating to an Award intended to qualify under Code Section 162(m), shall be exercised by the Committee and not the Board.

14.6. Long-Term Incentive Awards or Short-Term Incentive Awards Granted to Designated Covered Employees.

If and to the extent that the Board determines that an Award to be granted to a Grantee who is designated by the Committee as likely to be a Covered Employee should qualify as "performance-based compensation" for purposes of Code Section 162(m), the grant, exercise and/or settlement of such Award shall be contingent upon achievement of pre-established performance goals and other terms set forth in this Section 14.6.

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14.6.1. Performance Goals Generally.

The performance goals for such Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 14.6; provided, that the full Board shall establish any performance goals applicable to Outside Directors. Performance goals shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder, including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." The Committee (or, if applicable, the full Board) may determine that such Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Awards. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

14.6.2. Timing For Establishing Performance Goals.

Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Awards, or at such other date as may be required or permitted for "performance-based compensation" under Code Section 162(m).

14.6.3. Settlement of Awards; Other Terms.

Settlement of such Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The Committee may, in its discretion, reduce the amount of a settlement otherwise to be made in connection with such Awards. The Committee shall specify the circumstances in which such Long-Term or Short-Term Incentive Awards shall be paid or forfeited in the event of termination of Service by the Grantee prior to the end of a performance period or settlement of Awards.

14.6.4. Performance Measures.

The performance goals upon which the payment or vesting of an Award to a Covered Employee that is intended to qualify as Performance-Based Compensation shall be limited to the following Performance Measures:

- (a) net earnings or net income;
- (b) operating earnings;
- (c) pretax earnings;
- (d) earnings per share;
- (e) share price, including growth measures and total stockholder return;
- (f) earnings before interest and taxes;
- (g) earnings before interest, taxes, depreciation and/or amortization;
- (h) sales or revenue growth, whether in general, by type of product or service, or by type of customer;
- (i) gross or operating margins;
- (j) return measures, including return on assets, capital, investment, equity, sales or revenue;





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- (k) cash flow, including operating cash flow, free cash flow, cash flow return on equity and cash flow return on investment;
- (l) productivity ratios;
- (m) expense targets;
- (n) market share;
- (o) financial ratios as provided in credit agreements of the Company and its subsidiaries;
- (p) working capital targets;
- (q) completion of acquisitions of business or companies;
- (r) completion of divestitures and asset sales; and
- (s) any combination of any of the foregoing business criteria.

Any Performance Measure(s) may be used to measure the performance of the Company, Subsidiary, and/or Subsidiary as a whole or any business unit of the Company, Subsidiary, and/or Subsidiary or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Measures as compared to the Company's previous performance on that measure, the performance of a group of comparator companies or published or special index, or other method of comparison that the Committee, in its sole discretion, deems appropriate. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of performance goals pursuant to the Performance Measures specified in this Section 14.

14.6.5. Evaluation of Performance.

The Committee may provide in any such Award that any evaluation of performance may include or exclude any of the following events that occur during a Performance Period: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or provisions affecting reported results; (iv) any reorganization and restructuring programs; (v) extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to shareholders for the applicable year; (vi) acquisitions or divestitures; (vii) foreign exchange gains and losses; (viii) tax valuation allowance reversals; (ix) impairment expense; (x) environmental expense; (xi) restructuring costs; (xii) short-term cash incentive accruals; (xiii) gains or losses from the sales of assets; and (xiv) payments received relating to import duties arising from anti-dumping orders. To the extent such inclusions or exclusions affect Awards to Covered Employees, they shall be prescribed in a form that meets the requirements of Code Section 162(m) for deductibility.

14.6.6. Adjustment of Performance-Based Compensation.

Awards that are intended to qualify as Performance-Based Compensation may not be adjusted upward. The Board shall retain the discretion to adjust such Awards downward, either on a formula or discretionary basis, or any combination as the Committee determines.

14.6.7. Board Discretion.

In the event that applicable tax and/or securities laws change to permit Board discretion to alter the governing Performance Measures without obtaining shareholder approval of such changes, the Board shall have sole discretion to make such changes without obtaining shareholder approval provided the exercise of such discretion does not violate Code Section 409A. In addition, in the event that the Committee determines that it is advisable to grant Awards that shall not qualify as Performance-Based Compensation, the Committee may make such grants without satisfying the requirements of Code Section 162(m) and base vesting on Performance Measures other than those set forth in Section 14.6.4.

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14.7. Status of Section 14.6 Awards Under Code Section 162(m).

It is the intent of the Company that Awards under Section 14.6 hereof granted to persons who are designated by the Committee as likely to be Covered Employees within the meaning of Code Section 162(m) and regulations thereunder shall, if so designated by the Committee, constitute "qualified performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder. Accordingly, the terms of Section 14.6, including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Grantee will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee, at the time of grant of an Award, as likely to be a Covered Employee with respect to that fiscal year. If any provision of the Plan or any agreement relating to such Awards does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements.

14.8. Short-Term Incentive Awards.

14.8.1. General Information and Eligibility.

This Section 14.8 establishes a short-term cash incentive program (known as the "Management Incentive Program" or "MIP") for Employees of the Company or a Subsidiary. Eligibility to participate in the MIP shall be determined by the Committee (provided that the Committee may delegate this function to the Company's Chief Executive Officer for participation by Employees other than "named executive officers," which shall refer to the Company's Chief Executive Officer and other officers named in the Company's annual proxy statement); however, unless the Committee (or its delegatee) determines otherwise, an Employee is eligible to participate in the Management Incentive Program for a particular Fiscal Year if all of the following requirements are met:

- (a) the Employee is designated in the records of the Company (or a Subsidiary) as a salary grade 25 or above (or comparable level under any revised salary grade system) for at least a portion of the Fiscal Year;
- (b) the Employee was employed by the Company (or a Subsidiary) before February 1 of that particular fiscal year; and
- (c) the Employee is actively employed on the last day of the Fiscal Year; provided, that
  - (i) the Employee may participate if the Employee was otherwise participating in the Management Incentive Program during a Fiscal Year and died, became Disabled in that Fiscal Year, or Retired in that Fiscal Year (but only to the extent that, in the opinion of legal counsel, such participation would not adversely affect the deductibility of his or her Total MIP short-term cash incentive under applicable law and published guidance), and
  - (ii) the Employee may participate if the Employee was otherwise participating in the Management Incentive Program during a Fiscal Year but was on an approved leave of absence (including workers compensation leave, military leave, or leave approved pursuant to the Family Medical Leave Act),

in which case, the Total MIP Short-term cash incentive (if any) shall be determined based on Eligible Earnings during the applicable Fiscal Year while the Employee participates in the MIP. In the event that a participating Employee dies prior to the payout of any Total MIP Short-term cash incentive (if any), the Total MIP Short-term cash incentive shall be paid to his or her estate.

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In respect of each Employee, the Committee or its delegatee shall (at the time of establishing applicable Performance Measures) also establish and communicate a "Target Short-term Cash Incentive Opportunity" which shall be a dollar amount payable with respect to the applicable performance measurement period (normally, the Fiscal Year).

14.8.2. Amount of Short-term Cash Incentive.

The MIP short-term cash incentive payment, if any, awarded to an eligible Employee shall be the product of some or all of the following as the Committee in its sole discretion determines: Target Short-term Cash Incentive Opportunity; Eligible Earnings; Company Achievement Percentage, Individual Achievement Percentage, or both; and Company Weighted MIP Component, Individual Weighted MIP Component, or both. Provided, however, that in no event will a short-term cash incentive be paid hereunder unless the applicable performance goals have been accomplished to the degree necessary for such award, including as required to maintain the tax deductibility of such payments. The maximum individual Short-Term Incentive Award for a Performance Period of twelve months will be \$3 million. In the event that a Short-Term Incentive Award is made for a Performance Period of less than twelve calendar months or for the Performance Period in which the Grantee dies, becomes Disabled, or becomes Retired, the maximum Short-Term Incentive Award of \$3 million shall be prorated in accordance with Section 14.8.1.

14.8.3. Time of Payment.

A Service Provider's Total MIP Short-term Cash Incentive payment (if any) shall be paid as soon as administratively feasible during the second month following the close of the performance period to which the Total MIP incentive payment relates. (For example, if the performance period is the Company's fiscal year, the payment date shall occur during the month of June.) Such payment shall be subject to applicable tax and withholding of income and employment taxes and elective contributions to the Company's 401(k) plan, but shall not be subject to reduction for health care premiums, flex spending contributions, life insurance contributions or similar premium sharing under any Company health or welfare plan, all as determined by the Committee. No Short-Term Cash Incentive Award may be paid without a certification by the Committee that the Company goals under the applicable Performance Measures have been achieved. If awards are made in whole or in part based on achievement by eligible Employees of individual goals, a named executive officer will receive such an award only after determination by the Committee that the named executive officer has achieved such goals.

14.8.4. Employment Transfers.

If a participating Service Provider transfers between locations, the Total MIP Short-term Cash Incentive for him or her (if any) shall be based on the following rules:

- (a) The Total MIP Short-term Cash Incentive payment (if any) shall be based on Eligible Earnings earned at the first location using the first location's Company Achievement Percentage plus Eligible Earnings earned at the second location using the second location's Company Achievement Percentage; and
- (b) Only one Individual Achievement Percentage will be used, which shall be based on the overall attainment of individual goals for the Fiscal Year;

provided, that the location of the participating Employee when the short-term cash incentive is paid shall be charged for the Total MIP incentive payment.

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14.8.5. Salary Grade Changes.

If a participating Employee's salary grade and Target Short-term Cash Incentive Opportunity changes during a Fiscal Year in which that Employee is participating in the Management Incentive Program, any Total MIP payment shall be based on the Eligible Earnings and Target Short-term Cash Incentive Opportunity in the beginning salary grade, plus the Eligible Earnings and Target Short-term Cash Incentive Opportunity while in the subsequent salary grade.

15. PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a U.S. Grantee with the Company or any Subsidiary, except an agreement, contract, or understanding that expressly addresses Section 280G or Section 4999 of the Code (an "Other Agreement"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the U.S. Grantee (including groups or classes of U.S. Grantees or beneficiaries of which the U.S. Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the U.S. Grantee (a "Benefit Arrangement"), if the U.S. Grantee is a "disqualified individual," as defined in Section 280G(c) of the Code, any Option, Restricted Stock, Stock Unit, Performance Share or Performance Unit held by that U.S. Grantee and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the U.S. Grantee under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the U.S. Grantee under this Plan to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "Parachute Payment") and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the U.S. Grantee from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the U.S. Grantee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments, or benefits to or for the U.S. Grantee under any Other Agreement or any Benefit Arrangement would cause the U.S. Grantee to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount received by the U.S. Grantee as described in clause (ii) of the preceding sentence, then the U.S. Grantee shall have the right, in the U.S. Grantee's sole discretion, to designate those rights, payments, or benefits under this Plan, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the U.S. Grantee under this Plan be deemed to be a Parachute Payment; provided, however, that in order to comply with Code Section 409A, the reduction or elimination will be performed in the order in which each dollar of value subject to an Award reduces the Parachute Payment to the greatest extent.

16. REQUIREMENTS OF LAW

16.1. General

The Company shall not be required to sell or issue any shares of Stock under any Award if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising an Option, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to an Award upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Award unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Award. Without limiting the generality of the foregoing, in connection with the Securities Act,

upon the exercise of any Option or any SAR that may be settled in shares of Stock or the delivery of any shares of Stock underlying an Award, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Award, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or a SAR or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option (or SAR that may be settled in shares of Stock) shall not be exercisable until the shares of Stock covered by such Option (or SAR) are registered or are exempt from registration, the exercise of such Option (or SAR) under circumstances in which the laws of such jurisdiction apply shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

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16.2. Rule 16b-3

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Awards pursuant to the Plan and the exercise of Options and SARs granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

17. EFFECT OF CHANGES IN CAPITALIZATION

17.1. Changes in Stock

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares for which grants of Options and other Awards may be made under the Plan, shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options or SARs shall not change the aggregate Option Price or SAR Exercise Price payable with respect to shares that are subject to the unexercised portion of an outstanding Option or SAR, as applicable, but shall include a corresponding proportionate adjustment in the Option Price or SAR Exercise Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares affected without receipt of consideration. Notwithstanding the foregoing, in the event of any distribution to the Company's stockholders of securities of any other entity or other assets (including an extraordinary dividend but excluding a non-extraordinary dividend of the Company) without receipt of consideration by the Company, the Company shall, in such manner as the Company deems appropriate, adjust (i) the number and kind of shares subject to outstanding Awards and/or (ii) the exercise price of outstanding Options and Stock Appreciation Rights to reflect such distribution.

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17.2. Reorganization in Which the Company Is the Surviving Entity Which does not Constitute a Corporate Transaction

Subject to Section 17.3 hereof, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities which does not constitute a Corporate Transaction, any Option or SAR theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option or SAR would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Option Price or SAR Exercise Price per share so that the aggregate Option Price or SAR Exercise Price thereafter shall be the same as the aggregate Option Price or SAR Exercise Price of the shares remaining subject to the Option or SAR immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing an Award, any restrictions applicable to such Award shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation. In the event of a transaction described in this Section 17.2, Stock Units shall be adjusted so as to apply to the securities that a holder of the number of shares of Stock subject to the Stock Units would have been entitled to receive immediately following such transaction.

17.3. Corporate Transaction in which Awards are not Assumed

The Board may make provisions in an Award Agreement, in its discretion, to provide for vesting, exercise, cancellation, payout and/or similar events upon the occurrence of a Corporate Transaction in which an Award is not being assumed or continued.

17.4. Corporate Transaction in which Awards are Assumed

The Plan, Options, SARs, Stock Units and Restricted Stock theretofore granted shall continue in the manner and under the terms so provided in the event of any Corporate Transaction to the extent that provision is made in writing in connection with such Corporate Transaction for the assumption or continuation of the Options, SARs, Stock Units and Restricted Stock theretofore granted, or for the substitution for such Options, SARs, Stock Units and Restricted Stock for new common stock options and stock appreciation rights and new common stock units and restricted stock relating to the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and option and stock appreciation right exercise prices. In the event a Grantee's Award is assumed, continued or substituted upon the consummation of any Corporate Transaction and his employment is terminated without Cause within one year following the consummation of such Corporate Transaction, the Grantee's Award will be fully vested and may be exercised in full, to the extent applicable, beginning on the date of such termination and for the one-year period immediately following such termination or for such longer period as the Committee shall determine.

17.5. Adjustments

Adjustments under this Section 17 related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Board shall determine the effect of a Corporate Transaction upon Awards other than Options, SARs, Stock Units and Restricted Stock, and such effect shall be set forth in the appropriate Award Agreement. The Board may provide in the Award Agreements at the time of grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those described in Sections 17.1, 17.2, 17.3 and 17.4. This Section 17.5 does not limit the Company's ability to provide for alternative treatment of Awards outstanding under the Plan in the event of change of control events that are not Corporate Transactions.



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17.6. No Limitations on Company

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

18. GENERAL PROVISIONS

18.1. Disclaimer of Rights

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Subsidiary, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Company or a Subsidiary. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

18.2. Nonexclusivity of the Plan

Neither the adoption of the Plan nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

18.3. Withholding Taxes

No shares of Stock shall be delivered under the Plan to any Grantee until such Grantee has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Grantee to remit to the Company, an amount sufficient to satisfy federal, state, local or foreign taxes (including the Grantee's payroll tax obligations) required or permitted by law to be withheld with respect to any taxable event concerning a Grantee arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Grantee to elect to have the Company withhold shares of Stock otherwise issuable under an Award or allow the return of shares of Stock having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Grantee of such Award after such shares of Stock were acquired by the Grantee from the Company) in order to satisfy the Grantee's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of shares of Stock which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.



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18.4. Captions

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

18.5. Other Provisions

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

18.6. Number and Gender

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

18.7. Severability

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

18.8. Governing Law

The validity and construction of this Plan and the instruments evidencing the Awards hereunder shall be governed by the laws of the state of Michigan, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

18.9. Code Section 409A

The Board intends to comply with Code Section 409A, or an exemption to Code Section 409A, with regard to Awards hereunder that constitute nonqualified deferred compensation within the meaning of Code Section 409A. To the extent that the Board determines that a Grantee would be subject to the additional 20% tax imposed on certain nonqualified deferred compensation plans pursuant to Code Section 409A as a result of any provision of any Award granted under this Plan, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of any such amendment shall be determined by the Board.

To record adoption of the amended and restated Plan by the Board as of June 18, 2013, and approval of the Plan by the shareholders on August 21, 2013, the Company has caused its authorized officer to execute the amended and restated Plan.

LA-Z-BOY  
INCORPORATED

By

Title

A-27

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VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

LA-Z-BOY  
INCORPORATED  
1284 NORTH  
TELEGRAPH ROAD  
  
MONROE, MI  
48162-3390

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice & Proxy Statement is/ are available at [www.proxyvote.com](http://www.proxyvote.com).

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LA-Z-BOY INCORPORATED  
Annual Meeting of Shareholders  
August 21, 2013 11:00 AM

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Kurt L. Darrow and Richard M. Gabrys, and both of them, Proxies with power of substitution to attend the Annual Meeting of the shareholders of La-Z-Boy Incorporated to be held at the La-Z-Boy Incorporated Auditorium, 1284 North Telegraph Road, Monroe, Michigan, August 21, 2013 at 11:00 A.M., Eastern time, and any adjournment thereof, and thereat to vote all shares now or hereafter standing in the name of the undersigned.

This proxy, when properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted FOR all the director nominees listed in Proposal 1, and FOR Proposals 2, 3 and 4.

Continued and to be signed on reverse side

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