LA-Z-BOY INC
Form DEF 14A
July 18, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant   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 Under Rule 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):

No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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Notice of Annual Meeting of Shareholders

Day	Time	Place
Tuesday, August 29, 2017	8:00 a.m., Eastern Daylight Time	The Westin Detroit Metropolitan Airport Wright Room 2501 Worldgateway Place Romulus, Michigan

Monroe, Michigan
July 18, 2017

To our shareholders:

We invite you to attend our 2017 annual meeting of shareholders to be held Tuesday, August 29, 2017, in the Wright Room of The Westin Detroit Metropolitan Airport, located at 2501 Worldgateway Place, Romulus, Michigan. Only shareholders of record at the close of business on July 6, 2017, will be entitled to vote at the meeting. At the meeting, we intend to:

- Elect nine directors for one-year terms expiring in 2018;
- Consider and vote on approving the board s proposed 2017 Omnibus Incentive Plan;
- Hold a non-binding advisory vote on a proposal to approve the compensation of our named executive officers;
- Hold a non-binding advisory vote on the frequency of holding future advisory votes to approve the compensation of our named executive officers;
- Ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2018; and
- Transact any other business that properly comes before the meeting.

The board of directors recommends a vote FOR each director, 1 YEAR for the frequency of approving executive compensation, and FOR each other proposal. The proxy holders will use their discretion to vote on any other matters that come before the shareholders at the annual meeting.

We encourage you to exercise your right as a shareholder and cast your vote 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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PROXY SUMMARY

When:
August 29, 2017
at 8:00 A.M. (Eastern)

Where:
The Westin Detroit Metropolitan Airport
Wright Room
2501 Worldgateway Place
Romulus, Michigan

Proposals

1. Elect nine directors
2. Approve 2017 Omnibus Incentive Plan
3. Advisory approval of our executive compensation
4. Advisory approval of the frequency of future votes seeking advisory approval of our executive compensation
5. Ratify the selection of an independent registered public accounting firm

How:

Online	By Phone	By Mail	In Person
www.proxyvote.com	1.800.690.6903	Completing, signing and returning your proxy card	With proof of ownership and a valid photo ID

We are furnishing this proxy statement, form of proxy and accompanying materials to our shareholders on or about July 18, 2017.

Our Board Nominees

Nominee	Director since	Primary (or Former) Occupation	Committees
Kurt Darrow	2003	Our Chairman, President and CEO	
Sarah Gallagher*	2016	Former President of Ralph Lauren North America e-commerce	Comp; Nom & Govern
Edwin Holman*	2010	Former CEO of Macy s Central, a division of Macy s Inc.	Audit; Comp (C)
Janet Kerr*	2009	Vice Chancellor, Pepperdine University	Comp; Nom & Govern
Michael Lawton*	2013	Former Executive Vice President and CFO, Domino s Pizza, Inc.	Audit (C); Comp
Dr. George Levy*	1997	Otorhinolaryngologist	Comp; Nom & Govern
Alan McCollough*	2007	Former Chairman and CEO of Circuit City Stores, Inc.	Audit (LD)
Lauren Peters*	2016	Executive Vice President and CFO of Foot Locker, Inc.	Audit; Nom & Govern
Dr. Nido Qubein*	2006	President of High Point University	Comp; Nom & Govern (C)

* Independent directors (C)-Committee chair (LD)- Lead director

Governance Highlights

Annually elected directors, no classified board
89% independent board
100% independent committees
Strong lead director framework
Regular executive sessions of independent directors
Annual board and committee evaluations

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Operations Highlights

Consolidated Five-Year Sales and Operating Margin ($ in Millions)

*Fiscal 2016 includes 53 weeks. All other years presented include 52 weeks.

Capital Allocation: Business Investments and Returns to Shareholders ($ in Millions)

*Fiscal 2016 includes 53 weeks. All other years presented include 52 weeks.

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Executive Compensation Highlights

Compensation Program

Key Elements	Key Terms
Base Salary	Annual merit increases based on individual performance, market comparison and total salary budget
Management Incentive Plan (MIP)	Annual incentive focused on sales and operating margin. Maximum award 200% of target
Stock Options	Price at share value on grant date. Four year vesting; ten year term.
Performance-based stock awards	3-year award cycle with annual goals, payouts made after the full 3 year period is complete
Performance-based retirement plan	Annual contribution (maximum 35% CEO; 25% NEOs) based on operating income performance

Target Pay Mix of CEO and Other Named Executive Officers (as a % of Total Direct Compensation)

CEO

Other Named Executive Officers (average)

What we do

- Pay for performance emphasizing variable pay linked to our financial or market results
- Executive stock ownership guidelines to align executives interests with our shareholders
- Use relative total shareholder return (TSR) in long-term performance award
- Base company contributions to executive compensation retirement plans on performance
- Mitigate undue risk with caps on potential incentive payments and a clawback policy
- Utilize double-trigger change in control agreements
- Include only independent directors on the compensation committee
- Engage an independent compensation consulting firm to assist the compensation committee
- Align severance and change in control arrangements with market practices
- Prohibit executives from hedging and short selling of our shares

What we don t do

- We do not provide employment agreements
- We do not gross up excise taxes upon change in control
- We do not reprice options without shareholder approval
- We do not pay dividends on unearned performance shares or units
- We do not use single-trigger vesting for equity-based awards upon a change-in-control

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Ways you can vote

Online	By Phone	By Mail	In Person
www.proxyvote.com	1.800.690.6903	Completing, signing and returning your proxy card	With proof of ownership and a valid photo ID

The Board of Directors recommends you vote

- FOR each director nominee
- FOR approval of the 2017 Omnibus Incentive Plan
- FOR approval of the compensation of our executive officers
- FOR 1 Year on the frequency of holding advisory votes to approve the compensation of our executive officers
- FOR ratifying the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm

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2017 PROXY STATEMENT

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CORPORATE GOVERNANCE

Board of Directors

Our board of directors is committed to good governance practices that further the company s strategic growth plans and enhance shareholder value over the long term, while also considering the interests of other stakeholders, including our employees, customers, vendors, and the communities we impact. The board oversees the company s performance, including its strategic direction and critical corporate policies that have the largest impact on our operations. In exercising its oversight responsibility, the board evaluates the performance of our president and chief executive officer and directs succession planning for the chief executive officer, directors, and, to the degree appropriate, other leadership positions. The board monitors our strategic plan, our performance against the plan, and management s assessment and remediation of the company s risks. As part of the strategic planning process, the board reviews the company s capital allocation plan and its investment in research and product development, information technology, and employee development, with a focus on promoting the company s long-term growth. The board regularly reviews our governance practices and processes to ensure they remain effective, making changes when appropriate. It also monitors the company s culture to encourage a focus on sustainable growth and to ensure we maintain the highest levels of ethics and integrity, especially with respect to our financial statements and disclosures.

In the following section, we describe our governance policies and practices. Our governance guidelines can be found on our website at http://investors.la-z-boy.com, under Corporate Governance, and they address our policies related to director selection, membership criteria, independence, orientation, and assessment of board performance. At the same site, we post 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.

Leadership Structure

Our current leadership structure incorporates a combined position of chairman and chief executive officer reporting to a board of otherwise independent directors, and working with a strong independent lead director. At the time we combined the roles of chairman and CEO, we felt it was imperative that the leadership of the company be focused in one position to ensure effective management and direction to implement our strategic plan and initiatives. The interaction between management and board roles related to strategic and long-term planning calls for a more streamlined and accountable leadership structure. At the same time, our strong, effective independent lead director and independent committees ensure significant oversight over company management. We believe this structure has worked well for us and remains the appropriate structure for our company.

Our Corporate Governance Guidelines require that when the roles of our chairman and CEO are combined, we elect an independent lead director. Our lead director serves as the principal liaison between our independent directors and our chairman, facilitating a steady stream of communications between management and our independent directors. Among other duties, the lead director:

- collaborates on the board and committee meeting agendas;
- solicits 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;
- 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, coordinating on issues involving multiple committees;
- meets with our CEO to discuss his performance;
- communicates directly with shareholders when appropriate; and
- presides at board meetings when the chairman is absent.

In addition to the formal division of duties among the board chair, lead director, and committee chairs, these board leaders compose an informal executive committee that address any significant issues that arise between board meetings. In light of our strong independent lead director structure, annual evaluations of the lead director s performance, a board composed almost solely of independent directors, ready access to management by the directors, and regular executive session meetings without management, our board exercises effective oversight of our executive chairman, and the current leadership structure operates efficiently to protect and advance the interests of our shareholders.

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Corporate Governance

Board Risk Oversight

While management is responsible for the day-to-day assessment, monitoring and remediation of the company s risks, our board of directors is responsible for oversight of these risk activities. To ensure vigilant monitoring of the risks, the board has delegated risk oversight to various committees while maintaining certain key risks, such as cybersecurity, at the full board level. The board has directed the nominating and governance committee to assign oversight of the various risk categories, including strategic, operational, IT, and financial risk, to the various committees or the full board, while ensuring that all risks, including any emerging risks, are monitored. The nominating and governance committee regularly reviews management s enterprise risk management process and discusses with management changes in risk assessment and remediation plans. In conjunction with the board s strategic plan review, management identifies risks directly related to the plan as well as new and emerging risks.

Each committee regularly reviews and reports to the board on its respective risk categories. Throughout the year, our board and board committees review and discuss the various risks confronting the company, paying special attention to new operating and strategic initiatives. Our nominating and governance committee and our board as a whole encourage open communication and appropriate escalation of reporting of risk throughout the enterprise, striving to ensure that enterprise risk management is part of our corporate culture.

Corporate Responsibility

We work diligently to reduce and manage our environmental footprint and learn and build on our experiences as we continue our environmentally sustainable journey forward. Our strong commitment to responsible stewardship of the environment includes integrating environmentally sound and sustainable business practices into our daily business decisions. We are focused on reducing waste, increasing recycling and energy efficiency, and consuming fewer resources.

We currently have ten locations registered under the American Home Furnishings Alliance (AHFA) Enhancing Furniture s Environmental Culture (EFEC) program, including the La-Z-Boy upholstery plants, La-Z-Boy casegoods facilities, and our cut and sew center in Saltillo, Mexico (the first international facility to be EFEC registered). The EFEC program is an environmental management system designed by AHFA that requires strong environmental programs and analysis of environmental impacts. In addition, we received LEED Silver certification for our world headquarters from the U.S. Green Building Council. Our 120-acre headquarters site includes a geothermal heating system and an endangered oak savanna ecosystem, which we have committed to preserve. Three of our business units, including the La-Z-Boy upholstery operations, are registered by AHFA as Sustainable By Design. The Sustainable By Design program provides a roadmap for home furnishings companies to create a corporate culture of conservation and environmental stewardship by integrating socioeconomic policies and sustainable business practices into their manufacturing operations and sourcing strategies. As part of our continuous improvement initiatives, we recently added a Social Compliance Manager to our global trading company operations in Hong Kong.

Over a six-year period (2008 2014), our La-Z-Boy upholstery plants reduced their energy consumption by 22 percent and eliminated more than 7.7 million pounds of waste going to the landfill per year. We now reuse, recycle or reutilize 91 percent of the waste generated from these manufacturing operations. Nine of our facilities, including four of our manufacturing plants (in Arkansas, California, Missouri, and Tennessee), four distribution centers and our World Headquarters now send nothing to the landfill and have been recognized with sustainability awards. We continue to utilize renewable wood fuels generated on site for the production of steam used in some of our processes, and we sell excess wood residuals for further reuse by other industries. Wood fuel from sustainably managed forests is a renewable energy source that helps reduce greenhouse gas emissions and eliminate solid waste disposal. We recently enhanced our monitoring capabilities by entering a partnership with a third-party specialist for utility bill management, strategic energy sourcing and utilization of comprehensive energy and sustainability data management.

We have worked to reduce our retail stores environmental footprint by using greener construction materials, lowering our energy use, and reducing waste. We transitioned to eco-friendly paint, rubber wall base, and vinyl and carpet flooring, and we are adding recycling bins at our stores and reducing the amount of packaging we use. We are currently converting our retail store lighting systems to LED light-bulbs, and we are piloting a new energy-management system to further reduce energy waste.

We obtain many of our wood materials and components from suppliers that have implemented sustainable forest management practices or from sustainable plantation-grown renewable rubber wood. We use other wood- and fiber-based materials made with recycled or recovered paper. Our furniture designs have won the Innovative Green Design Award (IGDA) from New York House magazine by demonstrating outstanding effort to provide environmentally-friendly furniture to consumers. We have also won the American Society for Furniture Designers Pinnacle Green Leaf Award given for distinguished designs that are also eco-friendly. We also received the Tennessee Department of

Environment and Conservation Green Three-Star Partnership award for our environmental management efforts at our largest upholstered furniture manufacturing facility located in Dayton, Tennessee.

We have not reached our ultimate destination, but we strive every day to be greener than we were the day before.

Succession Planning

Our board of directors engages in an effective planning process to identify, evaluate and select potential successors to the CEO and other members of executive management. The CEO provides quarterly updates to the directors of the significant changes in key personnel and the chief human resources officer annually reviews with the board executive management succession planning. Each board member has complete and open access to any member of management. The senior members of management are invited regularly to make presentations at board and committee meetings and meet with directors in informal settings to allow the directors to form a more complete understanding of the executive s skill and character. The board periodically reviews and revises as necessary the company s emergency management succession plan, which details the actions to be taken by specific individuals in the event the CEO suddenly dies or becomes incapacitated.

Director Selection

Our nominating and governance committee is responsible for recommending director candidates to fill current and anticipated board vacancies. The committee identifies and evaluates potential candidates from recommendations from the committee s own members, referrals from other board members, management, shareholders, or other outside sources, including professional recruiting firms. (For information on how to propose a candidate to the committee or nominate a director, see Next Annual Meeting Shareholder Proposals for the 2018 Annual Meeting, page 62.) 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 needs 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 commitment to the board. The committee strives to ensure the board has a rich mix of relevant skills and experiences to address the company s needs as dictated by our strategic plan.

Director Independence

Our board of directors strongly supports the concept of director independence, and only our chairman is a company employee. Consistent with the NYSE rules, our Corporate Governance Guidelines require that a majority of our directors be independent, and we limit membership on each of our committees to independent directors.

Our board annually reviews and determines if any director has any material relationship with our company, our management, or our other directors that would impede the director s autonomy. As reflected in our Corporate Governance Guidelines, a director cannot be deemed independent if, in the previous three years, either the director or an immediate family member:

- was employed by our company or our independent registered public accounting firm;
- was employed by a company with a compensation committee that included one of our executive officers;
- received more than $120,000 during any 12-month period in direct compensation from La-Z-Boy, other than director compensation or pension or other forms of deferred compensation for prior service (provided such compensation was not contingent in any way on continued service); and
- was 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, exceeded the greater of $1 million or 2% of the other entity s consolidated gross revenues.

In addition, our board has adopted the following categorical standards to clarify if a relationship is material. We will not treat a relationship as material if:

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

- a 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;
- A director is an executive officer or director of a company in which we own common stock but our interest is less than 5% of that company s total shareholders equity;
- A director s family member is or was employed by us in a non-executive capacity with compensation that has not exceeded $120,000 in any fiscal year;
- A director is a director, officer, or trustee of a charitable organization to which we contribute, but our annual contributions (exclusive of gift-match payments) are less than 1% of the organization s total annual charitable receipts, all of our contributions were approved through our normal approval process, and no contribution was made on behalf of any of our officers or directors; or a director is a director of the La-Z-Boy Foundation; or
- A director is a member of, employed by, or of counsel to a law firm or investment banking firm that performs services for us, our payments to the firm during a fiscal year do not exceed 1% of the firm s gross revenues, and the director s relationship with the firm is such that the director s compensation is not linked directly or indirectly to our payments to the firm.

Following the NYSE listing standards and our Corporate Governance Guidelines described above, our board of directors has determined that each of our directors other than our chairman/CEO is an independent director.

Related Party Transactions

Our Code of Business Conduct, which applies to all of our employees and directors, requires that any potential conflict of interest be either avoided or fully disclosed. Each year, we require our directors and executive officers to disclose any transactions between them or their immediate family members and the company. The audit committee reviews any transactions related to directors or executive officers reported and takes appropriate action. We will disclose on our website any waivers of the Code of Business Conduct granted to our directors or executive officers. We granted no waivers in fiscal 2017.

Stock Ownership

We encourage significant stock ownership by our directors and executive management to align the interests of our leadership with those of our shareholders. We have established stock ownership guidelines that require each non-employee director to own La-Z-Boy equity (including deferred or restricted stock units) at least equal in value to five times the director s annual cash retainer or salary.

As of April 29, 2017, each director, other than our three newest directors, had met the ownership requirements. Under our guidelines, Ms. Gallagher and Ms. Peters, each of whom have been on the board less than a year, have until May 1, 2022 to meet the requirement, while Mr. Lawton, currently in his fourth year as a director, has until May 1, 2019.

We prohibit directors, officers, or employees from hedging or pledging our shares or engaging in short-term speculative trading, including short sales, trading in puts and calls, or buying on margin.

Majority Vote Standard for Director Elections

Our Corporate Governance Guidelines require that any director who fails to receive a majority of votes cast in an uncontested election must submit his or her resignation at the board meeting that immediately follows the annual shareholders meeting. The other directors must then act on the resignation at or before the next regularly scheduled meeting and publicly report the board s decision. An election is treated as contested for purposes of this rule if there are more nominees for board seats than there are positions to be filled by election at the meeting.

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Communication with the Company or the Directors

Interested parties may communicate their comments, concerns or questions about La-Z-Boy to the company, or specifically to our chairman, lead director, or any or all of our other directors, by letter addressed to them and sent by U.S. mail to the attention of the Corporate Secretary at:

La-Z-Boy Incorporated
One La-Z-Boy Drive
Monroe, Michigan 48162

The corporate secretary reviews and compiles any communications received, provides a summary of any lengthy or repetitive communications, and forwards them to the appropriate director or directors. The complete communication is provided when requested by the appropriate director or directors.

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BOARD AND COMMITTEE OPERATIONS

Our board of directors met six times during fiscal 2017. At most meetings, the non-employee directors met in executive session, chaired by our lead director, without management present. During fiscal 2017, each of our current directors attended at least 75 percent of the meetings of the board and committees on which the director served. All of the current directors attended the 2016 shareholders   meeting, and we expect all the nominated directors to attend the 2017 shareholders   meeting.

We currently have three standing committees of the board: the audit, compensation, and nominating and governance committees. Each committee is composed of only independent directors. Each committee operates under its own charter (which can be found at http://investors.la-z-boy.com, under   Corporate Governance) and has the ability to engage independent consultants and advisors at the company s expense to assist the committee in fulfilling its duties. While our board chairman is not a member of any of the board committees, he coordinates the agendas and activities of the committees with the lead director and each committee chair. Our current lead director serves on our audit committee and generally attends the meetings of the compensation and nominating and governance committees. The current membership and chair of each of the committees are shown in the following table:

Current Committee Membership

Name	Audit	Compensation	Nominating and Governance
Kurt L. Darrow (Chairman and CEO)			
Sarah M. Gallagher			
Edwin J. Holman		Chair	
Janet E. Kerr			
Michael T. Lawton	Chair		
H. George Levy, MD			
W. Alan McCollough (Lead Director)			
Lauren B. Peters			
Dr. Nido R. Qubein			Chair

Audit Committee

Key oversight duties:

- Financial reporting process
- Compliance with legal and regulatory requirements
- Effectiveness of our internal and external audit functions
- Selection of the independent registered public accounting firm

Members: Michael T. Lawton, Chairman
Edwin J. Holman
W. Alan McCollough
Lauren B. Peters

Fiscal 2017 meetings: 9

The committee monitors our auditor s independence, annually requests and reviews the firm s written statement of relationships with the company, and reviews and limits our use of our outside auditors for non-audit work. The committee reviews the staff assigned to our audit and ensures the lead partner is rotated at least once every five years. The committee discusses with management and our outside auditor the quality and adequacy of our internal controls for financial reporting. Each member meets the enhanced independence standards for audit committees established in the SEC and NYSE listing standards, is financially literate, and is an audit committee financial expert within the meaning of the SEC rules. The committee does not provide any professional certification of our outside auditor s work or any expert or special assurance about our financial statements.

For further discussion of the audit committee s activities, see   Audit Committee Report   below at page 59.

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Compensation Committee

Key Oversight Duties:

- Executive and director cash and equity compensation programs
- Evaluating the CEO s and executive officers performance

Members:	Edwin J. Holman, Chairman Sarah M. Gallagher Janet E. Kerr Michael T. Lawton H. George Levy, MD Dr. Nido R. Qubein

Fiscal 2017 meetings: 4

Only directors who meet standards of independence 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 may serve on the committee. The committee obtains advice on executive compensation matters from an independent outside compensation consultant (Korn Ferry Hay Group since fiscal 2010). Each year, the committee reviews and discusses the independence of its advisers pursuant to NYSE rules, and it has determined that Korn Ferry Hay Group is independent and its work for the committee does not raise any conflicts of interest. The committee annually produces a report on executive compensation for inclusion in the proxy statement (see Compensation Committee Report below).

Compensation Committee Interlocks and Insider Participation. Following her election to the board last August, Ms. Gallagher joined the compensation committee. All the other committee members served on the committee throughout fiscal 2017. None of our named executive officers serves on the board of directors of any company that employs a member of our compensation committee.

Nominating and Governance Committee

Key Oversight Duties:

- Board governance practices
- Director candidates
- Enterprise risk management process

Members:	Dr. Nido R. Qubein, Chairman Sarah M. Gallagher Janet E. Kerr H. George Levy, MD Lauren B.Peters

Fiscal 2017 meetings: 4

Our nominating and governance committee is composed entirely of independent directors. The committee makes recommendations on general corporate governance issues including the size, structure, and composition of the board and its committees. The committee also assists our board in overseeing our risks, including risk assessment, mitigation, and the determination of risk tolerance levels. See Risk Oversight above for more discussion of our risk oversight process. The committee s charter can be found on our website at http://investors.la-z-boy.com, under Corporate Governance.

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SHARE OWNERSHIP

Directors and Executive Officers

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.

	Number of Shares or Units		
Beneficial Owner	Common Stock(1)(2)	Percent of Class	Units Settleable in Cash(3)
Mark S. Bacon, Sr.	65,017	*	
J. Douglas Collier	96,516	*	
Kurt L. Darrow	886,384	1.81	
Darrell D. Edwards	67,858	*	
Sarah M. Gallagher	2,953	*	
Edwin J. Holman	37,013	*	5,000
Janet E. Kerr	34,324	*	12,927
Michael T. Lawton	12,402	*	
H. George Levy, MD	52,074	*	16,514
W. Alan McCollough	40,974	*	16,514
Lauren B. Peters	2,953	*	
Dr. Nido R. Qubein	40,974	*	16,514
Louis M. Riccio Jr.	141,138	*	
All current directors and executive officers as a group (13 persons)(4)	1,566,371	3.17	67,469

* Less than 1%

(1) This column lists beneficial ownership as calculated under the SEC rules, including stock options and restricted stock units that may be exercised or converted without the company s consent within 60 days of our record date of July 6, 2017.

(2) These amounts include 2,953 restricted stock units for Ms. Gallagher and Ms. Peters, 12,402 restricted stock units for Mr. Lawton, and 33,974 restricted stock units for each other non-employee director which vest and settle in shares when the director leaves the board. See the Fiscal 2017 Non-employee Director Compensation table and related footnotes beginning on page 17 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 July 6, 2017, 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:

J. Douglas Collier	22,317
Kurt L. Darrow	398,226
Darrell D. Edwards	49,059
Louis M. Riccio Jr.	65,910
All current directors and executive officers as a group	809,857

Significant Shareholders

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.

Security Ownership of Known Over 5% Beneficial Owners
(as of December 31, 2016, except as otherwise indicated)

Name and Address	Number of Shares	Percent of Class
BlackRock, Inc. and subsidiaries 55 East 52nd Street New York, NY 10055	5,978,494	12.31
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	4,197,415	8.64
Wellington Management Group LLP 280 Congress Street Boston, MA 02210	3,073,952	6.33
Dimensional Fund Advisors LP Building One 6300 Bee Cave Road Austin, TX 78746	2,943,288	6.06

Information about BlackRock, Inc. and its subsidiaries is based on an amended Schedule 13G BlackRock, Inc. filed after December 31, 2016, in which it reported that as of that date, it and its subsidiaries had sole voting power over 5,828,335 common shares and sole dispositive power over 5,978,494 common shares. The other companies reported as beneficial owners of our common shares were BlackRock (Netherlands) B.V., BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management Schweiz AG, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Ltd, BlackRock Investment Management, LLC, and BlackRock Japan Co. Ltd.

Information about The Vanguard Group is based on an amended Schedule 13G it filed after December 31, 2016, in which it reported that as of that date, it had sole voting power over 74,841 common shares, shared voting power over 7,477 common shares, sole dispositive power over 4,117,723 common shares and shared dispositive power over 79,692 common shares.

Information about Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP is based on a Schedule 13G they filed jointly filed after December 31, 2016, in which they reported that as of that date, they had shared voting power over 1,459,534 common shares and shared dispositive power over 3,073,952 common shares. They also report as beneficial owners one or more of the following investment advisors Wellington Management Company LLP - IA, Wellington Management Canada LLC IA, Wellington Management Singapore Pte Ltd IA, Wellington Management Hong Kong Ltd- IA, Wellington Management International Ltd - IA, Wellington Management Japan Pte Ltd - IA, Wellington Management Australia Pty Ltd IA.

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Share Ownership

Information about Dimensional Fund Advisors LP is based on a Schedule 13G it filed after December 31, 2016, in which it reported that as of that date it had sole voting power over 2,803,984 common shares and sole dispositive power over 2,943,288 common shares. It also reported that it serves as an investment manager and an investment advisor to various investment companies, trusts, and accounts and that the shares are owned by its clients, no one of which, to the knowledge of Dimension Fund Advisors LP, owns more than 5% of the class. Dimensional Fund Advisors LP disclaims beneficial ownership of all the shares.

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 2017, all Section 16(a) filing requirements were complied with in a timely fashion.

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DIRECTOR COMPENSATION

Working with an independent compensation consultant, we designed our annual pay package for directors to attract and retain highly qualified professionals to represent our shareholders. The compensation committee reviews compensation data for directors of the same peer group companies selected for evaluating our executive compensation, see page 29. The committee s analysis of compensation includes retainers, meeting fees, committee fees, and equity compensation. The committee targets the directors total compensation at the median level of the peer group s total compensation.

Directors who are also our 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 reimburse our directors for their costs of travel, lodging, and related expenses while on company-related business. We provide membership in the National Association of Corporate Directors (NACD) for each director and reimburse directors for fees and expenses for participation in NACD and other programs on corporate governance and other issues related to their duties as directors. We encourage our directors to enhance their understanding of our operations and business by visiting our facilities, retail outlets, and competing retailers.

Effective May 1, 2017, we increased our directors equity portion of the annual retainers by $8,000 to $88,000, while the cash portion remains at $80,000, effectively a 5% increase. For fiscal 2017, we paid each director cash and equity compensation in the following amounts:

Cash Compensation

We paid each non-employee director an annual cash retainer of $80,000. We paid our lead director an additional cash retainer of $30,000 for serving in that capacity, and we paid the chairs of our audit, compensation, and nominating and governance committees additional cash retainers of $20,000, $15,000, and $10,000, respectively. The board held fewer than 10 board meetings in fiscal 2017, so we did not pay additional meeting fees.

Equity Compensation

On August 26, 2016, we issued each non-employee director a grant of 2,953 restricted stock units with a grant date value of $80,026. 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, in shares only, when the director leaves the board.

The following table provides details of each non-employee director s compensation for fiscal 2017. Compensation varied between directors based on lead director status, committee membership, and committee chairs held. Stock awards reflect the grant date fair value.

Fiscal 2017 Non-employee Director Compensation

Name	Fees Earned or Paid in Cash $(1)	Stock Awards $(2)	All Other Compensation $(3)	Total ($)
Sarah M. Gallagher	55,111	80,026	945	136,082
Edwin J. Holman	95,000	80,026	16,074	191,100
Janet E. Kerr	80,000	80,026	19,403	179,429
Michael T. Lawton	100,000	80,026	4,914	184,940
H. George Levy, MD	80,000	80,026	20,910	180,936
W. Alan McCollough	110,000	80,026	20,910	210,936
Lauren B. Peters	55,111	80,026	945	136,082
Dr. Nido R. Qubein	90,000	80,026	20,910	190,936

(1) Includes actual annual board retainer fees, lead director retainer fees, and committee chairman fees.

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Director Compensation

(2) Reflects the grant date fair value computed in accordance with FASB ASC Topic 718. Each director then in office received 2,953 restricted stock units on August 26, 2016. Restricted stock units granted to non-employee directors in 2008 and 2009 under our former plan 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 29, 2017, 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:

	Units Settleable in Cash	Units Settleable in Shares
Sarah M. Gallagher		2,953
Edwin J. Holman	5,000	33,974
Janet E. Kerr	12,927	33,974
Michael T. Lawton		12,402
H. George Levy, MD	16,514	33,974
W. Alan McCollough	16,514	33,974
Lauren B. Peters		2,953
Dr. Nido R. Qubein	16,514	33,974

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

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PROPOSAL NO. 1: ELECTION OF DIRECTORS

Shareholders will elect nine directors to serve a one-year term until our 2018 annual meeting of shareholders when their successors are elected and qualified. Our board currently has nine directors and upon the recommendation of the board s nominating and governance committee, the board has nominated for re-election all the current directors:

Kurt L. Darrow
Sarah M. Gallagher
Edwin J. Holman
Janet E. Kerr
Michael T. Lawton
H. George Levy, M.D.
W. Alan McCollough
Lauren B. Peters
Dr. Nido R. Qubein

Each nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the board may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders may vote your shares for the substitute nominee.

In accordance with Michigan law, directors will be elected at the meeting by a plurality of votes cast from among those persons duly nominated, with separate balloting for each of the nine positions. The nominees who receive the highest through the ninth highest number of votes will be elected, regardless of any votes that are not cast for the election of those nominees, including abstentions, broker non-votes, and 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 that immediately follows the shareholders meeting. The board must act on the offer of resignation at or before its next meeting, which is currently planned for late-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. For more information, please see Corporate Governance Matters Majority-Voting Standard for Director Elections.

YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE NINE NOMINEES.

Director Qualifications

The board, acting through its nominating and governance committee, seeks directors who collectively possess the experience, skills, backgrounds, and qualifications necessary to effectively oversee our company in our current and evolving business circumstances. The committee seeks directors with established records of significant accomplishments in business and areas relevant to our strategies. In determining the slate of nominees and whether to seek one or more new candidates, the committee reviews the board s size and our current directors qualifications. All of our current directors and nominees bring to our board a wealth of executive leadership experience derived from their service as executives and entrepreneurs, as well as valuable board experience. The following chart summarizes the director nominees key qualifications, experience, and skills.

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Proposal No. 1: Election of Directors

La-Z-Boy Board of Directors Nominees:	Kurt Darrow	Sarah Gallagher	Edwin Holman	Janet Kerr	Michael Lawton	George Levy	Alan McCollough	Lauren Peters	Nido Qubein
Leadership experience									
Public Company Board Experience									
Finance									
Technology									
Global Perspective									
Sourcing/Manufacturing									
Consumer Marketing									
Retail									

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

Kurt L. Darrow **Age 62** Director since 2003

Executive Roles:

Our president and chief executive officer since 2003

Our chairman since 2011

Formerly president of La-Z-Boy, our largest division

Public Boards:

CMS Energy Corp., an integrated energy company

Other Leadership Roles:

Member of the board and the executive committee of Business Leaders for Michigan, a non-profit executive leadership organization

Member of the ProMedica Board of Trustees and Chairman of the ProMedica Monroe Regional Hospital Board of Trustees

Former chairman of the American Home Furnishings Alliance (an industry association) and continues to serve as director emeritus on its board

Former Trustee of Adrian College (Adrian, Michigan)

Mr. Darrow s proven leadership skills and extensive knowledge of the company and the furniture industry, developed over his many years at La-Z-Boy, qualify him to serve on our board.

Leadership Experience	Public Company Board Experience	Finance	Technology	Global Perspective	Sourcing/ Manufacturing	Consumer Marketing	Retail

Sarah M. Gallagher **Age 65** Director since 2016

Compensation Committee member / Nominating and Governance Committee member

Executive Roles:

Former executive chairperson of Rebecca Taylor (women s apparel), a division of Kellwood Company, August 2014 August 2015

Former president of Ralph Lauren North America e-Commerce (2007 2013)

Former president Ralph Lauren Media LLC (2001 2006)

Senior vice president roles at Banana Republic Direct and Gap Direct (divisions of Gap, Inc., an international retailer of clothing, accessories and personal care products) (1997 2001)

Senior executive positions at various retailers including Avon Products, Inc. (beauty products), Victoria s Secret Catalogue, Lord & Taylor (retail department store chain)

Public Boards:

Abercrombie & Fitch Co., specialty retailer of casual apparel, since 2014

Other Leadership Roles:

Executive Advisor of FitforCommerce (retail consultants) since April 2016

Ms. Gallagher s extensive retail experience with consumer-focused and fashion-orientated brands and over 15 years involvement in e-commerce retailing to consumers qualify her to serve on our board.

Leadership Experience	Public Company Board Experience	Technology	Global Perspective	Sourcing/ Manufacturing	Consumer Marketing	Retail

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Proposal No. 1: Election of Directors

Edwin J. Holman **Age 70** Director since 2010

Chair of Compensation Committee / Audit Committee member / Financial expert

Executive Roles:

Interim chief executive officer of The Pantry, Inc. (October 2011 until March 2012)

Formerly chairman of RGIS International (2010 2013), a portfolio company of the Blackstone Group

Formerly chairman and chief executive officer of Macy s Central, a division of Macy s Inc. (an operator of department stores)

Formerly president and CEO Galyans Trading Company, a publicly traded sporting goods chain

Formerly senior executive positions at a variety of retailers, including 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

Public Boards:

Formerly Christopher and Banks Corporation (women s apparel) 2015 to 2016

Formerly The Pantry, Inc. (convenience chain store), and its chairman from 2009 to 2014

Formerly Office Max, an office supply retailer

Formerly Circle International, a provider of international transportation and logistics

Other Leadership Roles:

National Association of Corporate Directors (NACD) Governance Fellow (2011) and named a Top 100 Director by NACD in 2011

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.

Leadership Experience	Public Company Board Experience	Finance	Technology	Global Perspective	Sourcing/ Manufacturing	Retail

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Janet E. Kerr **Age 62** Director since 2009

Compensation Committee member / Nominating and Governance Committee member

Executive Roles:

Vice Chancellor, Pepperdine University since 2016

Of counsel to Navé & Cortel (law firm) since 2015

Strategic adviser to Bloomberg BNA (2014 2015)

Professor (1983 2013) and Professor Emeritus (since 2013) of the Pepperdine University School of Law

Former chief strategy officer of Exemplify, Inc., a technology knowledge management company, until its acquisition by Bloomberg BNA in 2014

Founder and former Executive Director of the Palmer Center for Entrepreneurship and the Law at Pepperdine Law School

Professor Kerr was awarded the Laure Sudreau-Rippe Endowed Chair at Pepperdine University School of Law in 2011

A nationally recognized author, lecturer and consultant in the area of securities law compliance, banking law, corporate governance, and general corporate law

Co-Founder (with HRL Laboratories, LLC) of X-Laboratories

Public Boards:

Fidelity National Financial, Inc., service provider to real estate and mortgage industries (listed on NYSE)

AppFolio, Inc., provider of cloud-based business management software (listed on NASDAQ)

Tilly s, Inc., a NYSE listed retailer of apparel and accessories

Formerly TCW Strategic Income Fund, Inc., a NYSE-listed closed-end registered investment company

Formerly CKE (Carl Karcher Enterprises), previously a publicly traded NYSE- listed company

Other leadership roles:

Advisor on corporate issues and entrepreneurial strategies to the People s Republic of China, France, and Thailand

Representative of 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.

Leadership Experience	Public Company Board Experience	Finance	Technology	Global Perspective	Consumer Marketing	Retail

Michael T. Lawton **Age 58** Director since 2013

Chair of Audit Committee / Compensation Committee member / Financial expert

Executive Roles

Retired chief financial officer of Domino s Pizza, Inc. (2010 2015)

Previous roles at Domino s Pizza, Inc.:

Executive vice president, supply chain services from October 2014 until June 2015

Interim chief information officer from October 2011 until March 2012

Executive vice president of international from October 2004 until March 2011

Senior vice president finance and administration of international

Various financial and general management positions with Gerber Products Company

Public Boards:

Universal Corporation, a leading global supplier of leaf tobacco (listed on NYSE)

Mr. Lawton s experience as a senior executive of a public company and well-known consumer brand, along with his experience on a public company board, qualify him to serve on our board.

Leadership Experience	Public Company Board Experience	Finance	Technology	Global Perspective	Sourcing/ Manufacturing	Consumer Marketing	Retail

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Proposal No. 1: Election of Directors

Dr. H. George Levy **Age 67** Director since 1997

Compensation Committee member / Nominating and Governance Committee member

Executive Roles:

Maintains a practice specializing in otorhinolaryngology

Formerly chairman and chief executive officer of USI, Inc., a private firm engaged in consulting on e-commerce, Web design, and systems integration

Formerly 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.

Leadership Experience	Technology

W. Alan McCollough **Age 67** Director since 2007

Our Lead Director / Audit Committee member / Financial expert

Executive Roles:

Former 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

Public Boards:

VF Corporation (branded apparel)

The Goodyear Tire & Rubber Company

Formerly Circuit City Stores, Inc.

Mr. McCollough s experience leading a large publicly traded consumer products company and his service on multiple public company boards, qualify him to serve on our board.

Leadership Experience	Public Company Board Experience	Finance	Technology	Global Perspective	Sourcing/ Manufacturing	Consumer Marketing	Retail

Lauren B. Peters **Age 55** Director since 2016

Audit Committee member/Nominating and Governance Committee member/Financial expert

Executive Roles:

Executive vice president and chief financial officer of Foot Locker, Inc. since 2011

Senior vice president of strategic planning of Foot Locker, Inc. (2002 2011)

Various senior financial management positions at Foot Locker, Inc. and Robinsons-May, a division of May Department Stores

Formerly audit manager with Arthur Andersen & Company

Ms. Peters s extensive financial and strategic planning experience with consumer focused and global retailers qualifies her to serve on our board.

Leadership Experience	Finance	Technology	Global Perspective	Consumer Marketing	Retail

Dr. Nido R. Qubein **Age 68** Director since 2006

Chair of Nominating and Governance Committee / Compensation Committee member

Executive Roles:

President of High Point University

Executive Chairman (beginning 2016) of the board of bakery franchisor Great Harvest Bread Company (previously Chairman)

Public Boards:

BB&T Corporation (banking and financial services)

Other leadership roles:

Author of a dozen books on leadership, sales, communication, and marketing

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 of public companies and leader at multiple companies qualifies him to serve on our board.

Leadership Experience	Public Company Board Experience	Finance	Technology	Global Perspective	Consumer Marketing	Retail

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

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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). One named executive officer, Mark S. Bacon, Sr., Senior Vice President and President of the La-Z-Boy Branded Business, resigned from the company, immediately following the end of our fiscal year and his compensation is included where appropriate. 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 39.

Executive Summary

2017 Operating Performance

Our goal is to continue to deliver value to our shareholders with improved sales and earnings over the long term through the execution of our strategic initiatives. We believe our integrated retail platform, industry-leading brand, and innovative product will drive long-term profitable sales growth that, when combined with our efficient operating platform, will continue to deliver results and returns to our shareholders. During fiscal 2017, we generated $1.5 billion in sales, with the weaker demand throughout the home furnishings sector and the extra week in fiscal 2016 contributing to a 0.3% decline in our net sales versus the prior year. Our efficient operating platform allowed us to grow operating margin to 8.6% in fiscal 2017 from 8.0% in fiscal 2016, and increase earnings per diluted share attributable to La-Z-Boy Incorporated to $1.73 in fiscal 2017, an 11.6% increase over the prior year earnings per diluted share of $1.55.

Fiscal 2017 Compensation Actions

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. Our compensation committee worked with Korn Ferry Hay Group, the committee s independent executive compensation consultant, to evaluate our programs during fiscal 2017, and we made no significant changes to existing programs during the year.

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 98% of the votes cast by our shareholders in 2016 were to approve the compensation we paid to our named executive officers. In determining executive compensation for fiscal