

OPNET TECHNOLOGIES INC
Form DEF 14A
July 28, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14a

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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:

- | | |
|---|--|
| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential for Use of the Commission Only |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | (as permitted by Rule 14A-6(e)(2)) |
| <input type="checkbox"/> Definitive Additional Materials | |
| <input type="checkbox"/> Soliciting Material Pursuant to (S) 240.14a-12 | |

OPNET TECHNOLOGIES, INC.

(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Title of each class 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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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

OPNET TECHNOLOGIES, INC.

7255 WOODMONT AVENUE

BETHESDA, MARYLAND 20814

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON TUESDAY, SEPTEMBER 13, 2005

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of OPNET Technologies, Inc. (the Company) will be held at the principal executive offices of the Company, 7255 Woodmont Avenue, Bethesda, Maryland 20814, on Tuesday, September 13, 2005 at 10:00 a.m., local time, for the purpose of considering and voting upon the following matters:

1. To elect two Class II directors for a three-year term extending until the 2008 Annual Meeting of Stockholders;
2. To ratify the appointment by the Audit Committee of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending March 31, 2006; and
3. To transact such other business, if any, as may properly come before the Annual Meeting or any adjournments thereof.

The Board of Directors has no knowledge of any other business to be transacted at the Annual Meeting.

Holders of record of the Company's Common Stock at the close of business on July 22, 2005 are entitled to notice of and to vote at the Annual Meeting and at any adjournments thereof. A list of the Company's stockholders is open for examination to any stockholder at the principal executive offices of the Company, 7255 Woodmont Avenue, Bethesda, Maryland 20814 and will be available at the Annual Meeting.

A copy of the Company's Annual Report for the year ended March 31, 2005, which contains financial statements and other information of interest to stockholders, accompanies this Notice and the enclosed Proxy Statement.

By Order of the Board of Directors,

/s/ Marc A. Cohen

Marc A. Cohen

Chairman of the Board, Chief Executive Officer and
Secretary

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Bethesda, Maryland

July 28, 2005

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE IN ORDER TO ENSURE REPRESENTATION OF YOUR SHARES. NO POSTAGE NEED BE AFFIXED IF THE PROXY IS MAILED IN THE UNITED STATES.

OPNET TECHNOLOGIES, INC.

7255 WOODMONT AVENUE

BETHESDA, MARYLAND 20814

PROXY STATEMENT FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON TUESDAY, SEPTEMBER 13, 2005

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of OPNET Technologies, Inc., a Delaware corporation (the Company), of proxies for use at the Annual Meeting of Stockholders to be held at the principal executive offices of the Company, 7255 Woodmont Avenue, Bethesda, Maryland 20814, on September 13, 2005 at 10:00 a.m., local time, and at any adjournments thereof (the Annual Meeting).

All executed proxies will be voted in accordance with the stockholders' instructions, and if no choice is specified, executed proxies will be voted in favor of the matters set forth in the accompanying Notice of Meeting. Any proxy may be revoked by a stockholder at any time before its exercise by delivery of written revocation or a subsequently dated proxy to the Secretary of the Company or by voting in person at the Annual Meeting. Attendance at the Annual Meeting will not itself be deemed to revoke a proxy unless the stockholder gives affirmative notice at the Annual Meeting that the stockholder intends to revoke the proxy and vote in person.

The Board of Directors has fixed July 22, 2005 as the record date (the Record Date) for determining holders of the Company's Common Stock, \$.001 par value per share (the Common Stock), who are entitled to vote at the Annual Meeting. At the close of business on the Record Date, there were outstanding and entitled to vote an aggregate of 20,310,052 shares of Common Stock. Each share of Common Stock entitles the record holder thereof to one vote on each of the matters to be voted on at the Annual Meeting.

The Notice of Meeting, this Proxy Statement, the enclosed Proxy Card and the Company's Annual Report for the year ended March 31, 2005 (fiscal 2005) are first being sent or given to stockholders on or about August 17, 2005.

Householding of Proxy Materials

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of this Proxy Statement or the Company's Annual Report may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate copy of either document to you if you call or write the Company at the following address or telephone number: OPNET Technologies, Inc., 7255 Woodmont Avenue, Bethesda, Maryland, telephone: (240) 497-3000, Attention: Investor Relations. If you want to receive separate copies of the Company's Annual Report and Proxy Statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact the Company at the above address and phone number.

Votes Required

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The holders of a majority of the shares of Common Stock issued and outstanding and entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business at the Annual Meeting. Shares of Common Stock present in person or represented by proxy (including shares which abstain or do not vote with respect to one or more of the matters presented for stockholder approval) will be counted for purposes of determining whether a quorum exists at the Annual Meeting.

The affirmative vote of the holders of shares of Common Stock representing a plurality of the votes cast on the matter is required for the election of the Class II directors. The affirmative vote of the holders of shares of Common Stock representing a majority of the votes cast on the matter is required to ratify the appointment of Deloitte & Touche LLP as the Company's independent auditors for the current fiscal year.

Shares which abstain from voting as to a particular matter, and shares held in street name by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter, and will also not be counted as shares voting on such matter. Accordingly, abstentions and broker non-votes will have no effect on the voting on matters (such as the ratification of the appointment of the auditors) that require the affirmative vote of a certain percentage of the votes cast or the shares voting on the matter.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of July 22, 2005 by:

each person known to the Company to beneficially own more than 5% of the outstanding shares of Common Stock;

each director and nominee for director of the Company;

each of the executive officers of the Company; and

all executive officers, directors and nominees for director of the Company as a group.

Except as set forth herein, the business address of the named beneficial owner is c/o OPNET Technologies, Inc., 7255 Woodmont Avenue, Bethesda, Maryland 20814 and each person or entity named in the table has sole voting power and investment power (or shares such power with his spouse) with respect to all shares of Common Stock as owned by such person or entity.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class
William Blair & Company, L.L.C. 222 West Adams Street Chicago, IL 60606 (2)	2,597,482	12.8%
Goldman Sachs Asset Management, L.P. 32 Old Slip Road New York, NY 10005 (3)	1,679,355	8.3%
Marc A. Cohen (4)	2,804,858	13.7%
Alain J. Cohen (5)	4,696,253	23.0%
Mel F. Wesley (6)	2,500	*
Steven G. Finn, PhD (7)	90,000	*
Ronald W. Kaiser (8)	25,000	*
William F. Stasior (9)	115,000	*
All executive officers, directors and the nominee for director, as a group (6 persons) (10)	7,733,611	37.2%

* Less than 1%.

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- (1) The number of shares beneficially owned by each director, nominee for director, executive officer and stockholder is determined under rules promulgated by the Securities and Exchange Commission (SEC), and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which the individual has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after July 22, 2005 through the exercise of any stock option or other right. The inclusion herein of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares.

- (2) The address and number of shares of Common Stock beneficially owned by William Blair & Company, L.L.C. is based solely on Form 13G/A filed with the SEC on January 10, 2005, which reports sole power to vote and dispose of all shares stated in the table above.
- (3) The address and number of shares of Common Stock beneficially owned by Goldman Sachs Asset Management, L.P. is based solely on Form 13G filed with the SEC on February 7, 2005.
- (4) Includes 212,500 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.
- (5) Includes 75,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.
- (6) Includes 2,500 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.
- (7) Includes 70,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.
- (8) Includes 25,000 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.
- (9) Includes 77,500 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.
- (10) Includes 462,500 shares of Common Stock issuable upon exercise of options that are currently exercisable or exercisable within 60 days after July 22, 2005.

PROPOSAL 1 ELECTION OF CLASS II DIRECTORS

The Company has a classified Board of Directors currently consisting of one Class I director, two Class II directors and two Class III directors. The Class I, Class II and Class III directors will serve until the annual meeting of stockholders to be held in 2007, 2005 and 2006, respectively, and until their respective successors are duly elected and qualified. At each annual meeting of stockholders, directors are elected for a full term of three years to succeed those directors whose terms are expiring.

The persons named in the enclosed proxy will vote to elect Alain J. Cohen and Steven G. Finn as the Class II directors, unless authority to vote for Mr. Cohen or Dr. Finn is withheld by marking the proxy to that effect. The Class II directors will be elected to hold office until the 2008 annual meeting of stockholders (subject to the election and qualification of his successor and to their earlier death, resignation or removal).

Mr. Cohen and Dr. Finn have indicated their willingness to serve, if elected, but if either should be unable to serve, the person acting under the proxy may vote the proxy for a substitute nominee designated by the Board of Directors. The Board of Directors has no reason to believe that Mr. Cohen or Dr. Finn will be unable to serve if elected.

For each member of the Board of Directors whose term of office as a director continues after the Annual Meeting, including Mr. Cohen and Dr. Finn, there follows information given by that director concerning his principal occupation and business experience for at least the past five years, the names of other publicly held companies of which he serves as a director and his age and length of service as a director of the Company. There are no family relationships among any of the directors, nominees for director and executive officers of the Company, except that Marc A. Cohen and Alain J. Cohen are brothers. Information with respect to the number of shares of Common Stock beneficially owned by each director and the nominee for director, directly or indirectly, as of July 22, 2005 appears under the heading Security Ownership of Certain Beneficial Owners and Management.

Nominees for Terms Expiring in 2008 (Class II Directors)

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Alain J. Cohen, one of the Company's founders, is 38 years old and has served as the Company's President and Chief Technology Officer and as a member of the Board of Directors since the Company's inception in 1986. Mr. Cohen received a bachelor's degree in electrical engineering from the Massachusetts Institute of Technology (M.I.T.).

Dr. Steven G. Finn is 59 years old and has served as a member of the Board of Directors since March 1998. Dr. Finn has been a principal research scientist and lecturer at M.I.T. since 1991. Dr. Finn has also served as a consultant with Matrix Partners, a venture capital firm, since 1991.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE DIRECTOR NOMINEES LISTED ABOVE.

Director Whose Term Expires in 2007 (Class I Director)

Ronald W. Kaiser is 51 years old and has served as a member of the Board of Directors since October 2003. Since March 2005, Mr. Kaiser has served as Vice President and Chief Financial Officer of PharmAthene, Inc, a privately held bio-defense company. Mr. Kaiser served as Chief Financial Officer, Treasurer and Secretary of Air Cargo, Inc., a privately held provider of United States and European cargo transportation logistics from February 2003 through March 2005. Air Cargo filed for Chapter 11 bankruptcy on December 7, 2004. Mr. Kaiser served as Chief Financial Officer and Treasurer of OTG Software, Inc. (OTG) from June 1998 until the sale of OTG to Legato Systems, Inc. in May 2002. OTG was a publicly traded corporation that provided online data storage and data access software solutions for business applications, email management and related services. From April 1998 to June 1998, Mr. Kaiser was an employee of Network Associates, Inc., an internet security company, following the acquisition of Trusted Information Systems, Inc. by Network Associates, Inc. From May 1996 to April 1998, Mr. Kaiser served as the Chief Financial Officer of Trusted Information Systems, Inc., an information security company.

Directors Whose Terms Expire in 2006 (Class III Directors)

Marc A. Cohen, one of the Company's founders, is 42 years old and has served as the Chairman of the Board since the Company's inception in 1986 and as the Company's Chief Executive Officer since 1994. From 1986 to 1992, Mr. Cohen was also a consultant with Booz Allen Hamilton Inc. (Booz Allen), an international management and consulting company. Mr. Cohen received a bachelor's degree in engineering science from Harvard University and a master's degree in electrical engineering from Stanford University. Mr. Cohen also serves as a Trustee and as a member of the Board of Directors of the Dana Farber Cancer Institute in Boston, Massachusetts.

William F. Stasior is 64 years old and has served as a member of the Board of Directors since March 1998. Since October 1999, he has served as senior chairman of Booz Allen. From 1991 to 1999, he served as Chairman and Chief Executive Officer of Booz Allen. Mr. Stasior currently serves on the Board of Directors of SkyTerra Communications, Inc., a telecommunications service provider.

Board Determination of Independence

Under NASDAQ rules that become applicable to the Company on the date of the Annual Meeting, a director of the Company will only qualify as an independent director if, in the opinion of the Board of Directors, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board of Directors has determined that none of Dr. Finn, Mr. Kaiser or Mr. Stasior has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is an independent director as defined under Rule 4200(a)(15) of the NASDAQ National Market, Inc. Marketplace Rules.

Board Meetings and Attendance

The Board of Directors met nine times (including by teleconference) during fiscal 2005. Each director attended at least 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings of the committees on which he then served.

Director Attendance at the Annual Meeting

The Board of Directors does not have a policy with regard to attendance by directors at annual meetings. Two of the directors attended the 2004 annual meeting of stockholders.

Board Committees

The Board of Directors has established three standing committees – Audit, Compensation, and Nominating – each of which operates under a charter that has been approved by the Board.

The Board of Directors has determined that all of the members of each of the Board's three standing committees are independent as defined under the new rules of the NASDAQ National Market that became applicable to the Company on September 14, 2004 including, in the case of all members of the Audit Committee, the independence requirements contemplated by Rule 10A-3 under the Exchange Act. In addition, all of the members of the Audit Committee are independent as defined by the rules of the NASDAQ National Market that apply to the Company, and otherwise satisfy NASDAQ's eligibility requirements for Audit Committee membership. All of the members of the Nominating Committee are independent as defined by the rules of the NASDAQ National Market that apply to the Company.

The Audit Committee is currently composed of Dr. Finn and Messrs. Kaiser and Stasior. The Board has determined that Mr. Kaiser is an audit committee financial expert as defined in Item 401(h) of Regulation S-K. The Audit Committee met ten times (including by teleconference) during fiscal 2005. The functions of the Audit Committee include:

appointment of the Company's independent auditors;

reviewing the independence of the independent auditors;

reviewing the annual audit plan of the independent auditors, the results of the independent audit, and the report and recommendations of the independent auditors;

evaluating the adequacy of the Company's internal financial and accounting processes and controls; and

reviewing with management and the independent auditors the annual and interim financial statements of the Company.

A copy of the Audit Committee charter is attached to this proxy statement as Appendix A.

The Compensation Committee, which is currently composed of Dr. Finn and Mr. Stasior, reviews executive salaries, administers the Company's bonus, incentive compensation and stock plans and approves the salaries and other benefits of the Company's executive officers. In addition, the Compensation Committee consults with the Company's management regarding the Company's benefit plans and compensation policies and practices. The Compensation Committee met twice during fiscal 2005.

The Nominating Committee is currently composed of Dr. Finn and Messrs. Kaiser and Stasior. The Nominating Committee did not meet during fiscal 2005. The function of the Nominating Committee is to recommend to the Board of Directors the persons to be nominated for elections as directors at any meeting of stockholders.

Director Candidates

The Board of Directors created a standing nominating committee and adopted a Nominating Committee Charter on September 13, 2004. The Nominating Committee consists entirely of directors who are independent as defined in the rules of the NASDAQ National Market that become applicable to the Company on September 14, 2004. The criteria for selecting all director nominees are specified in the charter of the Nominating Committee. In selecting director nominees for recommendation to the Board of Directors the Committee considers: i) the nominee's reputation for integrity, honesty, and adherence to high ethical standards, ii) the nominee's demonstrated business acumen, financial literacy, experience and ability to exercise sound judgments

in matters that relate to the current and long-term objectives of the Company, and iii) whether the nominee is willing and able to contribute positively to the decision-making process of the Company. A copy of the charter of the Nominating Committee is available on the Investor Relations section of the Company's website at www.opnet.com.

Except where the Company is legally required to provide third parties the right to nominate directors, the Nominating Committee is responsible for recommending to the Board of Directors all nominees for election as directors at any meeting of stockholders and the persons to be elected by the Board of Directors to fill any vacancies on the Board. Stockholders have the right under the Company's Bylaws to directly nominate director candidates, without any action or recommendation on the part of the Board, by following the procedures set forth under Stockholder Proposals for 2006 Annual Meeting. Candidates nominated by stockholders in accordance with the procedures set forth in the Bylaws will not be included in the Company's proxy card for the next annual meeting.

Communications with the Board

Shareholders may communicate with the Board or any of the directors by sending written communications addressed to the Board or any of the directors, c/o Corporate Secretary, OPNET Technologies, Inc., 7255 Woodmont Avenue, Bethesda, MD 20814. The Chairman of the Board, with the assistance of the Company's Corporate Counsel, is primarily responsible for monitoring communications from stockholders and for providing copies or summaries to the other directors.

Code of Business Conduct and Ethics

The Company has adopted a code of business conduct and ethics that applies to all Company directors, officers and employees, including the Company's principal executive officer, principal financial officer, and principal accounting officer or controller, or persons performing similar functions. A copy of the code of business conduct and ethics is posted on the Investor Relations section of the Company's website at www.opnet.com. The Company intends to satisfy the disclosure requirements under Item 10 of Form 8-K regarding amendments to, or waivers from, the code of business conduct and ethics by either providing such information on a Form 8-K filed with the SEC or by posting such information on the Investor Relations section of the Company's website at www.opnet.com. Information contained on the website is not part of this proxy statement.

Compensation of Directors

Directors are reimbursed for reasonable out-of-pocket expenses incurred in attending Board and committee meetings. Prior to July 2004 non-employee directors did not receive cash compensation for serving as directors. Effective July 2004, the Company began paying non-employee directors an annual retainer of \$15,000 and a fee of \$1,000 per day for attending Board or Board Committee meetings in person or by telephone. No director who is an employee of the Company receives separate compensation for services rendered as a director.

The Company's non-employee directors receive automatic annual grants of stock options pursuant to the Company's 2000 Director Stock Option Plan. Each non-employee director will be granted an option to purchase 10,000 shares of Common Stock on the date of each annual meeting of stockholders, provided that he or she is serving as a director immediately following such annual meeting of stockholders. In addition, each person who becomes a non-employee director other than pursuant to election at an annual meeting of stockholders will be granted an option on the date of his or her election to the Board of Directors to purchase a number of shares of Common Stock calculated by multiplying 833 by the number of full calendar months remaining from the date of his or her initial election to the Board of Directors until the first anniversary of the prior year's annual meeting of stockholders.

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These options will have an exercise price equal to the closing price of the Common Stock on the NASDAQ National Market on the date of grant. These options will vest and become exercisable in full at the time of the next annual meeting of stockholders following their grant and will terminate on the earliest to occur of (i) the seventh anniversary of the date of grant or (ii) 30 days after the date on which the recipient ceases to serve as a director.

Compensation of Executive Officers
Summary Compensation Table

The table below sets forth, for the years ended March 31, 2005, 2004 and 2003, the total compensation earned by the Company's Chief Executive Officer and its other executive officers.

Name And Principal Position	Fiscal Year	Annual Compensation		Long-Term Compensation	All Other Compensation (1)
		Salary	Bonus	Awards	
				Shares Underlying Options	
Marc A. Cohen	2005	\$ 250,000	\$ 23,000		\$ 3,000
<i>Chairman of the Board and</i>	2004	220,000		48,000	3,500
<i>Chief Executive Officer</i>	2003	200,000		50,000	3,000
Alain J. Cohen	2005	250,000	23,000		1,750
<i>President and Chief Technology Officer</i>	2004	220,000			3,500
	2003	200,000			3,000
Mel. F. Wesley (2)	2005	101,500(2)	10,000	10,000	4,625
<i>Vice President and Chief Financial Officer</i>					
Joseph W. Kuhn (3)	2005	190,000	6,000		625
<i>Former Vice President and Chief Financial Officer</i>	2004	178,750	15,000	10,000	3,187
	2003	175,000		10,000	3,729

(1) Represents amounts contributed by the Company under its 401(k) plan.

(2) Mr. Wesley was appointed as acting Chief Financial Officer on December 6, 2004 and as Vice President and Chief Financial Officer on July 1, 2005.

(3) Mr. Kuhn resigned as Vice President and Chief Financial Officer on December 2, 2004.

Option Grants in Last Fiscal Year

The following table sets forth each grant of stock options during the year ended March 31, 2005 to the executive officers. All of these options were granted with an exercise price equal to or exceeding the fair market value of the Common Stock on the date of grant.

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (1)
	Number of Shares Underlying Options Granted	Percent Of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	

					<u>5%</u>	<u>10%</u>
Marc A. Cohen						
Alain J. Cohen						
Mel F. Wesley	10,000	3.01	\$ 11.56	7/8/2014	\$ 72,700	\$ 184,237
Joseph W. Kuhn						

- (1) Amounts reported in these columns represent amounts that may be realized upon exercise of the options immediately prior to the expiration of their term assuming the specified compound rates of appreciation (5% and 10%) on the market value of the Common Stock on the date of option grant over the term of the options. These numbers are calculated based on rules promulgated by the SEC and do not reflect the Company's estimate of future stock price growth. Actual gains, if any, on stock option exercises and Common Stock holdings are dependent on the timing of such exercise and the future performance of the Common Stock. There can be no assurance that the rates of appreciation assumed in this table can be achieved or that the amounts reflected will be received by the option holder.

Aggregated Fiscal Year-End Option Values

The table below sets forth information concerning the number and value of unexercised stock options held by each of the executive officers on March 31, 2005. None of the executive officers exercised stock options during the year ended March 31, 2005.

Name	Number of Shares		Value of Unexercised	
	Underlying Unexercised		In-the-Money Options	
	Options at Fiscal Year-End		at Fiscal Year-End (1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Marc A. Cohen	175,000	98,000	\$ 62,750	\$ 62,750
Alain J. Cohen	75,000			
Mel F. Wesley		10,000		
Joseph W. Kuhn				

- (1) The value of unexercised in-the-money options is based upon the difference between the last sales price the Common Stock on March 31, 2005 (\$8.36), as reported on the NASDAQ National Market, less the exercise price per share of \$5.85.

Agreements with Executives

Marc Cohen and Alain Cohen each entered into a non-compete agreement with the Company on September 30, 1997. Under the agreements, Marc Cohen and Alain Cohen each agreed not to compete with the Company during the term of his employment and, in the event that his employment with the Company is terminated either at his voluntary election or by the Company for good cause, for a period of 12 months thereafter. In addition, Marc Cohen and Alain Cohen each agreed not to solicit the Company's employees or customers on behalf of any competitor during the same period. Also, Marc Cohen and Alain Cohen each agreed to protect the Company's confidential information during his employment, except as appropriate in the performance of his duties, and after the termination of his employment.

The Company has also entered into a nondisclosure, non-compete, nonsolicitation and ownership of inventions agreement with Mr. Wesley, under which he has agreed to protect the Company's confidential information during and after the termination of his employment, and not to compete with the Company during the term of his employment and for 12 months after termination of his employment.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about the securities authorized for issuance under the Company's equity compensation plans as of March 31, 2005:

Equity Compensation Plan Information

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Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)(1)
Equity compensation plans approved by security holders	3,572,820	\$ 10.10	2,514,425(2)
Equity compensation plans not approved by security holders			
Total	3,572,820	\$ 10.10	2,514,425

- (1) In addition to being available for future issuance upon exercise of options that may be granted after March 31, 2005, all of the remaining 2,164,685 shares under the Company's Amended and Restated 2000 Stock Incentive Plan (the 2000 Plan) may instead be issued in the form of restricted stock, stock appreciation rights or other stock-based awards.

- (2) Includes 289,740 shares issuable under the Company's 2000 Employee Stock Purchase Plan (the ESPP), including shares issuable in connection with the current offering period which ended on June 30, 2005. Also includes 2,164,685 shares issuable under the 2000 Plan. Under the 2000 Plan, the number of shares available for issuance automatically increases on the first trading day of each calendar year by an amount equal to 3% of the shares of Common Stock outstanding on the last trading day of the preceding calendar year, not to exceed an annual increase of 1,500,000 shares, or a lesser amount determined by the Board. The Board did not approve any increase in shares for issuance on the first trading day of calendar year 2005.

Report of the Compensation Committee on Executive Compensation

This report addresses the compensation policies of the Company applicable to its executive officers during fiscal 2005. The Compensation Committee of the Board of Directors, which is composed of two non-employee directors, administers the Company's executive compensation program. The Compensation Committee is responsible for determining the compensation package of each executive officer, including the Chief Executive Officer.

Executive Compensation Philosophy

The goals of the Board of Directors and the Compensation Committee with respect to executive compensation are to align compensation with business objectives and performance, to enable the Company to attract, retain and reward executive officers and other key employees who contribute to the long-term success of the Company, and to establish an appropriate relationship between executive compensation and the creation of long-term stockholder value. To meet these goals, the Compensation Committee has adopted a mix among the compensation elements of salary, cash bonus and stock options.

The Board of Directors and the Compensation Committee also believe that the compensation of the Chief Executive Officer and the Company's other executive officers should be based to a substantial extent on the Company's performance and adjusted, as appropriate, based on such executive officer's performance against personal performance objectives. Generally, when establishing salaries, bonus levels and stock option awards for executive officers, the Compensation Committee considers: (i) the Company's financial performance during the past year and recent quarters, (ii) the individual's performance during the past year and recent quarters and (iii) the salaries of executive officers in similar positions of companies of comparable size and capitalization and other companies within the network management software industry.

Compensation Components

The three major components of the Company's executive officer compensation are (i) base salary, (ii) annual incentive awards in the form of cash bonuses and (iii) long-term, equity-based incentive awards.

Base Salary. The Compensation Committee meets periodically to set the base salary levels of the Company's executive officers. Effective January 2004, the Compensation Committee increased Marc Cohen's base salary to \$250,000. The Compensation Committee also increased the base salary of the Company's other executive officer effective January 2004. The Compensation Committee did not increase the base salaries of the Company's executive officers during fiscal 2005. When reviewing base salaries, the Compensation Committee considered individual and corporate performance, levels of responsibility, prior experience, breadth of knowledge and competitive pay practices. The Compensation Committee recognizes the importance of maintaining compensation practices and levels of compensation competitive with other software companies in the Company's industry and anticipates reviewing compensation packages at least annually.

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Cash Bonus. The Company's cash bonus program is designed to motivate executives to work effectively to achieve the Company's financial performance objectives and to reward them when objectives are met. Under the cash bonus program, the executive officers receive annual bonuses within the framework of the bonus plans approved by the Compensation Committee for each executive. In accordance with the cash bonus program, the Company awarded cash bonuses for the year ended March 31, 2005 in the aggregate of \$62,000 to its executive officers.

Long-Term Incentive Compensation. The Company's Amended and Restated 2000 Stock Incentive Plan has been established to provide all employees of the Company, including executive officers, with an opportunity to share, along with stockholders of the Company, in the long-term performance of the Company. The Compensation Committee strongly believes that a primary goal of the compensation program is to provide key employees who have significant responsibility for the management, growth and future success of the Company with the opportunity to participate in the financial gain from price increases in the Common Stock. Executives are eligible to receive stock options giving them the right to purchase shares of Common Stock of the Company in the future at a price equal to the fair market value at the date of grant. Unless the Board of Directors, the Compensation Committee or the Chief Executive Officer provides otherwise, option grants to all executives, including the Chief Executive Officer, are exercisable as to one-fourth of the underlying shares on each of the first, second, third and fourth anniversaries of the grant date. Annual grants to executives other than the Chief Executive Officer are considered and approved by the Compensation Committee based upon recommendations made by the Chief Executive Officer at the end of each year based upon (i) the individual executive's performance during that year and (ii) market data relating to option grants to individuals occupying similar positions at comparably situated companies.

During fiscal 2005, the Company granted an option to purchase an aggregate of 10,000 shares of Common Stock to Mel F. Wesley. The option was granted on July 9, 2004 prior to Mr. Wesley's appointment as acting Chief Financial Officer on December 6, 2004. The option vests as to 2,500 shares on each of June 21, 2005, 2006, 2007, and 2008. The Company did not grant options to any other executive officers during fiscal 2005.

Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation in excess of \$1 million paid to the company's chief executive officer and four other most highly compensated officers. Qualifying performance-based compensation will not be subject to the deduction limitation if certain requirements are met. The Compensation Committee periodically reviews the potential consequences of Section 162(m) and may structure the performance-based portion of its executive compensation to comply with certain exemptions in Section 162(m). However, the Compensation Committee reserves the right to use its judgment to authorize compensation payments that do not comply with the exemptions in Section 162(m) when the Compensation Committee believes that such payments are appropriate and in the best interests of the stockholders, after taking into consideration changing business conditions or the officer's performance.

By the Compensation Committee of the Board of Directors.

Steven G. Finn, PhD

William F. Stasior

Compensation Committee Interlocks and Insider Participation

The current members of the Compensation Committee are Dr. Finn and Mr. Stasior. No executive officer of the Company has served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of the Compensation Committee of the Company.

Report of the Audit Committee of the Board of Directors

50,750

72,504

205

123,459

H. George Levy, MD

71,875

72,504

8,028

152,407

W. Alan McCollough

83,875

72,504

8,028

164,407

Dr. Nido R. Qubein

71,875

72,504

8,028

152,407

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

(2) Reflects the grant date fair value computed in accordance with FASB ASC Topic 718. Each director then in office received 3,420 restricted stock units on September 3, 2013. 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 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:

	Units Settleable in Cash	Units Settleable in Shares
John H. Foss	16,514	24,992
Richard M. Gabrys	16,514	24,992
Janet L. Gurwitch	5,000	24,992
David K. Hehl	16,514	24,992
Edwin J. Holman	5,000	24,992
Janet E. Kerr	12,927	24,992
Michael T. Lawton	-	3,420
H. George Levy, MD	16,514	24,992
W. Alan McCollough	16,514	24,992
Dr. Nido R. Qubein	16,514	24,992

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

(4) Mr. Lawton was elected to the board in August of 2013, and his annual retainer was prorated accordingly.

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Stock Ownership Guidelines. Our stock ownership guidelines provide that 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 their annual cash retainer, with five years in which to comply. As of April 26, 2014, each director other than Mr. Lawton had met the ownership requirements. Under our guidelines, Mr. Lawton has until May 1, 2019, to meet the requirement. 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 overseeing our financial reporting process, internal controls and procedures, and compliance with legal and regulatory requirements. The committee and its members do not replace or duplicate the activities of management or the independent registered public accounting firm. Management is responsible for the company's financial reporting process and related internal controls, while the independent registered public accounting firm is responsible for independently auditing the company's financial statements and internal controls in accordance with the auditing standards of the Public Company Accounting Oversight Board. The current audit 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.

The audit committee selects the company's independent registered public accounting firm and manages all aspects of the relationship, including the firm's compensation, retention, replacement and the scope of any additional work. The committee reviews and approves the firm's non-audit services work and fees before the firm performs any such work. In selecting PricewaterhouseCoopers as the company's independent registered public accounting firm for fiscal 2015, the committee evaluated the firm's independence, including receiving and discussing the written disclosures and letter from PricewaterhouseCoopers required by the Public Company Accounting Oversight Board. The committee also discussed with PricewaterhouseCoopers matters that Auditing Standards No. 61, as adopted by the Public Company Accounting Oversight Board, requires be discussed. The committee determined that PricewaterhouseCoopers is independent of the company and management.

In fulfilling its oversight duties, the audit committee met 11 times during fiscal 2014. 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 the company's financial estimates and judgments, internal controls over financial reporting, accounting principles, and 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.

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 26, 2014, for filing with the Securities and Exchange Commission.

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

Audit Fees

For professional services rendered to us for fiscal years 2014 and 2013, PricewaterhouseCoopers LLP has billed us as follows:

	Fiscal 2014	Fiscal 2013
Audit Fees	\$1,465,000	\$1,283,000
Audit Related Fees	-	112,500
Tax Fees	8,898	14,100
All Other Fees	3,000	3,000
Total	\$1,476,898	\$1,412,600

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 for 2013 arise from (i) review of controls related to the implementation of new accounting systems associated with our enterprise resource planning project and (ii) accounting and SEC consultations. Tax fees include fees for tax compliance and advisory services in foreign jurisdictions. All other fees represent accounting research software subscription fees.

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

PROPOSAL NO. 1: ELECTION OF DIRECTORS

Shareholders will elect the entire board of 11 directors to serve a one-year term until our 2015 annual meeting of shareholders when their successors are elected and qualified.

The board, acting through its nominating and governance committee, seeks directors who collectively possess the experience, skills, backgrounds, and qualifications necessary to oversee our company effectively 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 and previous contributions to the board. All of our current directors 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 chart below summarizes our directors' key qualifications, experience, and skills.

La-Z-Boy Board of Directors	Kurt Darrow	John Foss	Richard Gabrys	Janet Gurwitch	David Edwin Hehl	Edwin Holman	Janet Kerr	Michael Lawton	George Levy	Alan McCollough	Nido Qubein
General Experience	ü				ü		ü	ü	ü		ü
Active Executive	ü				ü		ü	ü	ü		ü
CEO Experience	ü			ü		ü				ü	ü
Operating Executive with Significant P&L Responsibility	ü			ü		ü		ü		ü	ü
Public Company Executive Experience	ü	ü				ü		ü		ü	
Other Public Company Board Experience	ü	ü	ü			ü	ü			ü	ü
Corporate Governance Experience	ü	ü	ü		ü	ü	ü		ü	ü	ü
Consumer Focused Company Experience	ü			ü		ü	ü	ü		ü	ü
Diversity of experience			ü	ü			ü	ü	ü		
Functional Expertise											
Finance	ü	ü	ü		ü	ü	ü	ü			ü
Legal	ü	ü				ü	ü				
Human Resources / Compensation	ü	ü	ü	ü		ü			ü		ü
Technology	ü					ü	ü	ü		ü	
Global	ü	ü	ü	ü		ü	ü	ü			ü
Sourcing/Manufacturing	ü	ü	ü	ü				ü		ü	
Strategic Planning	ü	ü	ü	ü	ü	ü	ü	ü		ü	ü
Consumer Marketing / Brand Building	ü			ü		ü	ü	ü		ü	ü
Retail	ü			ü		ü	ü	ü		ü	ü
Mergers and Acquisitions	ü	ü	ü	ü	ü	ü	ü	ü		ü	ü

Upon the recommendation of the nominating and governance committee, the board has nominated for reelection the 11 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
- Michael T. Lawton
- H. George Levy, M.D.
- W. Alan McCollough
- Dr. Nido R. Qubein

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.

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 11 positions. The nominees who receive the highest through the eleventh 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 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 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 59, 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 increasing responsibility, including president of La Z Boy Residential, our largest division. He currently serves as a director of CMS Energy Corp. (an integrated energy company). 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 as director emeritus on its board. He is vice chairman of the board of directors of the Mercy Memorial Hospital Corporation in Monroe, Michigan and 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 35 years at La-Z-Boy Incorporated, qualify him to serve on our board.

John H. Foss, age 71, has been a director since 2001. He retired as Vice President, Treasurer, and Chief Financial Officer of Tecumseh Products Company (manufacturer of compressors). 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. (United Bancorp has entered into a merger agreement which may close shortly before or after the mailing date of our proxy. When the merger is consummated, Mr. Foss is expected to resign as a director of Untied Bancorp.) 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.

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Richard M. Gabrys, age 72, 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 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), and the Detroit Regional Chamber. 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. Within the past five years, Mr. Gabrys also 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 company 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.

Janet L. Gurwitch, age 61, 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 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 67, 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 67, 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 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 served as a director of the independently operated convenience chain store, The Pantry, Inc., from 2005 until 2014, and its chairman from 2009 to 2014 except for a six-month period when he acted as interim chief executive officer. 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 59, has been a director since 2009. She is currently Professor Emeritus of the Pepperdine University School of Law and is Chief Strategy Officer of Exemplify, Inc., a technology knowledge management company. Professor Kerr is the 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. She is a nationally recognized author, lecturer and consultant in the area of securities law compliance, banking law, corporate governance and general corporate law. 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 NYSE listed retailer of apparel and accessories), where she chairs the nominating and governance committee. For six years, she served on the board of directors and as Chair of the Corporate Governance/Nominating Committee of CKE (Carl Karcher Enterprises), a NYSE-traded company. She was also a member of CKE's Compensation Committee and Executive Committee. Professor Kerr is also a recognized entrepreneur having 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.

Michael T. Lawton, age 55, has been a director since 2013. 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 was Domino's Pizza, Inc.'s executive vice president of international from October 2004 until March 2011 and previously served as its senior vice president finance and administration of international. Prior to joining Domino's Pizza, Inc., Mr. Lawton was employed in various financial and general management positions with Gerber Products Company. Mr. Lawton's experience as a public company chief financial officer and in managing a growing international operation of a well-known consumer brand qualifies him to serve on our board.

H. George Levy, M.D., age 64, 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 64, 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. He serves on the boards of VF Corporation (branded apparel) and The Goodyear Tire & Rubber Company, where he serves as Lead Director. Mr. McCollough's experience leading a large publicly traded consumer products company, as well as his service on multiple public company boards, qualifies him to serve on our board.

Dr. Nido R. Qubein, age 65, 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 has served as a director of BB&T Corporation, a provider of banking and financial services, since 1990. 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 of public companies 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.

Security Ownership of Known Over 5% Beneficial Owners
(as of December 31, 2013, except as otherwise indicated)

Name and Address	Number of Shares	Percent of Class
BlackRock Inc. 40 East 52 nd Street New York, NY 10022	4,646,777	8.81
Franklin Resources, Inc. and related parties One Franklin Parkway San Mateo, CA 94403	3,635,942	6.89
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	3,159,329	5.99

Information about BlackRock Inc. and its related companies is based on an amended Schedule 13G they filed jointly after December 31, 2013, in which they reported that as of that date they had sole voting power over 4,482,843 common shares and sole dispositive power over 4,646,777 common shares. The other companies reported as beneficial owners of our common shares were BlackRock Advisors, LLC, BlackRock Investment Management, LLC, BlackRock Investment 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 Fund Management Ireland Limited, BlackRock International Limited, and BlackRock Investment Management (UK) Limited.

Information about Franklin Resources, Inc., Charles B. Johnson and Rupert H. Johnson, Jr., principal shareholders of Franklin Resources, Inc., and Franklin Advisory Services, LLC is based on an amended Schedule 13G they filed jointly after December 31, 2013, in which they reported that as of that date they had sole voting power over 3,385,942 common shares and sole dispositive power over 3,635,942 common shares through their control of Franklin Advisory Services, LLC, a wholly owned subsidiary of Franklin Resources, Inc., that acts as investment manager to various investment companies that hold our shares.

Information about The Vanguard Group, Inc. is based on an amended Schedule 13G it filed after December 31, 2013, in which it reported that as of that date it had sole voting power over 77,213 common shares, sole dispositive power over 3,086,516 common shares and shared dispositive power over 72,813 common shares.

Security Ownership of Current Management
(as of the record date for the annual meeting)

The following table shows the beneficial ownership of our common stock by each director, 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)	Percent of Class	Units Setttable in Cash(3)
Mark S. Bacon, Sr.	141,062	*	-
Kurt L. Darrow	667,798	1.26	-
John H. Foss	40,092	*	16,514
Richard M. Gabrys	33,992	*	16,514
Janet L. Gurwitch	24,992	*	5,000
David K. Hehl(5)	50,448	*	16,514
Edwin J. Holman	27,992	*	5,000
Janet E. Kerr	27,692	*	12,927
Steven M. Kincaid	198,854	*	-
Michael T. Lawton	3,420	*	-
H. George Levy, MD	43,092	*	16,514
W. Alan McCollough	31,992	*	16,514
Dr. Nido R. Qubein	48,737	*	16,514
Louis M. Riccio, Jr.	168,015	*	-
Otis S. Sawyer	80,192	*	-
All current directors and current executive officers as a group (15 persons).(4)	1,588,370	2.98	122,011

* Less than 1%

(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 26, 2014.

(2) These amounts include 3,420 restricted stock units for Mr. Lawton and 24,992 restricted stock units for each other non-employee director which vest and settle in shares when the director leaves the board. See the Fiscal 2014 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 26, 2014, 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.

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

Mr. Bacon	38,769
Mr. Darrow	177,184
Mr. Kincaid	35,478
Mr. Riccio	20,340
Mr. Sawyer	32,843
All current directors and current executive officers as a group	304,614

(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 2014, 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 33.

Executive Summary

Our strategic initiatives have been focused on top line growth, improving our operating income and margin, and operating a profitable and growing retail segment. During fiscal 2014, we continued to progress against our strategic initiatives, which translated into improvements in our operating results. Most prominently, we grew over \$83 million in sales compared with fiscal 2013, improved our operating margin by 25% to 6.6%, and continued to improve our Retail segment profitability as its operating margin increased from 1.5% in fiscal 2013 to 3.7% in fiscal 2014. For a more complete and detailed explanation of our financial results, please review our fiscal 2014 Form 10-K, which can be found on our website at <http://investors.la-z-boy.com> under "SEC Filings."

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 Hay Group, the committee's independent executive compensation consultant, to evaluate our programs during fiscal 2014. We made no significant changes to existing programs during fiscal 2014, but effective April 2013, we adopted a new performance-based retirement plan, the Performance Compensation Retirement Plan (please refer to pg. 29 for more details).

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 2011, 2012 and 2013 were to approve the compensation we paid to our named executive officers. In determining executive compensation for fiscal 2014, the Committee took into account the results of the

advisory votes, which reflected shareholder approval of our compensation philosophy, among the many factors considered. We believe our executive compensation programs continue to provide a competitive pay-for-performance package that helps us attract, retain, and motivate our executives.

The Compensation Committee took the following actions during the year:

· Reviewed and approved increases to base salaries for four named executive officers (see pg. 23)

· Reviewed and approved FY14 Management Incentive Program (MIP) performance levels (sales growth and margin improvement) and FY13 payouts, which were above target levels (see pg. 25)

· Approved FY14 long-term incentive awards composed of stock options (50%) and performance-based shares (50%) and payouts and contingently earned awards for prior performance-based equity grants (see pg. 27)

· Approved the implementation of the Performance Compensation Retirement Plan, including FY14 performance goals and contribution percentages (see pg. 29)

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.

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.

The committee reviews Hay Group's report on the consulting firm's independence on an annual basis. The report includes 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 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 (salary, annual and long-term incentive awards) the committee annually reviews pay data for the chief executive officer and other named officers of peer group companies. The peer group is composed of publicly-traded U.S. companies that generate annual revenues between 50% and 200% of La-Z-Boy's and are either La Z Boy's direct competitors or manufacturing companies with a retail focus. The 14 peer companies considered in setting fiscal 2014 pay levels were as follows:

Acuity Brands, Inc.	Libbey Inc.
Callaway Golf Company	Pier 1 Imports, Inc.
Ethan Allen Interiors, Inc.	Restoration Hardware Holdings, Inc.
Furniture Brands International, Inc.	Select Comfort Corporation
Haverty Furniture Companies, Inc.	Tempur Sealy International
Herman Miller, Inc.	The Toro Company
Knoll, Inc.	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 2015.

For fiscal 2015, the committee approved the addition of three new peer companies:

- Aaron's, Inc. is a specialty retailer of residential furniture and household appliances.
- Interface, Inc. designs, produces, and sells modular carpet tile products.
- The Ryland Group, Inc. is a US homebuilder.

Each company was added to the group based on its conformance to the committee's peer company size and business model criteria. In addition, the committee formally removed Furniture Brands International due to its ineligibility for inclusion in La-Z-Boy's peer group. As of September 2013, Furniture Brands International is no longer a publicly traded company since it filed for Chapter 11 bankruptcy and emerged as private-equity owned Heritage Home Group LLC. These changes result in a peer group of 16 companies for fiscal 2015 with median revenues and market capitalization that provide an appropriate basis of comparison for La-Z-Boy.

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 2014 compensation, the target total direct compensation of our named executive officers as a group was 106% of the median total direct compensation for comparable general industry companies and 81% 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. 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. In addition, the committee annually reviews estimated amounts to be paid to the named executive officers under various employment termination situations, including severance and a change in control of the company.

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:

Compensation Elements

Component	Description	Performance-Based?
Base salary (pg. 23)	Fixed compensation for services rendered	No ¹
Management Incentive Program (MIP) (pg. 24)	Short-term incentive plan that pays cash bonuses to participants based on performance against pre-established goals for net sales and operating margin	Yes
Long-Term Incentives (pg. 26)	Annual awards of stock options and performance shares. Stock options attain value only if our stock price increases following the date of grant. Performance shares are earned based on performance against pre-established goals for net sales and operating margin, and total shareholder return relative to the S&P 600	Yes
Retirement Benefits (pg. 28)	A qualified 401(k) plan and non-qualified executive deferred compensation plan. Amounts contributed to 401(k) and deferred compensation plans are determined by an executive's election. Matching contributions to 401(k) plans in excess of IRC limitations may be credited to the executive deferred compensation plan	No ²
Performance Compensation Retirement Plan (pg. 29)	A non-qualified retirement account to which contributions (% of the sum of base salary + bonus earned) are made by the company depending on performance relative to pre-established operating income goals	Yes

¹ Performance is considered in making any adjustments to base salaries

² Executives may only contribute or elect to defer amounts earned and paid during the year (i.e. actual base salaries and bonuses paid)

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 page 31. These elements are intended to assist us in attracting and retaining quality executive talent and ensure continuity of our leadership.

Total Direct Compensation Mix – Pay-for-Performance

In line with our pay-for-performance philosophy, the majority of each executive's total target direct compensation is performance-based and therefore "at-risk." Target total direct compensation is comprised of base salary, target bonus, and target value of long-term equity incentives. The chart below shows the percentage for our CEO and the average for our other Named Executive Officers.

Base 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 2014

In April 2013, 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 comparison of compensation among various levels of management, and the company's overall performance. The committee approved salary increases for four of the named executive officers, rounded to the nearest thousand dollars.

Salary Changes for Fiscal 2015

Following the end of fiscal 2014, the committee reviewed salary levels for each of our named executive officers. The committee took into consideration a combination of performance, current level of responsibility, and current salary relative to market data provided by Hay Group in determining the appropriate salary changes for the named executive officers. Salaries are rounded to the nearest thousand dollars.

The named executive officers' fiscal 2014 and 2015 salaries are presented in the table below.

	Fiscal 2014 Salary \$ (1)	Fiscal 2015 Salary \$(1)	% Change
Executive			
Kurt L. Darrow	880,000	910,000	3.41
Louis M. Riccio, Jr.	425,000	436,000	2.59
Mark S. Bacon, Sr.	480,000	500,000	4.17
Steven M. Kincaid	380,000	360,000	-5.26
Otis S. Sawyer	350,000	360,000	2.86

(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 2014 Summary Compensation Table on page 33 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.

Fiscal 2014 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, goodwill and other intangible impairments. 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 2014.

The committee set the target financial performance goals to be challenging but achievable. Over the prior five years (fiscal years 2009 to 2013), our payouts under the MIP for overall company financial performance averaged approximately 75% of target.

The following table summarizes the fiscal 2014 MIP performance goals.

Fiscal 2014 MIP Goals

Performance Level	Net Sales		
	(in Billions)	Operating Margin	
Maximum	\$ 1.503	7.8	%
Target	\$ 1.430	6.3	%
Threshold	\$ 1.339	4.3	%

Analysis — 2014 MIP Awards Were Above Target Reflecting Our Financial Performance

Our 2014 company financial performance results exceeded, on a combined basis, the established target levels, reflecting the strong operating results during the year. 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 2014 were above target levels.

Fiscal 2014 MIP Results

Performance Level	Net Sales			
	(in Billions)	Operating Margin		
Maximum	\$ 1.503	7.8	%	
Target	\$ 1.430	6.3	%	
Threshold	\$ 1.339	4.3	%	
Actual (1)	\$ 1.408	6.5	%	
Individual Metric Payout	88	%	113	%
Individual Metric Weight	40	%	60	%
Overall Payout (% of Target)			103	%

(1) Includes sales from our Bauhaus U.S.A. subsidiary and Lea division, which are now classified as discontinued operations, and their negative impact on our operating margin.

Our named executive officers' fiscal 2014 target, achieved performance level, and actual MIP awards, expressed as a percentage of base salary, were as follows:

Executive	Fiscal 2014		Actual Fiscal 2014	
	Target Incentive (% of base salary)	Achieved Performance Level (% of target performance)	Fiscal 2014 Incentive Payout (% of base salary)	Actual Fiscal 2014 Incentive Payout (% of base salary)
Kurt L. Darrow	100	% 103	% 103.0	%
Louis M. Riccio, Jr.	75	% 103	% 77.3	%
Mark S. Bacon, Sr.	75	% 103	% 77.3	%
Steven M. Kincaid	60	% 103	% 61.8	%
Otis S. Sawyer	60	% 103	% 61.8	%

Fiscal 2015 MIP Awards

The committee has approved the following target incentives percentage of base salary for fiscal 2015: 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 2015.

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 or units 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 31.

Fiscal 2014 Grants

Early in fiscal 2014, 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 2014 award types are summarized below.

Stock Options (50% of total fiscal 2014 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 2014 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 2014 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 2014, 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.

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 years 2014, 2015, and 2016, 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. Payouts for sales growth and operating margin results are weighted 50% on fiscal 2014 results, 30% on fiscal 2015 results, and 20% on fiscal 2016 results. Total shareholder return is measured over the entire three-year performance period relative to the performance of the S&P 600 small cap index.

Metric (Total Weight)	Fiscal 2014 Weight (50%)	Fiscal 2015 Weight (30%)	Fiscal 2016 Weight (20%)
Sales Growth (40%)	20%	12%	8%
Operating Margin (40%)	20%	12%	8%
TSR (20%)	20%		

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 2014 when the restrictions lapsed on a portion of restricted grants made in fiscal 2009 and fiscal 2010.

The named executive officers earned payouts on the performance-based equity grants made in fiscal 2012 for the three-year performance period that ended with our fiscal 2014 year end. The performance targets for fiscal 2012 grants were sales of \$1.3 billion for fiscal 2014, operating income of \$70 million for fiscal 2014, and a Total Shareholder Return (TSR) for the 3 year performance cycle equal to the 50th percentile of the TSR of the companies making up the S&P 600 (Small Cap) index. In measuring our performance for these awards, we included sales from our Bauhaus U.S.A. subsidiary and Lea division, which are now classified as discontinued operations, and their negative impact on our operating income. In addition, our awards provide that any restructuring charges and gains or losses on dispositions are not included. On that basis, we achieved sales of \$1.408 billion, operating income of \$91.8 million, and TSR equal to the 94th percentile resulting in the maximum payout for all three goals.

In addition, our performance-based equity grants made in fiscal 2013 and fiscal 2014 (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 2014 operating performance for the fiscal 2013 grant were sales growth of 6% and operating margin of 6%. For fiscal 2014, we achieved sales growth of 5.7% and an operating margin of 6.5%, determined as described above.

The goals established for fiscal 2014 operating performance for the fiscal 2014 grant were sales of \$1.43 billion and operating margin of 6.3%. For fiscal 2014, we achieved sales of \$1.408 billion and an operating margin of 6.5%. Based on our operating results, the named executive officers earned 92.5% of the sales growth target and 150% of the operating margin target for the fiscal 2013 grant and 59.0% of the sales target and 120% of the operating margin target for the fiscal 2014 grant.

These awards for the grants made in fiscal 2013 and fiscal 2014 are earned contingent on the executive's remaining with the company through the end of the three year performance period, when they will be paid.

Our named executive officers also exercised stock options during fiscal 2014. The pre-tax amounts realized from these sources are shown in the fiscal 2014 Option Exercises and Stock Vested table (on page 38).

Fiscal 2015 Grants

Awards made to executive officers the past four fiscal years have included a mix of stock options and performance-based shares. The committee determined that equity grants made June 16, 2014 (for fiscal 2015) 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 2015, the committee granted our named executive officers stock options totaling 199,283 shares and performance-based equity awards covering 88,129 shares (at target).

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. 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. The stock ownership requirement is reset every three years, and in June 2013 we reassessed the share requirement based on each executive's salary and a representative share price at the end of fiscal year 2013. 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. Current stock ownership guideline values and approximate share requirements for the named executive officers are as follows:

	Guideline Value (Multiple of Salary)	Share Requirement
CEO	4x	189,000
Other named executive officers	2x	37,000 – 52,000

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 26, 2014, 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, however, employees who are eligible for the MIP, including our named executive officers, are not eligible to participate in the annual-profit-sharing component of the 401(k) plan, which was introduced for fiscal 2013.

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.

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 participate in the plan, as do 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 percentage factors (which provide different contribution rates based on the company's actual performance compared with the performance criteria for that year and which may vary among participants). If, at the end of the fiscal year, the thresholds are met or exceeded, the account for each executive participating in the plan for the full fiscal year will receive contribution credits measured by the participant's applicable percentage factor 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.

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 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 2013 meeting, the compensation committee set total operating income as the sole performance criterion for fiscal 2014. Named executive officers received contribution credits based on operating income performance relative to threshold and target performance levels and individual percentage factors as follows:

Performance Level	Contribution Percentage Factor *
	CEO: 35%
Target and Above	Other named executive officers: 25%
	CEO: 17.5%
Threshold	Other named executive officers: 12.5%
Below Threshold	All named executive officers: 0%

* Contribution percentage factors are interpolated for performance between threshold and target levels. Contribution amounts equal the contribution percentage factor shown multiplied by the sum of base salary and bonus earned during the fiscal year.

Actual operating income performance of \$91,836,000 exceeded threshold and target performance levels of \$57,600,000 and \$90,000,000, respectively. As a result, Mr. Darrow and the other named executive officers received contributions equal to 35% and 25%, respectively, of the sum of their base salary and bonus earned for fiscal 2014.

At its June 2014 meeting, the compensation committee again set total operating income as the sole performance criteria for fiscal 2015. Named executive officers will receive contribution credits based on the same operating income performance relative to threshold and target performance levels and individual percentage factors as shown in the table above.

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 and the company's matching contributions were limited by either the annual contribution limit — \$17,500 for 2014 — or the annual compensation limit — \$260,000 for 2014, or a contribution to the executive's account in the profit-sharing plan would have caused the plan to fail discrimination testing. Named executive officers' salary and bonus deferrals are detailed in the Fiscal 2014 Non-Qualified Deferred Compensation table on page 39.

The executive's contributions to the 401(k) plan may be returned following discrimination testing for highly compensated personnel, and if so, the contributions returned to executives are not deferrable into this plan.

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.

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 39.

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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.

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

Michael T. Lawton

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EXECUTIVE
COMPENSATION

The Summary Compensation Table and other tables present pay for our named executive officers received for fiscal 2014.

Named Executive Officers as of April 26, 2014

- Kurt L. Darrow (age 59), Chairman, President, and Chief Executive Officer
- Louis M. Riccio, Jr. (age 51), Senior Vice President and Chief Financial Officer
- Mark S. Bacon, Sr. (age 51), Senior Vice President and President La-Z-Boy Branded Business
- Steven M. Kincaid (age 65), Senior Vice President and President Casegoods Product
- Otis S. Sawyer (age 56), 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 2014 for previously granted long-term incentives is presented in the Option Exercises and Stock Vested table on page 38.

Target annual and long-term incentive opportunities for fiscal 2014 are presented in the Grants of Plan-Based Awards table on page 35.

2014 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive		Total (\$)
					Plan Compensation (\$)(3)	All Other Compensation (\$)(4)	
Kurt L. Darrow Chairman, President & Chief Executive Officer	2014	\$874,317	\$1,099,991	\$1,099,965	\$ 900,546	\$ 707,041	\$4,681,860
	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
Louis M. Riccio, Jr Senior Vice President & Chief Financial Officer	2014	\$422,492	\$265,620	\$265,618	\$ 326,375	\$ 204,159	\$1,484,264
	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
Mark S. Bacon Senior Vice President & President La-Z-Boy Branded Business	2014	\$476,991	\$300,004	\$299,984	\$ 368,475	\$ 229,862	\$1,675,316
	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
Steven M. Kincaid Senior Vice President & President Casegoods Product	2014	\$379,993	\$189,990	\$189,988	\$ 234,836	\$ 172,016	\$1,166,823
	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
Otis S. Sawyer	2014	\$348,096	\$175,009	\$174,985	\$ 215,123	\$ 141,100	\$1,054,313

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Senior Vice President & President Non-Branded Upholstered Product	2013	\$337,269	\$137,739	\$156,204	\$210,456	\$363	\$842,031
	2012	\$326,923	\$321,313	\$81,670	\$211,846	\$363	\$942,115

(1) Reflects the value at target of the performance-based awards granted during fiscal 2012, 2013 and 2014. We valued the performance-based share awards using the closing price of La-Z-Boy stock on the date of grant. Of the total long term incentive opportunity, grants for 2012 were composed of stock options (25%) and performance-based shares (75%). The committee determined that the grants for 2013 and 2014 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	2014	2013	2012
Kurt L. Darrow*	\$2,199,981	\$1,718,700	\$3,272,500
Louis M. Riccio, Jr.	\$531,240	\$416,460	\$973,690
Mark S. Bacon, Sr.	\$600,009	\$469,296	\$1,095,390
Steven M. Kincaid	\$379,980	\$308,802	\$720,530
Otis S. Sawyer	\$350,018	\$275,478	\$642,626

*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 2012, Note 14 for fiscal 2013, and Note 16 for fiscal 2014).

(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 2014 consists of the following:

Company contributions to the 401(k) Plan and contributions or credits to the Executive Deferred Compensation and Performance Compensation Retirement Plans of the following amounts: Mr. Darrow \$656,367, Mr. Riccio \$202,037, Mr. Bacon \$228,083, Mr. Kincaid \$166,028 and Mr. Sawyer \$140,805.

Company paid life insurance premiums, physicals and tax reimbursements related to company contributions to the deferred compensation plans (made in the prior year).

Our incremental cost of \$41,304 for Mr. Darrow's personal use of company aircraft, which is calculated by multiplying the aircraft's hourly variable operating cost by a trip's flight time. Variable operating costs consist of fuel, landing and parking fees, variable maintenance, variable pilot expenses for travel and any special catering costs and other miscellaneous variable costs. On certain occasions, his spouse accompanied Mr. Darrow on a flight. No additional incremental operating cost is incurred in such situations under the foregoing methodology. We did not pay Mr. Darrow any amounts in connection with taxes on income imputed to him for personal use of our aircraft.

Grants of Plan-Based Awards

The following table provides details of all incentive plan-based awards granted to the named executive officers during fiscal 2014. Specifically, the table presents the following fiscal 2014 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 shown in the Summary Compensation Table (see page 33).

· Performance-based shares

· Stock options

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Fiscal 2014 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: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise Price or Award Price (\$/Share)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
Kurt L. Darrow										
2014 Annual Incentive (MIP)		174,863	874,317	1,748,634						
Performance-Based Shares	6/17/2013				2,308	57,712	115,424			
Non-Qualified Stock Options	6/17/2013							94,580	19.06	
Louis M. Riccio, Jr.										
2014 Annual Incentive (MIP)		63,374	316,869	633,738						
Performance-Based Shares	6/17/2013				557	13,936	27,872			
Non-Qualified Stock Options	6/17/2013							22,839	19.06	
Mark S. Bacon, Sr.										
2014 Annual Incentive (MIP)		71,549	357,743	715,486						
Performance-Based Shares	6/17/2013				630	15,740	31,480			
Non-Qualified Stock Options	6/17/2013							25,794	19.06	
Steven M. Kincaid										
2014 Annual Incentive (MIP)		45,599	227,996	455,992						
Performance-Based Shares	6/17/2013				399	9,968	19,936			
Non-Qualified Stock Options	6/17/2013							16,336	19.06	
Otis S. Sawyer										
2014 Annual Incentive (MIP)		41,772	208,858	417,716						
Performance-Based Shares	6/17/2013				367	9,182	18,364			
	6/17/2013							15,046	19.06	

Non-Qualified
Stock Options

- (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 (\$19.06). The value of non-qualified stock options is the fair value (\$11.63 per share) and will be expensed over the vesting period.

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Outstanding Equity Awards at 2014 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 25, 2014, of \$24.55.

Name	Grant Year	Option Awards				Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares, Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Other Rights That Have Not Vested
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Exercised Options (#)(1)	Exercise Price (\$)	Option Expiration Date	Number of Units of Stock that Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	(#)(3)	(\$)(3)
Kurt L. Darrow									
Restricted Shares						11,550			
Performance-Based Shares						71,705	1,760,358	86,317	2,119,082
Stock Options	2014	—	94,580	19.06	6/17/2023				
	2013	30,957	92,872	11.97	7/11/2022				
	2012	38,207	38,208	9.35	7/13/2021				
	2011	25,735	8,579	7.75	7/14/2020				
Louis M. Riccio, Jr.									
Restricted Shares						5,174	127,022		
Performance-Based Shares						17,357	426,114	20,888	512,800
Stock Options	2014	—	22,839	19.06	6/17/2023				
	2013	—	22,504	11.97	7/11/2022				
	2012	—	9,263	9.35	7/13/2021				
	2011	—	2,498	7.75	7/14/2020				
Mark S. Bacon, Sr.									
Restricted Shares						5,174	127,022		
Performance-Based Shares						19,573	480,517	23,558	578,349
Stock Options	2014	—	25,794	19.06	6/17/2023				
	2013	8,453	25,358	11.97	7/11/2022				
	2012	5,210	10,420	9.35	7/13/2021				
	2011	2,497	2,498	7.75	7/14/2020				
Steven M. Kincaid									

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Restricted Shares					5,174	127,022		
Performance-Based Shares					12,740	312,767	15,267	374,805
Stock Options	2014	—	16,336	19.06	6/17/2023			
	2013	5,562	16,686	11.97	7/11/2022			
	2012	6,854	6,855	9.35	7/13/2021			
	2011	7,491	2,498	7.75	7/14/2020			

Otis S. Sawyer								
Restricted Shares					5,174	127,022		
Performance-Based Shares					11,469	281,564	13,793	338,618
Stock Options	2014	—	15,046	19.06	6/17/2023			
	2013	4,962	14,886	11.97	7/11/2022			
	2012	6,113	6,113	9.35	7/13/2021			
	2011	7,491	2,498	7.75	7/14/2020			

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

Grant Year	Options Vesting Schedule
2014	Unvested options vest 25% on June 17, 2014, 25% on June 17, 2015, 25% on June 17, 2016, and 25% on June 17, 2017.
2013	1/3 of the unvested options vest on July 11, 2014, 1/3 on July 11, 2015, and 1/3 on July 11, 2016.
2012	50% of the unvested options vest on July 13, 2014 and 50% on July 13, 2015.
2011	Unvested options vest July 14, 2014.

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

	2010	
	Grant(a)	Total
Kurt L. Darrow	11,550	11,550
Louis M. Riccio, Jr.	5,174	5,174
Mark S. Bacon, Sr.	5,174	5,174
Steven M. Kincaid	5,174	5,174
Otis S. Sawyer	5,174	5,174

(a) 25% of the original restricted share grants vested on July 8, 2012 and 25% on July 8, 2013. Unvested shares (the remaining 50%) are shown and vest on July 8, 2014.

The earned but unvested performance-based shares will vest as follows:

	2014	2013	
	Grant(a)	Grant(b)	Total
Kurt L. Darrow	20,661	51,044	71,705
Louis M. Riccio, Jr.	4,989	12,368	17,357
Mark S. Bacon, Sr.	5,635	13,938	19,573
Steven M. Kincaid	3,568	9,172	12,740
Otis S. Sawyer	3,287	8,182	11,469

(a) Earned and unvested shares are shown and vest on April 30, 2016.

(b) Earned and unvested shares are shown and vest on April 25, 2015.

(3) Unearned performance-based shares are shown assuming target performance for fiscal year 2014 for each goal and maximum performance for fiscal year 2013 for each goal.

Name	Performance-Based Shares		Total
	Fiscal		
	year	Fiscal year	
	2014	2013	
	Grant At Target(a)	Grant At Maximum(b)	
Kurt L. Darrow	34,627	51,690	86,317
Louis M. Riccio, Jr.	8,362	12,526	20,888
Mark S. Bacon, Sr.	9,444	14,114	23,558
Steven M. Kincaid	5,981	9,286	15,267
Otis S. Sawyer	5,509	8,284	13,793

(a) Three-year performance period ends fiscal 2016 (April 2016).

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

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 2014.

Option Exercises and Stock Vested in Fiscal 2014

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	119,225	1,307,767	383,048	8,961,489
Louis M. Riccio, Jr.	60,268	1,050,813	112,526	2,635,512
Mark S. Bacon, Sr.	31,013	553,768	127,242	2,986,222
Steven M. Kincaid	47,913	773,036	85,450	1,995,706
Otis S. Sawyer	36,013	637,284	77,118	1,798,821

(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 16, 2014.

Non-Qualified Deferred Compensation

As described in the Compensation Discussion and Analysis above, our named executive officers are eligible to receive contribution credits under our Performance Compensation Retirement Plan, and they are eligible to participate in our Executive Deferred Compensation Plan. The following table provides details for the named executive officers regarding the performance compensation retirement plan adopted in April 2013. Contributions are made in the first quarter following the completion of the fiscal year.

Fiscal 2014 - Non-Qualified Deferred Compensation Under Performance Compensation Retirement Plan

Name	Executive Contribution in FY 2014 (\$)(1)	Registrant Contributions in FY 2014 (\$)(2)	Aggregate Earnings in FY 2014 (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at FYE 2014 (\$)(3)
Kurt L. Darrow	—	\$ 621,202	—	—	\$ 621,202
Louis M. Riccio, Jr.	—	\$ 187,217	—	—	\$ 187,217
Mark S. Bacon, Sr.	—	\$ 211,367	—	—	\$ 211,367
Steven M. Kincaid	—	\$ 153,707	—	—	\$ 153,707
Otis S. Sawyer	—	\$ 140,805	—	—	\$ 140,805

(1) n/a – no executive contributions

(2) Mr. Darrow and the other named executive officers received company contributions equal to 35% and 25%, respectively, of the sum of their base salary and bonus earned for fiscal 2014. Contribution is made in the first quarter following the completion of the fiscal year. These contributions are included in the Summary Compensation Table as part of All Other Compensation.

(3) Accrued balances reflect total company contributions for fiscal 2014. Please refer to page 29 for a discussion of vesting and distribution criteria.

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Non-Qualified Deferred Compensation

The following table provides details for the named executive officers regarding their non-qualified deferred compensation accounts as of April 26, 2014. 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 2014 Non-Qualified Deferred Compensation
Under Executive Deferred Compensation Plan

Name	Executive Contribution in FY 2014 \$(1)	Registrant Contributions in FY 2014 \$(2)	Aggregate	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at FYE 2014 \$(4)
			Earnings in FY 2014 \$(3)		
Kurt L. Darrow	204,287	29,683	228,229	—	2,151,241
Louis M. Riccio, Jr.	79,623	10,620	52,382	—	398,718
Mark S. Bacon, Sr.	—	11,496	(50)	—	29,195
Steven M. Kincaid	—	8,521	177,813	—	1,903,878
Otis S. Sawyer	—	—	(4,783)	—	318,967

(1) Elective deferrals of base salary or fiscal 2013 MIP awards paid in fiscal 2014. Amounts included in Base Salary and Non- Equity Incentive Plan Compensation in the Summary Compensation Table on page 33 are: Mr. Darrow Base Salary \$29,050 and Non-Equity Incentive Plan Compensation \$175,237 and Mr. Riccio Non- Equity Incentive Plan Compensation \$79,623.

(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.

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.

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· 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 31. 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.

· 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: For awards granted prior to fiscal year 2015, 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 a partial award based on the company’s performance up to the executive’s termination of active employment. For awards granted in fiscal year 2015, the executive is eligible to receive a partial payout following the end of the three-year performance period based on the company’s performance in any fiscal years that had been completed at the time the executive retires or becomes disabled.

· 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 2014 performance, which are reported in the Summary Compensation Table on page 33, 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: For awards granted before fiscal year 2015, 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:

· 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

· Pay 50% of the maximum award if the officer's last day of active employment was during the second half of the period.

For awards granted in fiscal year 2015, unless the committee in its discretion determines otherwise, we will make a partial payout at the end of the performance period based on the company's performance in any fiscal years that had been completed at the time of the executive's death.

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 2014 performance, which are reported in the Summary Compensation Table on page 33, 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.

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 \$24.55 of the company’s stock on April 25, 2014 (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)	2,640,000			
Annual Incentive (3 times average actual MIP amount paid in prior 3 years)	1,882,364			
Stock Options (accelerated vesting)	344,227	2,412,463	2,412,463	
Restricted Shares (accelerated vesting)	5,864	283,553	283,553	
Broad-Based Benefits(4)	17,817			10,668
Severance Payment				1,760,000
Total Incremental Pay(3)	4,890,272	2,696,016	2,696,016	1,770,668
Louis M. Riccio, Jr.				
Base Salary (2 times annual salary)	850,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3years)	448,325			
Stock Options (accelerated vesting)	83,540		591,250	
Restricted Shares (accelerated vesting)	2,627		127,022	
Broad-Based Benefits(4)	33,880			16,648
Severance Payment				425,000
Total Incremental Pay(3)	1,418,372		718,272	441,648
Mark S. Bacon, Sr.				
Base Salary (2 times annual salary)	960,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	501,440			
Stock Options (accelerated vesting)	94,015		660,963	
Restricted Shares (accelerated vesting)	2,627		127,022	
Broad-Based Benefits(4)	28,768			14,054
Severance Payment				480,000
Total Incremental Pay(3)	1,586,850		787,985	494,054
Steven M. Kincaid				
Base Salary (2 times annual salary)	760,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	338,099			
Stock Options (accelerated vesting)	61,536	445,757	445,757	
Restricted Shares (accelerated vesting)	2,627	127,022	127,022	
Broad-Based Benefits(4)	19,811			9,644
Severance Payment				380,000
Total Incremental Pay(3)	1,182,073	572,779	572,779	389,644
Otis S. Sawyer				

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Base Salary (2 times annual salary)	700,000			
Annual Incentive (2 times average actual MIP amount paid in prior 3 years)	300,135			
Stock Options (accelerated vesting)	55,605	404,752	404,752	
Restricted Shares (accelerated vesting)	2,627	127,022	127,022	
Broad-Based Benefits(4)	8,148			3,896
Severance Payment				350,000
Total Incremental Pay(3)	1,066,515	531,774	531,774	353,896

1. Reflects value as of April 25, 2014, 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:

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 (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 those of our shareholders. 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 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 our 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. 2.

PROPOSAL NO. 3:

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 2015. PricewaterhouseCoopers LLP acted as our independent registered public accounting firm for fiscal 2014, 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 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. The audit committee will reconsider the selection if it is not ratified. 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 2015 is ratified.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSAL NO. 3.
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OTHER MATTERS

Next Annual Meeting

Shareholder Proposals for the 2015 Annual Meeting

Pursuant to 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 2015 proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, we must receive it on or before March 11, 2015.

Our bylaws provide that a shareholder may nominate a candidate for election as a director at an annual meeting of shareholders, or propose business for consideration at such meeting outside of Rule 14a-8, only by written notice containing the information required by the bylaws delivered to the Secretary at our principal executive offices not later than the 90th day, and not earlier than the 120th 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 2015 annual meeting must be received by the Secretary on or after April 22, 2015, and no later than May 22, 2015. 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.

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, 2014

We will send you a copy of our Form 10-K Annual Report for the fiscal year ended April 26, 2014, 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.

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VOTE BY INTERNET - 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 proxy 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.

O VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. KEEP THIS PORTION FOR YOUR RECORDS For Withhold For All All All Except To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. The Board of Directors recommends you vote FOR the following: 01 Kurt L. Darrow 02 John H. Foss 03 Richard M. Gabrys 04 Janet L. Gurwitch 05 David K. Hehl 06 Edwin J. Holman 07 Janet E. Kerr 08 Michael T. Lawton 09 H. George Levy, MD 10 W. Alan McCollough 11 Dr. Nido R. Qubein The Board of Directors recommends you vote FOR proposals 2 and 3 For Against Abstain. 2 To approve, on an advisory basis, the compensation of the Company's named executive officers as set forth in the Proxy Statement. 3 Board's proposal to ratify PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2015. NOTE: In their discretion the Proxies are authorized to act upon such other business as may properly come before the meeting or any adjournment thereof. When shares are held by joint tenants both should sign. When signing as attorney, as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

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.

LA-Z-BOY INCORPORATED
Annual Meeting of Shareholders
August 20, 2014 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 20, 2014 at 11:00 A.M., Eastern Daylight 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 and 3.

Continued and to be signed on reverse side

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: KEEP THIS PORTION FOR YOUR RECORDS DETACH AND RETURN THIS PORTION ONLY THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. KEEP THIS PORTION FOR YOUR RECORDS For Withhold For All All All Except To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below. The Board of Directors recommends you vote FOR the following: 01 Kurt L. Darrow 02 John H. Foss 03 Richard M. Gabrys 04 Janet L. Gurwitch 05 David K. Hehl 06 Edwin J. Holman 07 Janet E. Kerr 08 Michael T. Lawton 09 H. George Levy, MD 10 W. Alan McCollough 11 Dr. Nido R. Qubein The Board of Directors recommends you vote FOR proposals 2 and 3 For Against Abstain. 2 To approve, on an advisory basis, the compensation of the Company's named executive officers as set forth in the Proxy Statement. 3 Board's proposal to ratify PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2015. NOTE: In their discretion the Proxies are authorized to act upon such other business as may properly come before the meeting or any adjournment thereof. When shares are held by joint tenants both should sign. When signing as attorney, as executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person. Signature [PLEASE SIGN WITHIN B
