



LA-Z-BOY INCORPORATED COMPENSATION COMMITTEE CHARTER

Mission

The Committee's primary responsibility is to assist the Board of Directors (the "Board") in fulfilling its responsibility to oversee the adoption and administration of fair and competitive executive and outside Director compensation programs.

Organization

The Committee shall be comprised of not less than three members of the Board. All of the members will be outside (non-employee) directors. A minimum of two members will have previously served on a Compensation Committee of a Board (including the La-Z-Boy Compensation Committee).

A Subcommittee, comprised of Compensation Committee members, may be established to administer the stock-related employee plans in which executive officers may participate. Members of the Subcommittee shall qualify as "non-employee directors," "outside directors" and be "independent" as required by the SEC, the Internal Revenue Code, the NYSE listing standards, and any other legal requirements as shall from time to time be in effect. The Board of Directors shall determine the "independence" of directors for this purpose, as evidenced by its election of such Subcommittee members.

Based on the recommendations of the Nominating and Corporate Governance Committee, the Board shall review the composition of the Committee annually, and will fill vacancies. The full Board will appoint Chairmen from among the Committee and Subcommittee members, respectively.

Removal of a Compensation Committee or Subcommittee member, or replacement of the Chairman will require a majority vote by the members of the Board of Directors.

A simple majority of committee members constitutes a quorum for the conduct of business. Participation in a meeting by means of conference telephone or similar communications equipment through which all persons participating in the meeting can communicate with the other participants constitutes presence in person at the meeting.

The vote of a majority of a quorum of members present is sufficient to take official action on behalf of the committee, except as hereinafter provided. Members must be present in order to vote (e.g., no proxy voting is to be permitted).

Should any Committee or Subcommittee member find themselves in a situation where a pending decision may constitute a potential conflict of interest, that committee member will notify the other members of the potential conflict and abstain from the decision making process.

Official committee action may also be taken by unanimous written consent of the members of the committee.

Implementation of decisions made by the committee will be delegated to the Chief Financial Officer and/or Vice President of Human Resources.

Executive Compensation Philosophy

The Company's executive compensation philosophy shall be to position total compensation *opportunities* at a competitive level that is commensurate with the Company's size and performance relative to selected peer companies and credible third-party surveys, such that total compensation is paid at competitive market-median levels when the Company performs as expected.

Key Responsibilities

The Committee will adopt and periodically review the total compensation philosophy covering senior officers identified as executive officers of the Company, as defined for SEC reporting purposes (the "Executive Officers"). The Committee, utilizing the services of outside consultants as appropriate, will periodically review the competitiveness of the total compensation practices of the Company, comparing the relationship between pay practices and the financial performance of the Company. The Committee will possess sole authority to retain, at the Company's expense, and terminate the consulting firms engaged to assist the Committee. The Committee may also conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities and may retain, at the Company's expense, such independent counsel or other advisers as it deems necessary.

The members of the Committee have a responsibility to become familiar with the Company's various compensation plans and the responsibilities associated with such plans. The Vice President of Human Resources will generally be responsible for keeping Committee members current regarding these topics and will work with the Company's finance personnel and legal counsel to assemble appropriate materials and take other measures to create and maintain an appropriate level of knowledge.

The Committee shall meet at least twice annually (and more frequently as deemed appropriate by the Committee Chairman). The following shall be the common recurring activities of the Committee and Subcommittee in carrying out its oversight function. These activities are set forth as a guide with the understanding that the Committee and Subcommittee may diverge from this guide as appropriate given the circumstances.

1. Reviewing and authorizing all compensation actions affecting all Executive Officers of the Company and, where appropriate, other key executives.
 2. Reviewing and authorizing the terms and conditions of proposed annual bonus plans applicable to Executive Officers of the Company; establishing performance criteria (with input from Company management) relating to such incentive bonus plans; and determining whether such criteria have been met prior to the payment of such awards.
 3. Reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance as compared to established goals, and setting compensation based on the evaluation.
-

4. Evaluating the performance of other Executive Officers with input from the CEO.
5. Reviewing proposed stock compensation plans and other incentive plans and all proposed changes to these plans and either authorizing or recommending that the full Board and/or the stockholders of the Company authorize such plan amendments. Administering these plans and (with input from Company management) establishing and evaluating performance criteria for awards and designating the classification of employees of the Company to whom awards are to be granted, the number of shares subject to each award and the other terms of awards.
6. Reviewing and approving all other executive compensation arrangements, including, but not limited to, other incentive plans, non-qualified deferred compensation plans, executive retirement plans, perquisites, change-in-control agreements, and severance agreements.
7. Reviewing compliance by executives with stated stock ownership goals.
8. Retaining the services of an outside consultant periodically to review the competitiveness of the compensation and benefits package for the Executive Officers of the Company.
9. Reviewing and authorizing disclosures to be made in the name of the Committee concerning the executive compensation programs of the Company and reviewing and authorizing other information concerning these programs to be disclosed in the Company's annual proxy statement.
10. On a regular basis the Committee will report to the full board of Directors as to their activities (and any salient outstanding issues), such as corporate goals and objectives and the CEO's performance and compensation.
11. The Committee shall annually conduct an evaluation of its own performance and, in light of this, consider changes in its membership, charter or procedures. The Committee shall report to the Board the results of its evaluation, including recommended charter, membership and other changes.

The Charter may be amended or modified at any time by majority vote of the Board of Directors.
