

2009 PROXY AND ANNUAL FINANCIAL STATEMENTS

Herman Miller, Inc., and Subsidiaries

Herman Miller is a 100-year-old-plus company that places great importance on design, the environment, community service, and the health and well-being of our customers and our employees. Innovative ways to improve the performance of our customers' organizations have become our hallmark. Our award-winning furniture, services, and other products are available through retailers and dealers around the world. Whether your world is an office, a school, a home, or a hospital—and whether you are a customer, an employee, a shareholder, or a member of our community—we work hard to create a better world around you.



ANNUAL MEETING OF SHAREHOLDERS

PROXY STATEMENT

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September 3, 2009

Dear Shareholder,

Last year was tough on businesses and people around the world. The economic crisis hit Herman Miller and our industry hard, and we're still feeling it. The employees of Herman Miller, despite employment reductions, a 10 percent cut in hours and pay, and some benefit reductions, have responded with thoughtful determination. Our customers have continued to receive the same impeccable quality and outstanding service they have come to know from Herman Miller and our dealer partners. We ended the year profitably and are well positioned to take advantage of the opportunities we know the economic downturn will offer us.

In June, because the hard work on the parts of many people had put us in a good position financially, we were able to acquire Nemschoff, a \$90 million manufacturer of healthcare furniture. This alone is a good indication of the extraordinary performance of Herman Miller people under uncertain and rough conditions. On top of that, we launched several exciting new products, including the award-winning Embody® and Setu™ chairs.

We don't believe we will see the end of what some are calling "The Great Recession" until the spring of 2010. We believe our business is stable, and we are continuing to invest in the capabilities and products that will enable us to grow and prosper as the general economy improves.

Where we stand financially and why

In the long run, our financial objective must be to create positive economic value for our shareholders, which includes our employees. Given a dramatic drop in demand for our products, our focus this past year has been on ensuring that we have the financial flexibility to endure the downturn and the strength to invest in things that will give us a lasting advantage when the market recovers. While we did not meet our objectives for improving EVA® or creating value for our shareholders this past year, we did an incredible job of adjusting our costs to respond to the lower demand, conserving our cash, and implementing changes to our balance sheet.

While Herman Miller's level of debt was modest for a company of our size, nevertheless we decided to use some of our cash to repay \$75 million of our debt to increase our financial strength. We restructured some of our banking relationships to ensure we had the flexibility to work through this difficult period. We also significantly reduced our dividend to help conserve cash that we could then use to reduce our debt and invest in programs for the future.

Financial highlights

It was a year of dramatic changes in the economy that had a significant negative impact on each of our business units. In total, sales were down 19 percent, and orders were down 22 percent. These two figures do not adequately reflect the severity of the economic impact: our top line was down 34 percent in the second half of the year. While we have a business model that includes a variable cost structure, we had to act swiftly to position the business for the new economic reality. By the end of the year we reduced our cost structure by 26 percent, and we were able to complete the year with \$151 million of operating income, or 9.3 percent of sales. This included a 5.9 percent operating income performance in the fourth quarter, despite a 38 percent year-over-year decline in revenue. In addition to the cost reduction efforts, we renegotiated our revolver during the most challenging credit crisis in U.S. history and received less restrictive covenants in the process, clearly a testament to our financial position. Altogether, these actions right-sized our business and helped to generate \$92 million of cash from operations and a cash and investment balance of \$204 million.

All in all, our actions this past year were focused on ensuring our financial strength and competitive position while continuing to invest in our future.

Other accomplishments

Strengthening the Herman Miller brand and better integrating strategy, R&D, and marketing

Our new website, which by now I hope you have seen, is a great improvement—more visual, easier for specifiers and customers to use, more in line with the many facets of our company. The Marketing team produced *Herman Miller Tales*, a modular video of four of our unique stories. We plan to add more, and you can see this on our website at hermanmiller.com/About-Us.

Introduction of new products

We launched Embody last October at Orgatec and the Setu chair at NeoCon this June, where it won two awards. We have redesigned the Celle® chair, increasing its comfort and expanding its market. And so, simultaneously, we have our competitors playing catch-up at the high-end of the task chair market and working to fill an entirely new category created by Setu.

International introduced Sense® tables, Abak® Environments Bench, and Cubix™. Intent™ furniture was added to our systems offering. We have new, low-cost filing and storage through the fast market response work by the filing and storage team. And our new Herman Miller Energy Manager, a fantastic way to save energy at the workstation level, has led to recent wins.

The expansion of our retail footprint

Costco customers have enthusiastically welcomed good design in the form of the Equa® and Caper® chairs, thousands of which we shipped last year to Costco stores around the country. Based on the first year's results, I think we have found a good partner for the future, and we are working on some new products that will expand our relationship.

Our dealers and "the last mile"

The application of Herman Miller Performance System (HMPS) principles to the crucial work our dealers do for customers has become a strong point of competitive advantage and differentiation. Customers actually see a difference—cleaner, more organized job sites and significantly reduced installation time.

Strengthen our distribution in Asia

Last August, right before the Olympics, we signed an alliance agreement with POSH, a Hong Kong-based office furniture manufacturer. Distribution is a real challenge in China, and POSH has a strong channel, with over 20 dealers.

Our alliance with Legrand

Legrand North America, which sells Wiremold products, is part of The Legrand Group. This well-regarded company employs over 34,000 people worldwide and had sales of over \$4.5 billion in 2008. Wiremold/Legrand is the industry leader in cable and wire management systems, as well as an innovative manufacturer of electrical and network infrastructures. By embedding our Convia™ product in the Wiremold ceiling and floor electrical boxes, we will be giving a huge new group of customers ways to manage and conserve energy, increase the flexibility of their buildings, and improve the productivity of their employees. This alliance will add 400 people selling the Convia solution and the Herman Miller Energy Manager. It is a major achievement and, we hope, a turning point in the commercialization of Convia.

What's Ahead?

You can believe my team and I have spent a lot of time considering the answer to that question. To be blunt—no one knows for sure. Based on the work that Herman Miller employees have done this past year, the new capabilities we have in place, and the spirit of the people of Herman Miller, I am very confident in our long-term future. I believe in the long run our ability to grow and find new customers and markets will result in great value to you, our shareholders.

Thanks to each and every one of our shareholders for your support. We know that the financial performance last year was not up to our expectations; yet we also believe that we are in a great position to create value for shareholders, which includes Herman Miller employees.

I honestly believe it has been one of the toughest years since Herman Miller's founder had to deal with the Great Depression in 1930. That crisis led DJ De Pree and Herman Miller into a wonderful new opportunity—"modern" furniture and industrial design. I am confident that as we keep our eyes open, and our community healthy, we are beginning a great new time for Herman Miller right now.

Sincerely,



Brian C. Walker
President and Chief Executive Officer

Notice of Annual Meeting of Shareholders

The annual meeting of the shareholders of Herman Miller, Inc. (the "company"), will be held on October 15, 2009 by means of remote communication on the Internet at the Company's web site, www.hermanmiller.com, at 11:00 a.m. (EDT) for the following purposes:

1. To elect five directors, one for a term of one year and four for a term of three years
2. To consider and vote upon a proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm
3. To transact such other business as may properly come before the meeting or any adjournment thereof

Shareholders of record at the close of business on August 17, 2009, will be entitled to vote at the meeting.

Please note that this year's Annual Meeting will be held via the Internet only. The accompanying proxy materials include instructions on how to participate in the meeting and the means by which you may vote your shares of Company stock.

We encourage you to vote your Proxy, at your earliest convenience, by one of the following means:

By visiting www.proxyvote.com on the Internet;

And if you request paper materials

By calling (within the U.S. or Canada) toll free at 1-800-690-6903; or

By signing and returning your Proxy card

You may also vote at the meeting by faxing your Proxy to (616) 654-7218 before the polls are closed during the meeting. Regardless of whether you expect to attend the meeting through the Internet, please vote your shares in the one of the ways listed above.

By order of the Board of Directors

Daniel C. Molhoek, Secretary to the Board September 3, 2009

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Herman Miller, Inc.

855 East Main Avenue
PO Box 302
Zeeland, Michigan 49464-0302

Proxy Statement Dated September 3, 2009

This Proxy Statement and the accompanying Proxy, which are being made available to shareholders on or about September 3, 2009, are furnished to the shareholders of Herman Miller, Inc., in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting of Shareholders. This meeting will be held on October 15, 2009 at 11:00 a.m. (EDT). Please note that this year's Annual Meeting will be held via the Internet rather than in person.

How to Participate in the Electronic Meeting

In order to participate in this year's Annual Meeting, please log on to www.hermanmiller.com and click on the "About Us" then "For Our Investors" section and the "Annual Meeting Webcast" link at least 15 minutes prior to the start of the 11:00 a.m. meeting to provide time to register and download the required audio software if needed. All shareholders will need to register by entering your name and, if you would like to ask a question during the meeting, you will also need to enter the 12-digit control number received with your Notice or Proxy. Questions that would be appropriate to raise in person and that relate to the purpose of the meeting will be accepted during the meeting. To submit questions, please access the Annual Meeting Webcast and select "Ask a Question."

Solicitation of Proxies and Voting

Each shareholder, as an owner of the company, is entitled to vote on matters scheduled to come before the annual meeting. The use of proxies allows a shareholder to be represented at the annual meeting if he or she is unable to attend the meeting via the Internet.

You can vote by any of the following methods

- **Vote by Internet Before the Annual Meeting** Use your computer to access the website listed on the Proxy (or the written Notice mailed to you) and, with the Proxy or Notice in hand, record your vote. The deadline for internet voting is 11:59 p.m., EDT, on October 14, 2009.

If you request paper materials you may also

- **Vote by Telephone** Call the toll free telephone number provided with your Proxy and, with the Proxy in hand, follow the instructions. The deadline for telephone voting is 11:59 p.m. EDT on October 14, 2009.
- **Vote by Mail** Complete, date, and sign your Proxy. Mail it in the prepaid envelope provided so that it reaches us before October 15, 2009.
- **Vote by Facsimile During the Annual Meeting** You may vote by facsimile during the Annual Meeting prior to the announcement that the polls are closed. You may do so by faxing a marked and signed copy of your Proxy to 1-616-654-7218.

If your Proxy is properly executed, the shares represented by the Proxy will be voted at the Annual Meeting of Shareholders and at any adjournment of that meeting. Where shareholders specify a choice, the Proxy will be voted as specified. If no choice is specified, the shares represented by the Proxy will be voted for the election of all nominees named in the Proxy and for the proposal described in this Proxy Statement.

A Proxy may be revoked prior to its exercise by (i) delivering a written notice of revocation to the Secretary of the company, (ii) executing and delivering a Proxy at a later date, or (iii) attending the meeting via the Internet and voting via fax. However, attendance at the meeting does not automatically serve to revoke a Proxy.

Election of Directors

The Board of Directors has nominated Michael A. Volkema, Paget L. Alves, Douglas D. French, John R. Hoke III, and James R. Kackley for election as directors. Mr. Volkema has been nominated to serve a one-year term until the 2010 annual meeting of shareholders; the other four nominees would serve until the annual meeting in 2012. Under our Bylaws, our directors serve in three separate classes, each having a term of three years and each class is to be nearly equal in number to the other classes. In order to accomplish that objective, Mr. Volkema is being nominated to serve in the class of directors whose term expires in 2010. Each of the nominees previously has been elected as a director by our shareholders, except for Mr. Alves who was appointed to the Board in fiscal 2008.

The latter portion of this Proxy Statement contains more information about the nominees. Unless otherwise directed by a shareholder's proxy, each person named as proxy voters in the accompanying proxy will vote for the nominees named above. If any of the nominees become unavailable, which is not anticipated, the Board of Directors, at its discretion, may designate substitute nominees, in which event the enclosed proxy will be voted for such substituted nominees. Proxies cannot be voted for a greater number of people than the number of nominees named.

A plurality of the votes cast at the meeting is required to elect the nominees as our directors. Accordingly, the five people who receive the largest number of votes cast at the meeting will be elected as directors. Shares not voted at the meeting, whether by abstention, broker non-vote, or otherwise, will not be treated as votes cast at the meeting.

The Board of Directors recommends a vote FOR the election of each person nominated by the Board.

Ratification of Appointment of Independent Registered Public Accounting Firm

Our Audit Committee has appointed Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for the fiscal year ending May 29, 2010. Representatives of Ernst & Young will be present at the annual meeting of shareholders and available to respond to appropriate questions submitted in advance. The Ernst & Young representatives will have the opportunity to make a statement if they so desire.

Although the submission of this matter for approval by shareholders is not legally required, our Board of Directors believes that such submission follows sound corporate business practice and is in the best interests of our shareholders. If our shareholders do not approve the selection of Ernst & Young, the selection of this firm as our independent registered public accounting firm will be reconsidered by the Audit Committee.

The Board of Directors recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

Disclosure of Fees Paid to Independent Auditors

Aggregate fees billed to us for the fiscal years ended May 31, 2008, and May 30, 2009 by our independent registered public accounting firm, Ernst & Young, were as follows:

Fiscal Year Ended	May 31, 2008	May 30, 2009
Audit Fees ⁽¹⁾	1,252,000	1,251,050
Audit Related Fees ⁽²⁾	26,000	30,600
Tax Fees ⁽³⁾	91,000	32,850
All Other Fees	0	0
Total	\$1,369,000	\$1,314,500

(1) Includes fees billed for the audit of and accounting consultations related to our consolidated financial statements included in Form 10-K, including the associated audit of our internal controls, the review of our financial statements included in our quarterly reports in Form 10-Qs, and services in connection with statutory and regulatory filings.

(2) Includes fees billed for audits of employees benefits plans and accounting consultations that are unrelated to the audit or review of financial statements.

(3) Includes fees billed for tax compliance, tax advice and, tax planning.

Our Audit Committee has adopted a policy for pre-approving all permissible services performed by Ernst & Young and other firms. This policy requires the Committee's pre-approval of all services that may be provided by our independent registered public accounting firm and certain audit services provided by other firms. The policy authorizes the committee to delegate to one or more of its members pre-approval authority with respect to permitted services. All of the services provided by Ernst & Young under the captions "Audit Fees," "Audit Related Fees," and "Tax Fees" were approved by the Audit Committee under this policy.

Voting Securities and Principal Shareholders

On August 17, 2009, we had 55,844,151 shares of common stock issued and outstanding, par value \$.20 per share. Shareholders are entitled to one vote for each share of common stock registered in their names at the close of business on August 17, 2009, the record date fixed by our Board of Directors. Votes cast at the meeting and submitted by proxy will be tabulated by our transfer agent. As of August 17, 2009, no person was known by management to be the beneficial owner of more than five percent of our common stock, except as follows.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Barclays Global Investors, NA 45 Fremont Street San Francisco, CA 94105	4,508,792 ⁽¹⁾	8.07
Columbia Wanger Asset Management L.P. 227 West Monroe Street, Suite 3000 Chicago, IL 60606	3,938,600 ⁽²⁾	7.05

(1) This information is based solely upon information as of December 31, 2008 contained in the 13G filed on February 5, 2009 by Barclays Global Investors, NA with the SEC, including notice that it has sole voting power as to 3,782,132 shares and sole dispositive power as to 4,508,792 shares.

(2) This information is based solely upon information as of December 31, 2008 contained in the 13G filed on February 5, 2009 by Columbia Wanger Asset Management L.P. with the SEC, including notice that it has sole voting power as to 3,731,500 shares and sole dispositive power as to 3,938,600 shares.

Director and Executive Officer Information

Security Ownership of Management

The following table shows, as of August 17, 2009, the number of shares beneficially owned by each of the Named Executive Officers (NEOs) identified in the executive compensation tables of this Proxy Statement and by all directors and executive officers as a group. Except as described in the notes following the table, the following persons have sole voting and dispositive power as to all of their respective shares.

Name	Amount and Nature of Beneficial Ownership ⁽¹⁾	Percent of Class ⁽²⁾
Brian C. Walker	429,936	.77
Gregory J. Bylsma	19,040	.03
Curtis S. Pullen	31,190	.06
Donald D. Goeman	74,671	.13
Andrew J. Lock	75,956	.14
Kristen L. Manos	8,180	.01
Elizabeth A. Nickels	223,150	.40
All executive officers and directors as a group (23 persons)	3,901,030	6.99

(1) Includes the following number of shares with respect to which the NEOs have the right to acquire beneficial ownership under stock options exercisable within 60 days:

Mr. Walker—170,572; Mr. Bylsma—15,481; Mr. Pullen—19,090; Mr. Goeman—65,627; Mr. Lock—41,085; and Ms. Nickels—163,479.

(2) Calculated based on the number of shares outstanding plus the option shares referred to in footnote (3) below.

(3) Included in this number are 894,997 shares with respect to which executive officers and directors have the right to acquire beneficial ownership under options exercisable within 60 days.

Director and Executive Officer Information *(continued)*

The Board of Directors

The information in the following table relating to each nominee's and director's age, principal occupation or employment for the past five years, and beneficial ownership of shares of common stock as of August 17, 2009, has been furnished to us by the respective nominees and directors. Except as described in the notes following the table, the following nominees and directors have sole voting and dispositive power as to all of the shares set forth in the following table.

Name and Principal Occupation	Age	Year First Became a Director	Shares Owned ⁽¹⁾	Percent of Class ⁽²⁾
Nominee for Election as Director for Term to Expire in 2010				
Michael A. Volkema Since 2000— Chairman of the Board, Herman Miller, Inc. July 1995 to July 2004 Chief Executive Officer, Herman Miller, Inc.	53	1995	218,950	.39
Nominees for Election as Director for Term to Expire in 2012				
Paget L. Alves Since February 2008— President, Sales & Distribution, Sprint Nextel September 2006 to February 2008 President, South Region Sales & Distribution, Sprint Nextel June 2005 to September 2006 Senior Vice President, Enterprise Markets, Sprint Nextel November 2003 to June 2005 President, Strategic Markets, Sprint	55	2007	4,160	.01
Douglas D. French Since June 2007— Managing Director, Santé Health Ventures May 2004 to May 2007 Principal, JD Resources, LLC January 2000 to May 2004 President and Chief Executive Officer, Ascension Health	55	2002	47,316	.08
John R. Hoke III Since March 2008— Vice President, Global Footwear, Converse, Inc. From July 2003 – March 2008 Vice President, Global Footwear Design, NIKE, Inc.	44	2005	9,779	.02
James R. Kackley Since May 2002— Director of various companies	67	2003	38,904	.07

Director and Executive Officer Information *(continued)*

Directors Whose Terms Expire in 2011

Mary Vermeer Andringa Since February 2003— President and Chief Executive Officer, Vermeer Corporation	59	1999	55,398	.10
Lord Brian Griffiths of Fforestfach Since 1991— International Advisor, Goldman Sachs International Limited and House of Lords, United Kingdom	67	1991	79,971	.14
J. Barry Griswell May 2008 to December 2008 Chairman of the Board, Principal Financial Group, Inc. and Principal Life From June 2006 to May 2008 Chairman and Chief Executive Officer, Principal Financial Group, Inc. and Principal Life From January 2002 to June 2006 Chairman, Chief Executive Officer and President, Principal Financial Group, Inc. and Principal Life	60	2004	19,202	.03
Mark S. Nemschoff Since June 2009— Consultant to Herman Miller 1973 to June 2009 President and Chief Executive Officer, Nemschoff Chairs, Inc.	63	2009	2,041,666	3.66
Brian C. Walker Since July 2004— President and Chief Executive Officer, Herman Miller, Inc. March 2003 to July 2004 President and Chief Operating Officer, Herman Miller, Inc.	47	2003	429,936	.77

Directors Whose Terms Expire in 2010

C. William Pollard Since April 2002— Chairman Emeritus, The Service Master Company January 2005 to December 2006 Chairman of the Board, Unum Provident Corporation March 2003 to January 2005 Co-Chairman of the Board, Unum Provident Corporation	71	1985	62,298 ⁽³⁾	.11
Dorothy A. Terrell Since April 2003— Venture Partner, First Light Capital April 2005 to June 2007 President and Chief Executive Officer, Initiative for a Competitive Inner City	64	1997	36,469	.07
David O. Ulrich Since 1982— Professor, University of Michigan Business School	55	2001	90,658	.16

(1) Shares shown for each director include the following number of shares which that director has the right to acquire beneficial ownership under stock options exercisable within 60 days: 31,037 shares for Mr. French; 32,460 shares for Mr. Kackley; 16,948 shares for Ms. Andringa; 25,605 shares for Lord Griffiths; 170,572 shares for Mr. Walker; 33,573 shares for Mr. Pollard; 26,775 shares for Ms. Terrell; and 90,658 shares for Mr. Ulrich.

(2) Percentages are calculated based upon shares outstanding plus shares that may be acquired under stock options exercisable within 60 days.

(3) Includes 1,612 shares owned of record and beneficially by Mr. Pollard's wife. Mr. Pollard disclaims beneficial ownership of these shares. Additionally, 19,500 shares are owned by a family partnership.

Mr. Kackley also is a director of PepsiAmericas, Inc. and Orion Energy Systems, Inc. Mr. Volkema is a director of Wolverine Worldwide, Inc. Mr. Griswell is a director of Principal Financial Group, Inc. and Principal Life and Mr. Walker is a director of Briggs & Stratton Corporation. Ms. Terrell also is a director of General Mills, Inc. There are no family relationships between or among our directors, nominees, or any of our executive officers.

Corporate Governance and Board Matters

Board Governance Guidelines

For many years, our Board of Directors has been committed to sound and effective corporate governance practices. These practices reflect the Board's long-standing philosophy that a proper structure, appropriate policies and procedures, and reflective cultural factors provide the cornerstone to good governance. The Board documented those practices by adopting our Board Governance Guidelines. These Guidelines address director responsibilities, the composition of the Board, required Board meetings and materials, Board committee composition and responsibilities, and other corporate governance matters. Under our Guidelines, a majority of the members of our Board must qualify as independent under the listing standards of the National Association of Securities Dealers (NASD). Our Guidelines also require the Board to have, among other committees, an Audit Committee, Executive Compensation Committee, and a Nominating and Governance Committee, and that each member of those committees qualify as an independent director under the NASD listing standards. Our Board Governance Guidelines, as well as the charters of each of the foregoing committees, are available for review on our website at www.hermanmiller.com/governance.

Code of Conduct

Our Board has adopted a Code of Conduct that applies to all of our employees, officers, and directors. This code also serves as the code of ethics for our CEO and senior financial officers. This code is posted on our website at www.hermanmiller.com/code. Any changes to or waivers of the code must be approved by the Board of Directors and will be disclosed. There were no changes or waivers in fiscal year 2009.

Determination of Independence of Board Members

As required by our Board Governance Guidelines, our Board has determined that each of our directors, other than Messrs. Walker and Nemschoff, qualifies as an "Independent Director," as such term is defined in the NASD listing standards, and that none of those directors has a material relationship with Herman Miller. The Board's determination was made as a result of its review of completed individual questionnaires addressing the nature and extent of each member's relationship with the company and taking into consideration the definition of "Independent Director" under the NASD rules. Our Board also determined that each member of the Audit Committee, Executive Compensation Committee, and Nominating and Corporate Governance Committee meets the independence requirements applicable to those committees as prescribed by the NASD listing standards, and, as to the Audit Committee, the applicable rules of the Securities and Exchange Commission.

Meeting Attendance

Each of our directors is expected to attend all meetings of the Board and applicable committee meetings. The annual meeting of shareholders is held via the internet and the directors are encouraged to join the webcast. Six of our directors did so for our 2008 Annual Shareholders' Meeting. During fiscal 2009, the Board held five meetings; each director attended at least 75 percent of the aggregate number of meetings of our Board and Board committees on which they served. Consistent with the requirements of our Guidelines, our Board met in executive sessions, without the presence of management, following the conclusion of each regularly scheduled Board meeting. These meetings were chaired by the Chairman, Mr. Volkema. In addition, following all of the regularly scheduled Board Meetings, the independent directors met separately. These meetings were chaired by the board's lead director. Mr. Pollard currently serves as lead director.

Communications with the Board

Shareholders and other parties interested in communicating directly with one or more of our directors may do so by writing to us, c/o Corporate Secretary, 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302. The Corporate Secretary will forward all relevant correspondence to the director or directors to whom the communication is directed.

Director Nominations

Our Bylaws contain certain procedural requirements applicable to shareholder nominations of directors. Shareholders may nominate a person to serve as a director if they provide written notice to us not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting of shareholders and, with respect to any special meeting of shareholders, not later than the close of business on the 10th day following the date on which the meeting is first publicly announced or, if there is no announcement, the 10th day following the date on which the notice of that meeting was first sent to our shareholders. The notice must include (1) the name and address of the shareholder providing notice and of the person or persons nominated, including information on the securities of the Company held by those individuals, including any derivative securities, the details of which are set forth in our Bylaws, (2) a representation that the shareholder is a current record holder and will continue to hold those shares through the date of the meeting and intends to attend the meeting in person or by proxy, (3) for each proposed nominee, (a) all information relating to that person that would be required to be disclosed in a proxy statement required to be made in connection with solicitations or proxies for election of directors in a contested election pursuant to Section 14 of the Securities and Exchange Act of 1934 (including that person's written consent to be named in the proxy statement as a nominee and to serve as a

Corporate Governance and Board Matters *(continued)*

director if elected), and (b) a description of all direct and indirect compensation and other material monetary arrangements existing during the past three years, as well as any other material relationships between or among the shareholders (and beneficial owner, if any) and their respective affiliates and associates and the proposed nominee and his or her respective affiliates and associates, including all information required to be disclosed pursuant to Rule 404 under Regulation S-K, and (4) the completed and signed questionnaire from each nominee with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made.

Our Nominating and Governance Committee is responsible for reviewing the qualifications and independence of the members of the Board. However, it has not established specific, minimum qualifications for director nominees. This committee does assess the experience and background of prospective candidates, including his or her independence. The committee's charter authorizes the committee to consider all factors it considers appropriate, including the candidate's experience and knowledge of our history and culture, as well as his or her experience and background in manufacturing, design, marketing, technology, finance, management structure and philosophy, including his or her experience as a senior executive officer of a public company. In light of these general requirements, our governance committee reviews the suitability of each person nominated to our Board. In the past, through the board evaluation process, the committee has determined whether there were any skills or experience that needed to be added to the Board and used that information to help establish criteria for Board member searches and candidate evaluation. Other than the procedural requirements described above, the Board has not adopted a policy with regard to the consideration of director candidates nominated by shareholders. All candidates, by whomever nominated, are evaluated in the same manner and under the same standards.

The Nominating and Governance Committee has not received any recommended nominations from any of our shareholders in connection with our 2009 annual meeting. The nominees who are standing for election as directors at the 2009 annual meeting are incumbent directors and each was recommended by the committee.

Board Committees

Our Board has four standing committees. Committee responsibilities are detailed in written charters. These charters are available on our Internet website at www.hermanmiller.com/charters. The committees are as follows:

Executive Compensation Committee

We have an Executive Compensation Committee comprised of J. Barry Griswell (chair), Paget L. Alves, Douglas D. French, and John R. Hoke III. The Executive Compensation Committee recommends to the Board the annual executive incentive plan and the annual remuneration of our Chief Executive Officer and President, approves the annual remuneration and executive incentive plan for the other executive officers, grants employee stock options and other equity awards, and acts as the administrative committee for our employee stock option and long-term incentive plans. The committee met four times during the last fiscal year. A description of the Committee's processes and procedures for the consideration and determination of executive and director compensation is set forth under the caption "Compensation Disclosure and Analysis -The Executive Compensation Committee" below in this Proxy Statement.

Nominating and Governance Committee

We have a Nominating and Governance Committee comprised of Dorothy A. Terrell (chair), Lord Brian Griffiths of Fforestfach, and David O. Ulrich. The Nominating and Governance Committee develops and recommends to the Board governance standards and policies and board compensation including that of the chairman of the board. In addition, the committee identifies and recommends to the Board candidates for election to the Board. The committee met three times during the last fiscal year.

Executive Committee

We have an Executive Committee comprised of Michael A. Volkema (chair), J. Barry Griswell, James R. Kackley, C. William Pollard, and Dorothy A. Terrell. The Executive Committee acts from time to time on behalf of the Board in managing our business and affairs (except as limited by law or our Bylaws) and is delegated certain assignments and functions by the Board of Directors. The committee met ten times during the last fiscal year.

Audit Committee

We have an Audit Committee comprised of James R. Kackley (chair), Mary V. Andringa, and C. William Pollard. Mr. Kackley is qualified as and serves as the "Audit Committee financial expert" within the meaning of the applicable SEC regulations. This Committee, composed entirely of independent directors under the applicable listing standards of the National Association of Securities Dealers (NASD), as well as the requirements of the Sarbanes-Oxley Act of 2002, is responsible for overseeing management's reporting practices and internal controls on behalf of the Board of Directors. The Committee is also responsible for appointing, approving the compensation of, and overseeing our independent registered public accounting firm. The Audit Committee met eight times during the past fiscal year. The March 2009 meeting included an annual review of the Committee's written charter.

Executive Compensation Committee Interlocks and Insider Participation

No member of the Executive Compensation Committee is or has been an officer or employee of the company or had any relationship that is required to be disclosed as a transaction with a related party except as noted under Certain Relationships and Related Party Transactions. In addition, no current executive officer of the Company has ever served as a member of the Board of Directors or Compensation Committee of any other entity that has or has had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Report of the Audit Committee

The Audit Committee's purpose is to oversee the accounting and financial reporting processes of the company, the audits of the company's financial statements and management's assessment of the company's internal controls, the qualifications of the public accounting firm engaged as the company's independent registered public accounting firm, and the performance of the company's internal auditors and independent registered public accounting firm. The Committee's function is more fully described in its charter, which the Board has adopted and is included as Appendix II to this Proxy Statement. The Committee reviews the charter on an annual basis. The Board annually reviews the NASDAQ listing standards definition of independence for audit committee members and has determined that each member of the Committee meets that standard.

Management is responsible for the preparation, presentation, and integrity of the company's financial statements, accounting and financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. The company's independent registered public accounting firm, Ernst & Young, LLP, is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. Ernst & Young, LLP is also responsible for providing an opinion on the effectiveness of the company's internal control over financial reporting.

We have reviewed—and discussed with management and Ernst & Young, LLP—the company's audited financial statements for the year ended May 30, 2009, management's assessment of the effectiveness of the company's internal controls over financial reporting, and Ernst & Young, LLP's evaluation of the company's internal controls over financial reporting.

We have discussed with Ernst & Young, LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, Communication with Audit Committees Concerning Independence, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

We have received and reviewed the written disclosures and the letter from Ernst & Young, LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding Ernst and Young LLP's communications with the Audit Committee regarding independence and we have discussed with Ernst & Young, LLP their independence including a consideration of the compatibility of non-audit services with their independence.

Based on the reviews and discussions referred to above, we recommended to the Board of Directors that the financial statements referred to above be included in the company's Form 10-K Report for the year ended May 30, 2009, and we selected Ernst & Young LLP as the independent auditor for fiscal year 2010. The Board is recommending that shareholders ratify that selection at the annual meeting.

James R. Kackley (chair) Mary VerMeer Andringa C. William Pollard

Compensation Discussion and Analysis

Overview of Compensation Program

The Executive Compensation Committee of the Board (the “Committee”) is responsible for establishing our executive compensation programs. The Committee insures that the compensation paid to the Company’s corporate officers is fair, reasonable, competitive and consistent with our compensation philosophy.

The Company is required to provide information regarding our compensation policies and decisions for our CEO, CFO, the three other most highly compensated executive officers, and any person who would have been one of the three most highly compensated executive officers except for the fact that they were not employed by the company at year end. We refer to our CEO, CFO and the other highly compensated executive officers for whom disclosure is required collectively as our “Named Executive Officers” or “NEOs.” In fiscal year 2009 two individuals, Curt Pullen and Greg Bylsma, held the position of CFO and Kris Manos would have been one of the three most highly compensated executive officers except for the fact that she left the company during the fiscal year. Accordingly, our proxy statement includes 7 NEOs for 2009. This Compensation Discussion and Analysis is intended to provide information regarding, among other things, the overall objectives of our compensation program and each element of compensation provided to the NEOs.

The Executive Compensation Committee

The Committee is comprised of four directors, each qualifying as an independent director under NASDAQ’s listing requirements. The Board has determined that each member of the Committee also meets the definition of independence under Herman Miller’s corporate governance guidelines and further each member qualifies as a non-employee Director for purposes of Rule 16b-3 under the Securities Exchange Act of 1934.

The Committee’s primary functions are to oversee the compensation philosophy and strategy, to determine or recommend the compensation of company officers, including the NEOs, and to act as the Administrative Committee for the Company’s key executive compensation plans.

The Committee is responsible for recommendations to the full Board with respect to all aspects of the annual compensation of the Company’s President and Chief Executive Officer. The Committee, based upon recommendations from our CEO, approves the annual compensation for all other corporate officers covered by Section 16 of the Securities Exchange Act of 1934 including the NEOs (Corporate Officers). Our President and Chief Executive Officer establishes the base salary of all other company executives. The Committee establishes the performance objectives for the Economic Value Added (EVA®) Incentive Cash Bonus Plan and the equity-based compensation plans, which cover the President and Chief Executive Officer, Corporate Officers, and executive employees of the company.

The Committee does not set compensation for the Board of Directors. The Nominating and Governance Committee is responsible for reviewing, and recommending to the Board of Directors, the amount and form of payment of director compensation.

Compensation Philosophy and Objectives

Our compensation philosophy, as formulated by management and endorsed by the Committee and by our Board of Directors, is to allow for an appropriate level of risk and a corresponding compensation reward within a range that bears a relationship to the competitive market, to the responsibilities of the employee and to the performance of the employee and Company. Consistent with this philosophy, the key objectives of our executive compensation program are to:

- Link a material portion of executives’ total annual compensation directly to the Company’s performance
- Reinforce our values, build corporate community, and focus employees on common goals
- Align the interests of executives with the long-term interests of shareholders
- Attract, motivate, and retain executives of outstanding ability.

The compensation program is intended to provide executives who are judged to perform their duties at a proficient level with compensation that approximates the market median compensation for such position based upon the data provided by Towers Perrin (as described later in the Benchmarking of Compensation section). The compensation program is also intended to have the portion of a Corporate Officer’s compensation determined by the Company’s performance increase as the responsibility and authority of the Corporate Officer increases. The Committee believes that the compensation program through the use of base salary, annual incentive cash bonus and long-term incentives operates in a manner consistent with these objectives and rewards performance that generates both consistent and long-term enhancement of shareholder value. The compensation program and its various elements are described in more detail in the section titled Elements of the Compensation Program.

Compensation Discussion and Analysis *(continued)*

External Consultants

During fiscal year 2009, the Committee retained Pearl Meyers and Partners as independent compensation consultants to the Committee. Pearl Meyers was not permitted to provide other consulting services to the Company. The independent services which Pearl Meyers provided to the Committee included reviewing the elements of compensation of the President and Chief Executive Officer, and the Corporate Officers and comparing those elements to the Company's compensation philosophy and objectives and to the market practices for such compensation. Pearl Meyers concluded that the compensation program established for those officers is consistent with the Company's compensation philosophy and objectives including with respect to market practices.

The Company retains Towers Perrin to provide benchmarking data and compensation consulting services to management and, from time to time, other specialized work as may be required, such as recommending Board of Directors' compensation, conducting a review of retirement or other benefit programs, and establishing change in control provisions. With the approval of the Committee, Towers Perrin in 2009 did provide consulting services to the Company including consulting services concerning certain aspects of executive compensation.

Benchmarking of Compensation

To ensure that executive compensation is competitive in the marketplace, the Committee uses benchmarking data to compare our compensation programs to general industry pay practices. The Committee chooses to benchmark compensation levels against industrial companies in general as it minimizes the potential volatility of market pay data due to changes in database/survey participation or mergers/acquisitions; lessens the impact that a single entity can have on the overall data; provides a more consistent result; and better reflects the market in which the Company competes for executive talent. The Committee believes the competitive market for executive talent in which the Company operates is the general corporate talent market, not just the office furniture or West Michigan talent markets.

Towers Perrin annually presents the Committee with benchmarking data, market practices and trends to provide appropriate context for the Committee's deliberations. Our CEO makes recommendations to the Committee regarding the compensation package for each of the Corporate Officers (other than himself). The CEO's recommendations are based on the Towers Perrin information, his evaluation of the individual's performance, the Company's performance and other factors. The Committee's approval of the CEO's recommendations as to the compensation of Corporate Officers (other than the CEO) is based upon the Committee's review of the information from Towers Perrin relative to market pay, advice from Pearl Meyers and their own judgment, including their judgment on the relative performance of both the Company and its executives. Based upon these same factors relative to the CEO's performance and the independent advice of Pearl Meyers, the Committee makes a recommendation to the full board for the CEO's compensation. The Board of Directors determines the compensation of the CEO.

Towers Perrin in 2009 used the following survey sources when analyzing the market competitiveness pay levels of Corporate Officers; Towers Perrin Executive Compensation Database, Watson Wyatt Top Management Compensation Report, and the Mercer Executive Database (collectively these are referred to as "Published Survey Data"). The Published Survey Data is used to determine competitiveness of base pay, while the Towers Perrin Executive Compensation Database is used to assess the competitiveness of bonus and long term incentive awards. Towers Perrin uses a regression analysis and aging to make allowances for time differences in the data and to align the data so that it is representative of companies having revenues equivalent to the operations managed by our individual NEOs. The entities within the comparator groups were not disclosed to the Company.

Towers Perrin compares the base salary, target total cash and target total direct compensation of each NEO to the 25th, 50th (market median) and 75th percentile of the Published Survey Data or Towers Perrin Executive Compensation Database for a comparable benchmark position. Each of the compensation elements is explained in more detail below. Positions are benchmarked based upon comparability of responsibilities and the annual revenues of the operations managed.

The Committee annually reviews executive pay tally sheets prepared by Towers Perrin. The tally sheets reflect the total compensation to the NEOs from all sources of compensation, including payments under severance or change in control obligations. The Committee uses the tally sheets to help it determine that the Company's compensation program is consistent with market norms as well as with our compensation philosophy and the objectives referenced above.

The Committee based upon its experience, the tally sheets, the benchmarking data, and advice from Pearl Meyers has determined that total compensation for each NEO in fiscal 2009 was appropriate, reasonable and consistent with the Company's compensation philosophy and objectives as described above.

Compensation Discussion and Analysis *(continued)*

Elements of the Compensation Program

Our Corporate Officer compensation package includes five distinct elements:

1. Base Salary
2. Annual Executive Incentive Cash Bonus
3. Long-Term Equity Incentives
4. Retirement and Health Benefits
5. Perquisites and other executive compensation plans

These five elements together form an executive's total compensation package. The first two elements form an executive's total cash compensation and the first three elements form an executive's total direct compensation package. It is the Company's goal to align the compensation packages with prevailing market rates. The alignment is accomplished primarily through adjustments to each Corporate Officer's total direct compensation.

Each element of total direct compensation is benchmarked to the prevailing market; however, in certain circumstances local practices related to long-term incentives and bonuses may be significantly different than those applicable to the Company as a whole. In those circumstances, the Company emphasizes consistency in the application of its long-term incentive programs and adjusts base and bonus so as to maintain total direct compensation in an amount that is consistent with the Company's compensation philosophy. The compensation program is intended to provide executives who are judged to perform their duties at a proficient level with a total direct compensation package that approximates the market median compensation for such position based upon the data provided by Towers Perrin. However, because of the performance based nature of the Annual Executive Incentive Cash Bonus and the Long-Term Equity Incentives, actual compensation of the NEOs may vary from market rates.

In the light of impact of the recession upon the Company's performance, the Committee made several reductions to the 2009 and 2010 compensation packages for NEOs, which are described below. The Committee has determined that the total direct compensation (base salary, target incentive cash bonus and target long-term incentive grant) for each NEO for 2009 and 2010 is within the benchmarked range, given the NEO's performance, position and the Company's performance.

Base Salary

The CEO evaluates each of the Corporate Officers annually and makes recommendations to the Committee for base salary. The base salary of the CEO is set by the Board of Directors. In general, but subject to individual circumstances, base salaries reflect market rates for comparative positions and the NEO's level of proficiency and performance. The base salary of NEOs assessed by the CEO and the Committee to be proficient is generally targeted at the market median of the Published Survey Data. The base compensation of NEOs with less experience in general would be below the market median and those judged to be performing at a level higher than proficient generally would be above the market median. The Committee in each circumstance uses its judgment and experience in setting the specific level of base salary relative to the general market median data.

Base Salary in 2009

Effective July 21, 2008 the Committee set NEOs' base salary for fiscal 2009. The base salary of Brian Walker was set by the Board at \$720,000. This base salary was approved by the Board of Directors based upon Mr. Walker's excellent performance in driving the operating results of the Company in the previous fiscal year. The base salary of Curt Pullen was set by the Committee at \$350,000. This base salary reflects Mr. Pullen's role as chief financial officer for the first part of the year and was maintained upon his subsequent appointment as President of North American Office and Learning Environments. The base salary for Beth Nickels, President Herman Miller Healthcare was set by the Committee at \$277,000 and reflects the Committee's determination that Ms. Nickels continues to perform well in her position. The base salary of Don Goeman, Executive Vice President Research/Design/Development was set at \$255,000 and reflects the Committee's determination that Mr. Goeman continues to develop in his role as head of research and development. The base salary of Andy Lock was set at \$330,000 and reflects the Committee's determination that Mr. Lock continues to meet all the requirements of his role. Greg Bylsma was appointed chief financial officer in February, 2009 and his base salary was set at \$250,000 which reflects the fact that he is new in his position. Kristen Manos, then executive vice-president North American Office and Learning Environments, had her base salary set at \$295,000. Ms. Manos subsequently left the company.

In fiscal 2009 the Company and the economy in general endured a period of severe economic stress. As the depth of the recession became clear, the Committee and the Board approved a recommendation from the Executive Leadership Team to reduce the Base Salary (and Long Term Incentives) for most Corporate Officers including the NEOs described above. Effective January 1, 2009, the Committee and the Board with the support of management, temporarily reduced the compensation of the members of the Executive Leadership Team, including all of the NEOs. The base salary of the CEO was reduced by ten percent and the base salary for all other NEOs was reduced by five percent. The reductions were implemented consistent with the Committee's philosophy that base salary should in part reflect the Company's business performance. None of the changes in base salary reflected a change in the individual performance of the NEOs. After the change, the base salary of Brian Walker was \$648,000, the base salary of Don Goeman was \$242,250, the base salary of Andy Lock was \$313,500, the base salary of Beth Nickels was \$263,150, the base salary of Kristen Manos was \$280,250 and the base salary of Curt Pullen was \$332,500. Greg Bylsma was not an NEO at this time.

Compensation Discussion and Analysis *(continued)*

Effective March 9, 2009, the Company implemented a second temporary reduction to NEO base salary for most of the NEOs. After this reduction, the effective base salary of Brian Walker was \$583,000, the effective base salary of Greg Bylsma was \$225,000, the effective base salary of Don Goeman was \$218,025, the effective base salary of Andy Lock was \$283,000, the effective base salary of Beth Nickels remained at \$263,150 and the effective base salary of Curt Pullen was \$300,000. These reductions are in effect until at least December 31, 2009. Kristen Manos had left the Company by March 9, 2009 and her base salary was therefore not impacted.

Also effective March 9, 2009 the Company implemented a reduced work schedule for most other salaried employees under which the employees worked nine days out of every ten weekdays. The Company implemented this work schedule in response to the economic downturn. The schedule results in an effective 10 percent reduction in pay for those employees impacted by the change. In connection with that reduced schedule, the Committee adopted at management's recommendation a salary replacement incentive plan that would pay an incentive bonus to those employees exceeding certain operating income goals. Members of the Executive Leadership Team, including the NEOs, are not eligible to participate in this plan.

Base Salary in 2010

The Board and the Committee at this time have decided to leave the base salary of each NEO at its current level. This does not reflect the Board's or Committee's view as to the performance of any NEO or all NEOs as a group. This decision reflects the Company's view that it needs to aggressively manage costs and that no general wage increases are being given to employees. Each of the base salaries set for the NEOs by the Committee were within the range established for their performance in position.

Annual Executive Incentive Cash Bonus

The annual executive incentive cash bonus for the Corporate Officers is paid pursuant to the Executive Incentive Cash Bonus Plan. This plan is intended to link annual incentive compensation to the creation of shareholder value. The Executive Incentive Cash Bonus Plan provides for the annual payment of a cash bonus (Incentive Cash Bonus) to selected executives based upon the performance of the Company during the fiscal year. The annual Incentive Cash Bonus is reported in the Summary Compensation Table under the column titled "Non-equity Incentive Plan Compensation." Payments are made following the end of the fiscal year.

The measure of performance for the Incentive Cash Bonus is EVA. EVA in general terms is equal to the Company's net operating income after subtraction of taxes and a charge for capital. The Committee believes that the utilization of the EVA measurement system, with its focus on maximizing the Company's return on capital investments relative to its cost of capital, is an effective means of evaluating and rewarding executive performance. The cash bonus for NEOs in fiscal 2009 was based upon consolidated EVA for the entire Company.

Under the Executive Incentive Cash Bonus Plan a participant is assigned an Incentive Cash Bonus target expressed as a percentage of his or her base pay, and the actual bonus payment is determined by comparing the actual improvement in EVA achieved by the Company against expected improvement. The expected improvement is the dollar amount of EVA improvement necessary to earn the targeted EVA bonus. The interval is the dollar amount of EVA change, either above or below the expected improvement, necessary to either double the EVA bonus amount or reduce it to zero.

The actual Incentive Cash Bonus amount paid with respect to any year may range from 0 to 2 times of the target based upon the relative achievement of our EVA targets described below. The Committee sets the EVA targets for 3 year periods. The current 3 year period expires at the end of fiscal 2010. The Incentive Cash Bonus earned by participants is expected over time to equal 100% of his or her individual target. The target Incentive Cash Bonus payment for the NEOs generally is set at 100% of the market median bonus amount for comparable positions as shown in the Towers Perrin Executive Compensation Database, although as explained earlier base pay and bonus may be adjusted in order to maintain total compensation in an amount that is consistent with our compensation philosophy. The Committee believes that this use of Incentive Cash Bonus is consistent with the objective of making compensation for senior corporate officers more variable with the Company's performance.

The Committee is responsible for administering all elements of the Executive Incentive Cash Bonus Plan, except that those elements of the plan relating to the CEO (including target percentage payment) are approved by the Board. The Committee approves participants in the plan, the target payment percentage, the EVA improvement goals and the cost of capital. The Audit Committee at the end of each fiscal year approves the calculation of EVA results for the year and the EVA change from the previous year and the resulting bonus factor. The Committee certifies the use of the bonus factor for use in the Incentive Cash Bonus calculation. The EVA targets for 2009 were an expected improvement of \$9 million and an interval of \$32 million and the same targets will be used for fiscal 2010. The cost of capital in 2009 was 9% and 2010 will be 10.5%.

Incentive Cash Bonus for 2009

The Incentive Cash Bonus payment target percentages for NEOs in fiscal 2009 ranged from 100% of base salary for the CEO to 60% of base salary for other NEOs. For fiscal 2009 participants in the Executive Incentive Cash Bonus Plan received no Incentive Cash Bonus payments as the Company's EVA performance resulted in a negative 1.4343 multiple.

Compensation Discussion and Analysis *(continued)*

Incentive Cash Bonus for 2010

For fiscal 2010, the payment target percentage for our CEO and NEOs remained unchanged from 2009. The Committee believes that the Incentive Cash Bonus target percentages reflect the appropriate market information provided by the Published Survey Data and are within the range for each NEO.

Long-Term Incentives

Our shareholders in 2004 approved our Long-Term Incentive Plan (LTI Plan). The plan authorizes the Company to issue stock, restricted stock, options, restricted stock units, and other forms of equity-based compensation (Long-Term Incentive Grants). The key objectives of making Long-Term Incentive Grants under the LTI Plan are:

- To provide an appropriate level of equity reward to Corporate Officers that ties a meaningful part of their compensation to the long-term returns generated for shareholders.
- To provide an appropriate equity award to the next level of executives where market data would support their inclusion in an annual equity award plan.
- To assist in the achievement of our share ownership requirements.
- To attract, retain and reward key employees.

We believe that a significant portion of executive pay should be aligned with long-term shareholder returns and that encouraging long-term strategic thinking and decision-making requires that executives have a significant stake in the long-term success of Herman Miller. The Committee is responsible for administering all elements of the LTI Plan and for making all Long-Term Incentive Grants under the LTI Plan, except that the Board approves the grants to the CEO.

The LTI Plan allows for the issuance of options with a reload feature. A reload feature permits an option holder who exercises an option to receive an additional (reload) option in connection with the exercise of an existing option. The reload option has an exercise price equal to the price at which the existing option was exercised and represents a number of shares equal to the number of shares traded in to exercise the option and to pay the taxes on the exercise of the option. The reload feature exists in option grants made before fiscal year 2007. The Committee, beginning in fiscal year 2007, discontinued the practice of issuing new options with reload features.

The Committee at its July meeting normally sets the LTI target grants for the current fiscal year, sets the types of grants to used, sets any performance criteria for the various types of grants and confirms that actual awards resulting from the previous year's target grants. The Committee also determines whether the performance criteria applicable to any grant have been met. The types of grants are described below.

LTI Grants for 2009

In July 2008 the Committee met and established target values for LTI grants to be made with respect to fiscal year 2009 at an on target EVA performance. For NEOs the target value was expressed as a percentage of his or her base. The target grants were divided; one-third performance shares, one-third market priced stock options, and one-third to be selected by the participant between the two forms of equity awards. The Committee believes that allowing the NEOs to have some flexibility in modifying the mix between options and shares gives the NEOs a greater sense of deriving value from the awards. The actual number of performance shares that would eventually be issued with respect to this award would depend upon the Company's future EVA performance. The characteristics of the performance shares are more fully described below.

In July 2008 the Long-Term Incentive grants for July 2009 were set with an initial target value ranging from 225% of base salary for our CEO to 100% of base salary for Andrew Lock, Kristen Manos, and Curt Pullen, 90% for Don Goeman and 60% for Beth Nickels. The target value of the LTI grants did not change from the previous year.

On January 1, 2009 in connection with the base salary reduction actions discussed above, the Board and Committee cut in half the target value of the LTI grants to be awarded in July 2009. The target value of the LTI grant for Brian Walker was reduced to 112.5% of base salary, the target value of the LTI grants to Andrew Lock, Kristen Manos, and Curt Pullen were reduced to 50% of base salary, the target value of the LTI grant to Don Goeman was reduced to 45% and the target value of the LTI grant to Beth Nickels was reduced to 30%. Greg Bylsma became chief financial officer on February 10, 2009 and his initial target as CFO was set at 50% of his base salary.

The Committee in March 2009 also approved a change in the structure of the awards to be granted in July 2009, replacing the performance shares with restricted stock units. Participants with the exception of the CEO will have the option with respect to the LTI grants awarded in July 2009 to receive one-third of their reduced award as restricted stock units, one-third as market priced stock options and will be allowed choice between the two instruments for the final third of their award. The CEO will receive 100% of his reduced grant in the form of market priced options. The Committee believes that allowing the NEOs other than the CEO to have some flexibility in choosing the mix between options and restricted stock units gives them a greater sense of deriving value from the awards. The Committee believes the exclusive use of options for the CEO's reduced LTI grant in this difficult economic environment is an appropriate method to link the risk and reward associated with his LTI compensation to the Company's performance. Unlike performance shares, in which the actual number of shares issued is dependent upon the company's future performance, the number of restricted stock units is fixed at the date of grant. The change from performance shares to restricted stock units and the elimination of performance goals with respect to the RSUs reflects the Committee's concern that in the current economic environment retention of

Compensation Discussion and Analysis *(continued)*

executive talent is essential and the Committee's belief that in this environment the certainty of a time vesting RSU has more retentive power than performance based PSUs.

The key features of the performance shares, restricted stock units and options utilized for 2009 are as follows:

Performance Shares: The performance shares represent shares of the Company's common stock that are to be issued to participants at the end of a future 3-year measurement period beginning in the year that performance shares are granted. The value of the performance shares is initially based upon a target grant to each participant. The actual payout of shares can vary between 0% and 200% of target shares depending upon the cumulative average EVA performance over the three-year measurement period. There is no payment of dividends during the performance period and the shares are not actually issued until the end of the three-year measurement period.

Restricted Stock Units: The restricted stock units (RSU) consist of units representing the right to receive shares of Herman Miller, Inc common stock. These units reflect the fair market value of the common stock as of the date of grant and cliff vest after three years. If the employee leaves the company for any reason other than death, disability, retirement or termination of employee without cause, vesting of the units will stop and any unvested units will be forfeited. RSUs convert into shares after they vest. Dividends accrue on the RSUs and are added to the total value of the units.

Stock Options: The options will vest equally over three years, have a ten year life and are priced at fair market value on the date of grant.

The following table discloses the actual elections made by the NEOs with respect to the awards received in July 2008 (fiscal 2009).

Name	Number of Options	Option Exercise Price	Performance Shares (at target performance)
Brian Walker	123,008	\$25.52	19,487
Greg Bylsma	4,089	\$25.52	648
Curt Pullen	21,437	\$25.52	3,396
Don Goeman	17,987	\$25.52	2,850
Andy Lock	25,829	\$25.52	4,092
Kristen Manos	12,090	\$25.52	7,661
Beth Nickels	10,702	\$25.52	3,391

The following table discloses the actual elections made by the NEOs with respect to the awards received in July 2009 (fiscal 2010).

Name	Number of Options	Option Exercise Price	Restricted Stock Units
Brian Walker	121,236	\$15.74	
Greg Bylsma	7,984	\$15.74	3,163
Curt Pullen	12,993	\$15.74	5,148
Don Goeman	11,776	\$15.74	2,333
Andy Lock	16,849	\$15.74	3,338
Kristen Manos	NA	NA	NA
Beth Nickels	4,340	\$15.74	3,439

Compensation Discussion and Analysis *(continued)*

LTI Grants for 2010

The Committee at its July 2009 meeting established values for the LTI grants for fiscal 2010. The values of the Long Term Incentive grants as a percentage of base salary remain unchanged from those set in January 2009. The Committee-approved target LTI grant awards will result in actual grants in July 2010 and the grants will again consist of options and restricted stock units. The values as a percent of base salary for the Long-Term Incentive Grants (including options and restricted stock units) for fiscal 2010 were 112.5% for Brian Walker, 50% for Curt Pullen, Andy Lock, and Greg Bylsma, 45% for Don Goeman and 30% for Beth Nickels. The value of these grants reflects the impact of the economic downturn on the Company. The options and restricted stock units granted in July 2010 will have the same characteristics as those granted in 2009, and recipients will again receive one-third of the awards in the form of options, one-third in the form of restricted stock units and one-third to be selected by each participant between these two means, except for the CEO. The CEO will receive 100% of his grant in the form of market priced options.

Practices Concerning Grant Dates

Grants under the LTI Plan are typically made in connection with the Board of Directors meeting in July of each year. The number of restricted stock units is determined using the closing price for the Company's common stock on the date of grant, and the number of options is based on the Black-Scholes valuation method described in the footnote to the Long-Term Incentive Grants table. The Company does not attempt to influence the amount of executive compensation by timing equity grants in connection with the disclosure of material information to the public. The Company's year end financial information is normally disclosed through a press release in the third week of June. The backdating of equity award dates is specifically prohibited under policies adopted by the Board of Directors.

Retirement and Health Plans

Health Plans

The Company maintains a broad base of health insurance plans available to all full-time and most part-time employees. The NEOs participate in such health insurance plans on the same terms as all other employees within their respective geographic region.

Retirement Plans

The Company maintains broad based retirement plans available for all non-union employees in the United States. Our employees in England and who are union members are covered by separate defined benefit retirement plans. Our retirement plans are designed to provide an appropriate level of replacement income upon retirement. The benefits available to NEOs are the same as available to other non-executive employees in their respective geographic region subject to limitations provided by law or regulation. The NEOs participate in the full range of benefits and are covered by the same plans (with exceptions noted) on the same terms as provided to all U.S. employees.

The retirement plans include:

- The Herman Miller, Inc. Retirement Income Plan
- The Herman Miller, Inc. Profit Sharing and 401(k) Plan
- The Herman Miller Limited Retirement Benefits Plan

Retirement Income Plan: The Herman Miller, Inc. Retirement Income Plan (Cash Balance Plan) is what is known as a hybrid plan. Under the Plan the Company accrues a benefit for the participant which is expressed as a fixed dollar amount (cash balance). The Company credits each employee's account with an amount equal to 4% of his or her salary, up to the maximum salary level permitted by the Internal Revenue Service (currently \$230,000). Each account is also credited with hypothetical interest return pegged to a predetermined benchmark (for fiscal 2009 interest was credited at 4.44%).

Profit Sharing Plan: The Herman Miller, Inc. Profit Sharing and 401(k) Plan consists of two parts. The Company annually makes a contribution to the profit sharing portion based upon the Company's EVA results for the year that may range from 0% to 6% of base salaries, with a target contribution of 3% of base salary. Based upon our EVA results, the actual percentage contributed for fiscal year 2009 was 0%. The amount of salary included in the base for the calculation is limited to the maximum salary level permitted by the IRS. The 401(k) portion of the plan is a salary deferral plan. Each employee may elect to defer up to the maximum amount permitted.

Compensation Discussion and Analysis *(continued)*

The Company normally matches up to half of the amount deferred by the employee up to the first 6% of the employee's compensation contributed. Beginning March 9, 2009 the Company suspended matching payments to the plan.

Herman Miller Limited Retirement Plan: Herman Miller Limited, the Company's wholly owned UK subsidiary maintains an average final pay pension plan for all of its retirees. Under the plan each employee is entitled to a normal basic pension equal to an equivalent of 1/70th of final pensionable salary for each complete year of service. The pension is subject to a maximum of 40/70ths of final pensionable salary. Effective June 1, 2009 the Company has received the consent of the participants in the UK plan to suspend further benefit accruals under the plan.

Perquisites and Other Executive Compensation Plans

Perquisites

The Company is conservative in its approach to executive perquisite benefits. Company compensation practices in general do not provide for personal perquisites and the Committee has adopted a policy which specifically restricts the use of corporate aircraft for non-business purposes. We provide a limited number of perquisites to Corporate Officers. The Company normally provides each NEO with a specified dollar amount which can be used for a range of perquisites. These perquisites include financial planning, life insurance, spousal travel and other benefits. In 2009 the dollar amount of these benefits used was approximately \$20,000 for the CEO and between \$6,000 and \$18,000 for each of the other NEOs.

The Company does not normally provide non-business-related use of chartered aircraft for Corporate Officers and none was provided in 2009.

The Company in 2009 did provide the NEOs with the opportunity to purchase certain additional disability insurance and to obtain comprehensive physicals paid for by the Company.

Deferred Compensation Plans

In 2008 the Committee discontinued use of the existing Non-qualified Deferred Compensation Plan and approved the Herman Miller, Inc. Executive Equalization Retirement Plan.

The Non-qualified Deferred Compensation Plan allowed selected employees to defer part or all of their Executive Incentive Cash Bonus payment each year. The Company matched any such deferral, up to 50% of the incentive cash bonus payment. The matching payment vests over 3 years and vesting is dependent upon the executive remaining employed with the Company. Amounts deferred are converted into units having the same value as the Company's stock and are credited with amounts at the same rate as the Company's dividend on its common stock. Units are converted into shares of the Company's common stock at the time of distribution. While the Non-qualified Deferred Compensation Plan was not used in 2008, Company match contributions with respect to amounts deferred during 2007 and credited in 2008 appear on the 2008 Summary Compensation Table. The vesting on the Company matching contribution is shown on the Perquisites and Other Compensation table.

The Herman Miller, Inc. Executive Equalization Retirement Plan was approved by the Committee and the Board in 2008. The plan is a supplemental deferred compensation plan and is available for salary deferrals beginning in January 2008. The plan is available to highly compensated employees who are selected for participation by the Committee. All of the NEOs are currently able to participate. The plan allows participants to defer up to 50% of their base salary and 100% of their Incentive Cash Bonus. Company contributions to the plan "mirror" the amounts the Company would have contributed to the Herman Miller Retirement Income Plan and the Herman Miller Profit Sharing and 401(K) Plan had the employee's compensation not been above the statutory ceiling (currently \$230,000). Investment options under this plan are the same as those available under the 401(k) Plan except for Company stock which is not an investment option under this plan. Company matching contributions for amounts deferred in 2008 were made after year end and appear on the 2009 Summary Compensation Table under Perquisites and Other Compensation. For that part of fiscal year 2009 before March 9, 2009, the Company's contribution was equal to 50% of the participant's retirement savings contributions until the matching contribution for the NEO brought the Company's contribution credited to the Executive Equalization Retirement Plan, the Herman Miller Retirement Income Plan and the Herman Miller Profit Sharing and 401(k) Plan up to the amount necessary to accomplish the "mirroring." On March 9, 2009 the Company in conjunction with the suspension of matching contributions to the Profit Sharing and 401(k) Plan also suspended the "mirroring" profit sharing and 401(k) contributions under the Executive Equalization Plan. Contributions for amounts deferred in fiscal 2009 will be made after the end of the fiscal year and will appear in the 2010 Summary Compensation Table under Perquisites and Other Compensation.

Executive Long Term Disability Plan

The plan covers 60% of the rolling two year average of executive incentive compensation. Executives are eligible to participate when they have earned over \$6,000 in annual executive incentive compensation. This benefit continues as long as the executive is disabled until age 65. The monthly benefit is capped at \$10,000. The executive can maintain the plan by paying Unum, the provider, directly when they leave the Company.

Compensation Discussion and Analysis *(continued)*

Deductibility of Compensation

The income tax laws of the United States limit the amount the Company may deduct for compensation paid to the company's CEO, CFO and the other three most highly paid executives. Under IRS certain guidelines compensation that qualifies as "performance based" is not subject to this limit. All compensation paid by the Company during fiscal 2009 met the requirements for deductibility.

Stock Ownership Guidelines

The Committee believes that significant stock ownership by top management is of critical importance to the ongoing success of the Company, as it helps link the interests of senior management and company shareholders. Stock ownership requirements apply to the nine members of the Executive Leadership Team for the Company. Under these requirements, the President and Chief Executive Officer must own shares of company stock with an aggregate market value of at least six (6) times base salary, Corporate Officers having a Long-Term Incentive Plan target equal to 100% of base salary must own shares of Company stock with an aggregate market value of four (4) times their respective base salaries and all other direct reports to the CEO must own shares with an aggregate market value of three (3) times their respective base salaries.

All participants must achieve their ownership requirement over a five-year period from the date of their appointment to the position. The Committee reviews the NEOs' progress toward these goals annually during the Company's fourth quarter. Ownership for the purpose of the guidelines is defined to include shares owned by the executives, as well as shares held in the Company's profit sharing and 401k plan, restricted stock and restricted stock units (both vested and unvested), and deferred accounts for his or her benefit. Stock options and unissued performance shares are not included in the calculation of an executive's total ownership. If a participant fails to meet the ownership guidelines within the specified period half of his or her Incentive Cash Bonus will be paid in the form of Company stock until the guideline is met.

At its annual review the Committee determined that in the light of current economic circumstances it would be difficult for the NEOs to remain in compliance with the ownership guidelines.

Impact of Prior Compensation in Setting Elements of Compensation

Prior compensation of the NEOs does not normally impact how the Committee sets the current elements of compensation. The Committee believes the current competitive environment is more relevant in determining an NEO's current total level of compensation. As described earlier the Committee uses tally sheets to track all of the elements of current compensation to enable the Committee to determine whether the compensation which the NEO is currently receiving is consistent with market practices. The Committee, however, has the ability to consider the impact of any special equity grants upon the value of future grants made to Corporate Officers under the LTI plan.

Impact of Restatements Retroactively Impacting Financial Goals

The Company has not had any material restatement of prior financial results. If such restatements were to occur, the Committee would review the matter and determine what, if any, adjustment to current compensation might be appropriate. The LTI plan and the Executive Incentive Bonus Plan give the Committee the right to "claw back" Incentive Cash Bonus payments and LTI grants in the event of certain restatements.

Post-Employment Compensation

Change in control and discharge for other than cause can result in additional compensation being paid to or for certain NEOs. In addition, as described above, certain of the Long-Term Incentive Bonus payments continue if the NEO leaves employment as the result of death, disability or retirement.

Termination and Retention Payments

All of the NEOs are "at will" employees. This means that they can be discharged at any time and for no reason. The Company has agreed to pay Corporate Officers and other executives severance if they are terminated for reasons other than malfeasance or voluntary separation. For 2009 the severance payments for each NEO would have been equal to 18 months of base salary. The Committee's determination as to the amount of severance payments is the result of benchmarking our practices to the Published Survey Data. In addition, the Company maintains the health insurance on these employees during the salary continuation period. In exchange for such payments the employee provides the Company with a mutual release of all claims and agrees not to work for a competitor or solicit the Company's employees during the salary continuation period.

Compensation Discussion and Analysis *(continued)*

Change in Control Agreements

Each NEO, other than Greg Bylsma, is party to a change in control agreement with the Company. In 2006 the Committee retained Frederic W. Cook to review the existing change in control agreements and to advise it on whether the continued use of such agreements was appropriate and if so whether the agreements were consistent with competitive practices. Frederic W. Cook advised the Committee that the continued use of change in control agreements is appropriate and that the amounts payable under the agreements were consistent with market practice. In 2006 the Company entered into new change in control agreements with the NEOs and certain other Corporate Officers and executives. The new form of change in control agreement is found under Exhibit 10 in the Company's consolidated financial statements for the fiscal year ended June 2, 2007, included in our Annual Report on Form 10-K.

The Committee believes that the use of change in control agreements is appropriate as they help insure a continuity of management during a threatened take-over and help insure that management remains focused on completing a transaction that is likely to maximize shareholder value. Potential payments under the change in control agreements are included in the tally sheets provided annually to the Committee.

The narrative and footnotes to the tables entitled Potential Payments upon Termination in Connection with a Change in Control describe the change in control payments in greater detail.

Executive Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Proxy Statement.

J. Barry Griswell (chair) Paget L. Alves Douglas D. French John R. Hoke III

Summary Compensation Table

The summary compensation table below shows the compensation for the Named Executive Officers "NEO" for the fiscal year ended May 30, 2009 ("Fiscal 2009"), May 31, 2008 ("Fiscal 2008") and June 2, 2007 ("Fiscal 2007"). The details of the Company's executive compensation programs are found in the CD&A.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$) ⁽²⁾	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Brian C. Walker	2009	668,685		400,528	566,076		13,578	184,649	1,833,516
President and Chief Executive Officer	2008	664,615		776,875	480,440	908,349	12,964	111,355	2,954,598
	2007	625,961		651,052	358,045	829,981	11,957	105,433	2,582,429
Gregory J. Bylsma ⁽⁵⁾	2009	201,542		(3,627)	25,765		8,683	7,605	239,968
Chief Financial Officer									
Curtis S. Pullen ⁽⁵⁾	2009	325,029		4,052	78,103		12,882	47,094	467,160
EVP and President, North American Office and Learning Environments	2008	262,500		29,172	36,484	200,427	12,988	23,393	564,964
	2007	191,975		23,216	20,691	180,012	11,189	25,230	452,313
Donald D. Goeman ⁽⁶⁾	2009	243,748		5,210	97,598		17,654	35,539	399,749
EVP Research, Design and Development									
Andrew J. Lock	2009	313,956		(27,486)	128,853			49,157	464,480
Chief Administration Officer	2008	313,654		158,900	95,121	257,489	135,837	38,247	999,248
	2007	302,981		119,610	61,771	283,558	8,970	40,818	817,708
Kristen L. Manos ⁽⁷⁾	2009	244,427		27,172	15,373		9,480	191,934	488,386
EVP North American Office and Learning Environments									
Elizabeth A. Nickels	2009	270,358		41,929	151,090		10,366	62,663	536,406
President, Herman Miller for Healthcare	2008	285,385		94,471	157,589	237,098	10,280	152,965	937,788
	2007	349,327		128,038	170,390	327,377	8,869	169,917	1,153,918

(1) Amounts set forth in the stock award and option award columns represent the amounts recognized as compensation expense in the reported year for financial reporting purposes with respect to stock awards and options in accordance with FAS 123R except that the amounts do not reflect a reduction for estimated forfeitures. The assumptions used in calculating these amounts are set forth in Note 14, in the Company's consolidated financial statements for the fiscal year ended May 30, 2009, included in our Annual Report on Form 10-K.

(2) Reflects bonus payments under our Annual Executive Incentive Cash Bonus Plan earned by the NEOs during the reported year and paid in the following fiscal year. Includes any amounts that the NEO deferred under the Company's Nonqualified Deferred Compensation Plan.

(3) Amounts represent the aggregate change in the actuarial present value of the accumulated benefits under the Company's Retirement Plans. Mr. Lock's change in the Herman Miller, Inc. Retirement Income Plan was \$10,431 and his change in the Herman Miller, UK Pension Plan was (\$42,809).

(4) The amounts in this column for all other compensation are described in the table on the following page.

(5) On February 9, 2009, Mr. Bylsma succeeded Mr. Pullen as our CFO, at which time Mr. Pullen assumed the role of Executive Vice President and President of North American Office and Learning Environments.

(6) Fiscal year 2009 is the first year Mr. Goeman is a named executive officer.

(7) As of February 10, 2009 Ms. Manos was no longer with the company.

Summary Compensation Table *(continued)*

	Bundled Benefits ^(a)	Severance ^(b)	Dividends on restricted stock	Company Sponsored Physicals and Healthcare	Retirement Plan Contribution ^(c)	Long-term Disability Insurance	Vesting of Registrants contributions to Deferred Compensation Plan	Nonqualified Deferred Compensation Contribution ^(d)	Total Other Compensation
Brian C. Walker	18,774		35,200		6,900	2,809	11,605	109,361	184,649
Gregory J. Bylsma					4,987	717		1,901	7,605
Curtis S. Pullen	18,225			3,949	6,900	2,054		15,966	47,094
Donald D. Goeman	14,559			7,108		3,996		9,876	35,539
Andrew J. Lock	5,730				3,640	3,549		36,238	49,157
Kristen L. Manos	14,681	134,075			6,900	2,630	13,068	20,580	191,934
Elizabeth A. Nickels	12,130			125	6,900	2,684	16,989	23,835	62,663

(a) Bundled Benefits includes accounting fees, cell phone fees, club dues, family travel, financial planning, home office expenses, vehicle expenses, life insurance, and tax gross-ups.

(b) Represents severance paid to Ms. Manos in connection with her termination of employment with the Company.

(c) Amounts represent contributions by us pursuant to our defined contribution retirement plans.

(d) Amounts represent the Company's contribution to the Herman Miller, Inc. Executive Equalization Retirement Plan.

Grants of Plan-Based Awards

The Grant of Plan-Based Awards table below sets forth information on equity awards granted by the Company to the NEOs during fiscal 2009 under the Long Term Incentive Plan (LTI Plan) and the possible payouts to the NEOs under the Executive Incentive Cash Bonus Plan (Annual Cash Bonus Plan) for fiscal 2009. The CD&A provides further details of grants under the LTI Plan, as well as the performance criteria under the Annual Cash Bonus Plan.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾			All Other Stock Awards: Number of Shares of Stock of Units (#)	All Other Option Awards: Number of Securities Underlying Options (#) ⁽³⁾	Exercise or Base Price of Option Awards (\$/Sh) ⁽⁴⁾	Grant Date Fair Value of Stock and Option Awards (\$) ⁽⁵⁾
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Brian C. Walker	7/21/08				0	19,487	38,974				497,308
	7/21/08								123,008	25.52	994,618
		0	672,023	1,344,046							
Gregory J. Bylsma	7/21/08				0	648	1,296				16,537
	7/21/08								4,089	25.52	33,063
		0	119,488	238,976							
Curtis S. Pullen	7/21/08				0	3,396	6,792				86,666
	7/21/08								21,437	25.52	173,335
		0	194,458	388,916							
Donald D. Goeman	7/21/08				0	2,850	5,700				72,732
	7/21/08								17,987	25.52	145,439
		0	146,871	293,742							
Andrew J. Lock	7/21/08				0	4,092	8,185				104,428
	7/21/08								25,829	25.52	208,848
		0	189,131	378,262							
Kristen L. Manos	7/21/08				0	7,661	15,322				43,442
	7/21/08								12,090	25.52	97,757
Elizabeth A. Nickels	7/21/08				0	3,391	6,782				86,538
	7/21/08								10,702	25.52	86,534
		0	162,373	324,746							

(1) Under the Annual Cash Bonus Plan executives can earn incentive compensation based on the achievement of certain company performance goals.

The actual Cash Bonus amount paid with respect to any year may range from 0 to 2 times of the target based upon the relative achievement of our EVA targets.

(2) The performance share units represent shares of the Company's common stock and are to be issued to participants at the end of a future 3-year measurement period beginning in the year that performance shares are granted. The value of the performance shares is initially based upon a target grant to each participant.

The actual payout of shares can vary between 0% and 200% of target shares depending upon the cumulative average EVA performance over the three-year measurement period.

(3) Each option has a term of ten years and vests pro rata over three years.

(4) Stock options are awarded at an option price not less than the market value of the Company's common stock at the grant date in accordance with the LTI Plan.

(5) Aggregate grant date values are computed in accordance with FAS 123R.

Outstanding Equity Awards at Fiscal Year-End

The Outstanding Equity Awards at Fiscal Year-End table below shows the option awards and stock awards that were outstanding as of May 30, 2009. The table shows both exercisable and unexercisable options. The table also shows share units and equity plan awards that have not vested.

Name	Grant Date	Option Awards		Option Exercise Price (\$)	Option Expiration Date	Stock Awards			
		Number of Securities Underlying Unexercised Options (#) ⁽¹⁾ Exercisable	Number of Securities Underlying Unexercised Options (#) ⁽¹⁾ Unexercisable			Number of Shares or Units of Stock That Have Not Vested (#) ⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽³⁾⁽⁴⁾
Brian C. Walker	07/27/04					100,000	1,423,000		
	06/27/05	18,709		33.517	06/27/15	6,423	91,399		
	07/24/06	13,376	6,690	30.536	07/24/16	8,451	120,258		
	10/30/06	8,589		34.510	07/05/10				
	10/30/06	3,616		34.510	06/29/11				
	10/30/06	33,430		34.510	04/23/12				
	07/24/07	22,582	45,168	31.840	07/24/17			21,586	307,169
	07/21/08		123,008	25.520	07/21/18			19,487	277,300
Gregory J. Bylsma	04/23/01	2,500		25.100	04/23/11				
	06/29/01	431		24.200	06/29/11				
	04/23/02	2,800		25.000	04/23/12				
	05/19/04	1,400		23.870	05/19/14				
	06/27/05	2,495		33.517	06/27/15	173	2,462		
	07/24/06	1,784	892	30.536	07/24/16	188	2,675		
	07/24/07	908	1,816	31.840	07/24/17			620	8,823
	07/21/08		4,089	25.520	07/21/18			648	9,221
Curtis S. Pullen	06/27/05	4,178		33.517	06/27/15	1,434	20,406		
	07/24/06	2,988	1,493	30.536	07/24/16	1,887	26,852		
	07/24/07	1,643	3,286	31.840	07/24/17			1,570	22,341
	07/21/08		21,437	25.520	07/21/18			3,396	48,325
Donald D. Goeman	07/02/99	3,150		23.313	07/02/09				
	07/05/00	2,800		27.359	07/05/10				
	04/23/01	20,000		25.100	04/23/11				
	06/29/01	2,000		24.200	06/29/11				
	04/23/02	8,000		25.000	04/23/12				
	05/19/04	4,000		23.870	05/19/14				
	06/27/05	7,796		33.517	06/27/15	2,676	38,079		
	07/24/06	5,574	2,787	30.536	07/24/16	3,521	50,104		
	07/24/07	3,337	6,674	31.840	07/24/17			3,189	45,379
	07/21/08		17,987	25.520	07/21/18			2,850	40,556
Andrew J. Lock	06/27/05	12,473		33.517	06/27/15	4,282	60,933		
	07/24/06	8,918	4,460	30.536	07/24/16	5,633	80,158		
	07/24/07	3,313	6,624	31.840	07/24/17			6,332	90,104
	07/21/08		25,829	25.520	07/21/18			4,092	58,229
Kristen L. Manos	07/24/07							1,437	20,449
	07/21/08							1,702	24,219

Outstanding Equity Awards at Fiscal Year-End *(continued)*

Elizabeth A. Nickels	07/05/00	9,800	27.359	07/05/10					
	04/25/01	3,115	25.230	02/07/10					
	04/23/02	25,313	25.000	04/23/12					
	06/30/03	25,000	20.060	06/30/13					
	07/20/04	17,931	26.950	02/07/10					
	06/27/05	17,150	33.517	06/27/15	5,888	83,786			
	10/18/05	22,640	27.990	02/07/10					
	10/18/05	2,788	27.990	06/29/11					
	10/18/05	2,486	27.990	04/23/12					
	07/24/06	12,262	6,132	30.536	07/24/16	7,747	110,240		
	07/24/07	7,648	15,296	31.840	07/24/17			3,655	52,011
	07/21/08		10,702	25.520	07/21/18			3,391	48,254

(1) Options granted on 07/21/08, 07/24/07, 07/24/06 and 06/27/05 vest in three equal annual installments beginning on the first anniversary of the grant date. Options granted prior to 06/27/05 or in connection with a reload vest 100 percent on the one year anniversary date of the award except for those granted on 04/23/02 which vest ratably over two years and those granted on 04/23/01 which vest at the end of two years. Options granted on 10/30/06, 10/18/05, 7/20/04 and 4/25/01 reflect options granted pursuant to stock option reload rights contained in certain option agreements. The rights permit employees to receive new options if an employee exercises options by trading in shares. Reload options allow for the purchase of shares of Company stock equal to the number of shares that were exchanged upon exercise of the underlying option. The reload options retain the expiration date of the original option, but the exercise price equals the fair market value of the company's stock on the date of grant of the reload option.

(2) All awards vest 100 percent on the five year anniversary date of the award.

(3) Assumes a stock price of \$14.23 per share, which was the closing price of a share of Common Stock on the last trading day of the fiscal year, May 30, 2009.

(4) The performance share units represent shares of the Company's common stock and are to be issued to participants at the end of a future 3-year measurement period beginning in the year that performance shares are granted. The value of the performance shares is initially based upon a target grant to each participant. The actual payout of shares can vary between 0% and 200% of target shares depending upon the cumulative average EVA performance over the three-year measurement period.

Option Exercises and Stock Vested

This table provides information on the number and value of (1) options exercised in Fiscal 2009 (of which there were none), and (2) the vesting of restricted stock (on an aggregate basis).

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Brian C. Walker				
Gregory J. Bylsma				
Curtis S. Pullen				
Donald D. Goeman				
Andrew J. Lock				
Kristen L. Manos			5,772	67,069
Elizabeth A. Nickels				

Pension Benefits

The Pension Benefit table which is below provides certain information on the retirement benefits available under each retirement plan to each NEO at the end of fiscal 2009. The retirement plans are described in the CD&A.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
Brian C. Walker	Herman Miller, Inc. Retirement Income Plan	20	130,212	
Gregory J. Bylsma	Herman Miller, Inc. Retirement Income Plan	8	44,227	
Curtis S. Pullen	Herman Miller, Inc. Retirement Income Plan	18	112,749	
Donald D. Goeman	Herman Miller, Inc. Retirement Income Plan	29	198,894	
Andrew J. Lock ⁽¹⁾	Herman Miller, Inc. Retirement Income Plan	7	59,164	
	Herman Miller, UK Pension Plan	12	495,597	
Kristen L. Manos	Herman Miller, Inc. Retirement Income Plan	6	50,046	
Elizabeth A. Nickels	Herman Miller, Inc. Retirement Income Plan	9	71,011	

(1) Mr. Lock was covered from 1990-2002 under the UK Pension Plan and from 2002-2009 under the Retirement Income Plan.

Nonqualified Deferred Compensation

The Nonqualified Deferred Compensation table below provides certain information relating to our two defined contribution plans that provides for the deferral of compensation on a basis that is not tax-qualified.

Name	Executive Contributions in Last Fiscal Year (\$) ⁽¹⁾	Registrant Contributions in Last Fiscal Year (\$) ⁽²⁾	Aggregate Earnings in Last Fiscal Year (\$) ⁽³⁾	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last Fiscal Year End (\$)
Brian C. Walker	126,430	109,361	(574,473)	(117,998)	883,415
Gregory J. Bylsma	3,983	1,901	44		7,405
Curtis S. Pullen	27,443	15,966	(23,342)		78,525
Donald D. Goeman		9,876	899		10,775
Andrew J. Lock	34,363	36,238	289		79,228
Kristen L. Manos	55,036	20,580	(169,213)		294,474
Elizabeth A. Nickels	118,549	23,835	(256,187)		443,085

(1) Amounts in this column represent the deferral of base salary earned in fiscal 2009. The amounts identified in this column are also reported in the Summary Compensation Table under Salary for Fiscal 2009.

(2) Amounts in this column represent the Company's contribution.

(3) Amounts reflect increases (decreases) in value of the employees account during the year, based upon deemed investment of deferred amounts.

The Company's Non-qualified Deferred Compensation Plan, which was terminated on fiscal 2007, allows certain employees to defer part or all of his or her Executive Incentive Cash Bonus payment each year. The Company matched any such deferral, up to 50 percent of the incentive cash bonus payment. The matching payment vests over 3 years and vesting is dependent upon the executive remaining employed with the Company. Amounts deferred are converted into units having the same value as the Company's stock and are credited with amounts at the same rate as the Company's dividend on its common stock. Units are converted into shares of the Company's common stock at the time of distribution.

The Committee approved The Herman Miller, Inc. Executive Equalization Retirement Plan for salary deferrals that began in January 2008. The plan allows all United States employees who have compensation above the statutory ceiling to defer income in the same proportion as if the statutory ceiling did not exist. The Company makes contributions to the plan such that the amounts in the plan "mirror" the amounts the Company would have contributed had the employee's compensation not be above the statutory ceiling. Distributions from the plan are paid out in cash based on the deferral election specified by the participant.

Potential Payments upon Termination, Death, Disability, Retirement or Change in Control

The following tables quantify both the estimated payments that would be made to each NEO in the event of his/her termination by the Company without cause, and in the event of his/her termination under circumstances that would trigger payments under the change in control agreements. The tables also provide information regarding the incremental amounts that would have vested and become payable on May 30, 2009 if a change in control occurred on that date or if the NEO's employment had terminated on that date because of death, disability or retirement. The amounts potentially payable to each NEO in the event of separation without cause, death, disability, retirement or in connection with a change in control in which a termination occurs is illustrated below. The narrative that follows the tables gives more details concerning the plans and the circumstances under which either accelerated payment or vesting would occur.

Assumes termination occurs at end of Fiscal Year 2009 (May 30, 2009)

	Benefit	Death	Disability	Retirement	Without Cause	Change in Control
Brian C. Walker	Cash Severance				1,080,000	4,782,546
	Prorated Annual Incentive					
	Equity					
	Restricted Stock	1,138,400	1,138,400		1,138,400	1,423,000
	Restricted Stock Units	140,296	140,296		140,296	211,657
	Performance Shares (at target)					
	Unexercisable Options					
	Total	1,278,696	1,278,696		1,278,696	1,634,657
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units	11,967	11,967			11,967
	Other Benefits					
	Health and Welfare				21,627	43,255
	Outplacement				25,000	25,000
	Tax Gross-Ups					
	Total				46,627	68,255
	Total	1,290,663	1,290,663		2,405,323	6,497,424
Gregory J. Bylsma	Cash Severance				375,000	375,000
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	3,453	3,453		3,453	5,130
	Performance Shares (at target)					
	Unexercisable Options					
	Total	3,453	3,453		3,453	5,130
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				18,203	18,203
	Outplacement				25,000	25,000
	Tax Gross-Ups					
	Total				43,203	43,203
	Total	3,453	3,453		421,656	423,333

Potential Payments upon Termination, Death, Disability, Retirement or Change in Control *(continued)*

	Benefit	Death	Disability	Retirement	Without Cause	Change in Control
Curtis S. Pullen	Cash Severance				525,000	1,060,000
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	31,327	31,327		31,327	47,262
	Performance Shares (at target)					
	Unexercisable Options					
	Total	31,327	31,327		31,327	47,262
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				20,052	26,736
	Outplacement				25,000	25,000
	Tax Gross-Ups					
	Total				45,052	51,736
	Total	31,327	31,327		601,379	1,158,998
Donald D. Goeman	Cash Severance				382,500	932,423
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	58,456	58,456		58,456	88,189
	Performance Shares (at target)					
	Unexercisable Options					
	Total	58,456	58,456		58,456	88,189
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				23,179	30,905
	Outplacement				25,000	25,000
	Tax Gross-Ups					
	Total				48,179	55,905
	Total	58,456	58,456		489,134	1,076,516
Andrew J. Lock	Cash Severance				495,000	1,229,896
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	93,528	93,528		93,528	141,099
	Performance Shares (at target)					
	Unexercisable Options					
	Total	93,528	93,528		93,528	141,099
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				17,450	23,266
	Outplacement				25,000	25,000
	Tax Gross-Ups					
	Total				42,450	48,266
	Total	93,528	93,528		630,978	1,419,262

Potential Payments upon Termination, Death, Disability, Retirement or Change in Control *(continued)*

	Benefit	Death	Disability	Retirement	Without Cause	Change in Control
Kristen L. Manos	Cash Severance					
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units					
	Performance Shares (at target)					
	Unexercisable Options					
	Total					
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare					
	Outplacement					
	Tax Gross-Ups					
	Total					
	Total					
Elizabeth A. Nickels	Cash Severance				415,500	1,179,480
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	128,608	128,608		128,608	194,025
	Performance Shares (at target)					
	Unexercisable Options					
	Total	128,608	128,608		128,608	194,025
	Retirement Benefits ⁽¹⁾					
	Unvested Deferred Stock Units	7,867	7,867			7,867
	Other Benefits					
	Health and Welfare				21,317	28,422
	Outplacement				25,000	25,000
	Tax Gross-Ups					
	Total					
	Total	136,475	136,475		590,425	1,434,794

(1) The retirement benefits available to the Named Executive Officers are the same as those available to all salaried employees.

Potential Payments upon Termination without Change in Control

The Company under its salary continuation plan has agreed to pay Corporate Officers and other executives severance if they are terminated for reasons other than cause. The payments are equal to 18 months base salary continuation for the NEOs. In addition the Company maintains the health insurance on such employee during the salary continuation period. In exchange for such payments the employee provides the Company with a mutual release of all claims and agrees not to work for a competitor during the salary continuation period. In the event of a termination covered by the change in control agreements described below, the payments under those agreements is reduced by any amounts received under the salary continuation plan.

The Executive Long Term Disability Plan provides a monthly benefit to an executive of 60% of their 2 year average executive incentive up to a monthly maximum of \$10,000. Each of the NEOs would be entitled to a \$10,000 monthly benefit if they became disabled as of May 30, 2009 as long as they are disabled or until age 65.

Potential Payments upon Termination in Connection with Change in Control

In Fiscal 2009 each NEO, other than Greg Bylsma, was party to a change in control agreement with the Company. The change in control agreements are all “dual trigger” agreements. This means there both must be a change in control and the employee must incur an actual or constructive termination of employment by us in order to be entitled to a payment.

Potential Payments upon Termination without Change in Control *(continued)*

The agreements define change in control as having occurred (1) when a third party becomes the owner of 35 percent or more of the Company's stock, (2) when a majority of the Board of directors is composed of persons who are not recommended by the existing Board, or (3) under certain transactions involving a merger or reorganization, sale of all or substantially all of the company's assets or a liquidation in which the Company does not maintain certain control thresholds.

An employee is entitled to a payment under the change in control agreement if within 2 years after a change in control he or she (1) loses his or her employment with the Company for reasons other than cause or voluntary termination, (2) the responsibilities of his or her job are significantly reduced, (3) the base salary or bonus he or she receives is reduced, (4) the benefits he or she receives are reduced by more than 5 percent, (5) the location of his or her job is relocated more than 50 miles from its current location, or (6) the obligations of the change in control agreement is not assumed by any successor company.

If both triggering events occur, then the NEO is entitled to a change in control payment. The change in control payment consists of three elements (1) amounts owed for current year base salary, on target bonus prorated to the date of termination and all amounts of deferred income, (2) medical and other insurance benefits, and (3) a separation payment. In addition, all existing unvested options and other equity units become immediately vested and exercisable. The separation payment in the case of the CEO is to be equal to 3 times the amount described below and in the case of all other NEOs the payment is equal to 2 times the amount described below. The separation payment is a lump sum equal to either two or three times the sum of (a) the executive's base salary plus (b) the greater of the executive's actual bonus for the preceding year or his or her on-target bonus for the current year. This amount is reduced by any severance payment that executive receives under the severance program described above.

The Company has the obligation to make a "gross up" payment to the executive if the amount of the payments under the change in control agreements is subject to an excise tax under Section 4999 of the Internal Revenue Code of 1986. However, if a reduction of 5 percent in the separation payments to the executive would prevent them from being subject to the excise tax, the Company may reduce the payments up to 5 percent but only to the extent necessary to avoid the imposition of the excise tax.

In order to receive the payments the NEO is obligated to comply with the non-competition covenant of the agreement, committing him or her to refrain from competing with the Company for a period equal to the number of years of compensation received by the NEO under the agreement.

Accelerated Vesting upon Death, Disability, Retirement or Change in Control

Various compensation plans contain provisions that permit accelerated vesting upon death, disability or change in control. In the event of a change in control, the Key Executive Deferred Compensation Plan, the Long-Term Incentive Plan, and the Executive Incentive Cash Bonus Plan provide for the acceleration of vesting and/or payment even if the NEO has not been terminated. These are so called single trigger payment provisions. The Long-Term Incentive Plan, Executive Incentive Cash Bonus Plan and Key Executive Deferred Compensation Plan each has provisions dealing with vesting upon death, disability or retirement. The definition of change in control for these plans is the definition contained in Treasury Regulations for Section 409A of the American Jobs Creation Act of 2004.

Key Executive Deferred Compensation Plan

The Key Executive Deferred Compensation Plan, which terminated in fiscal 2007, permits a participant to elect to have his or her account distributed immediately upon his death, disability, or termination of employment in addition to change in control. The plan also permits the Committee to distribute to the employee amounts deferred before December 31, 2005 in the event of his death, disability or termination of employment.

Long-Term Incentive Plan

The Long-Term Incentive Plan provides that all unvested options, restricted stock units and performance shares vest and become immediately exercisable in the event of a change in control. The measurement period for performance shares ends as of the date of a change in control and the number of performance shares actually vesting is determined by the Company's average EVA performance during the shortened measurement period.

Options granted under the LTI Plan to the extent vested at the date of death, disability or retirement, remain exercisable for the balance of their original term but not more than 60 months following the date of termination of employment.

In all other cases the options terminate 3 months after the termination of employment. Restricted stock units vest ratably up to the date of termination if an employee dies, becomes disabled, or is terminated for reasons other than cause. Vesting is determined by comparing the number of months the employee has been with the Company between the date of grant and the date of termination to the original 5 year vesting period. If an employee retires the grant of restrict stock units will continue to vest over the original vesting period, provided the employee is available to provide 10 hours per quarter of consulting services and does not work for a competitor.

Potential Payments upon Termination without Change in Control *(continued)*

Performance shares, as explained earlier, are granted at a target value and the actual number of units converted into shares is determined at the end of a 3 year measurement period. The percentage of the performance share target grant that is eligible to vest if an employee dies, becomes disabled, or is terminated for reasons other than cause is determined by comparing the number of months between the date of grant and the date of termination to the original 3 year vesting period. If an employee retires in the first year the percentage of the performance share target grant subject to vesting will be equal to the number of months the employee remains employed during the year divided by 12. If the employee retires after the first year 100 percent of the target performance share grant is subject to vesting.

The Executive Incentive Cash Bonus Plan

The Executive Incentive Cash Bonus Plan requires that an employee be employed by the Company on the last day of a fiscal year in order to be eligible to receive the Incentive Cash Bonus, with certain exceptions noted below. The plan provides that in the events of death, disability or retirement an employee does not need to be employed on the last day of the fiscal year in order to receive a bonus. The employee's bonus will be reduced to reflect the portion of the year that he or she was employed by the Company. In the event of a change in control, the Incentive Cash Bonus is immediately vested (based upon EVA results achieved through the date of the change in control) and payable and is not reduced by virtue of the fact that it is calculated upon a partial year. The same provisions governing payment in the event of death, disability, retirement or change in control are also found in the bonus plan applicable to all other employees.

Director Compensation

The following Director Compensation table provides information on the compensation of each director for fiscal year 2009. The standard compensation of each director is \$108,000. This represents a ten percent reduction from the previous year. The audit committee chair receives an additional \$17,500, the executive compensation committee chair receives an additional \$10,000 and the nominating and governance committee chair receives an additional \$7,500. The chairman of the Board of Directors receives additional annual compensation of \$205,000 and is eligible to participate in the Company's health insurance plan. Brian Walker, the Company's CEO, does not receive any additional compensation for serving on the Board of Directors.

The annual retainer and any chairperson fee (collectively, the "Annual Fee") is payable by one or more of the following means, as selected by each director: (1) in cash; (2) in shares of our stock valued as of January 15 of each year; (3) credit under the Director Deferred Compensation Plan described below, valued as of January 15 of each year; (4) stock options valued as of January 15 of each year under the Black-Scholes Valuation Model; or (5) as a contribution to our company employee scholarship fund. Any director who does not meet the stock ownership guideline must take at least 50 percent of his or her fee in one of the permissible forms of equity.

Stock Option Plan

We have in effect a Stock Option Plan under which nonemployee officers and directors may be granted options to purchase shares of our stock if they elect to receive their compensation in stock options. Subject to certain exceptions, the options are not exercisable until 12 months after the date of grant and expire 10 years after the date of the grant. The option price is payable upon exercise in cash or, subject to certain limitations, in shares of our stock already owned by the optionee, or a combination of shares and cash.

Deferred Compensation Plan

We also maintain a Nonemployee Officer and Director Deferred Compensation Stock Purchase Plan. The Plan permits participants to defer receipt of all or a portion of his or her Annual Fee to his or her deferred account. The account is held in a Rabbi Trust. Each account is credited with a number of stock units equal to a number of shares of the investment selected by the director. The initial value of the deferral is equal to the dollar amount of the deferral, divided by the per share fair market value of the selected investment at the time of the deferral. The units are credited with any dividends paid on the investment.

Stock Ownership Guidelines

Director stock ownership guidelines have been in effect since 1997. These guidelines, like those of the management team, are intended to reinforce the importance of linking shareholder and director interests. Under these guidelines, beginning in 2000, each director is encouraged to reach a minimum level of share ownership having a value of at least three times the annual director retainer over a five-year period after first becoming a director.

Other

Directors are reimbursed for travel and other necessary business expenses incurred in the performance of their services for the Company, and they are covered under the Company's business travel insurance policies and under the Director and Officer liability insurance policy.

Perquisites

Some Directors' spouses accompany them to Board meetings. The Company pays for their expenses and for some amenities for the Directors and their spouses, including some meals and social events. The total of these perquisites is less than \$10,000 per Director except for Mr. Griffiths. His spouse's travel is reported in All Other Compensation in the following table.

Director Compensation (continued)

Director Compensation Table

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$) ⁽²⁾	Options Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
Paget L. Alves			39,944				39,944
Mary Vermeer Andringa	9,000	99,000					108,000
Douglas D. French	4,500	103,500					108,000
Lord Brian Griffiths of Fforestfach	108,000					28,079	136,079
J. Barry Griswell	4,538	113,462					118,000
John R. Hoke III	54,000	54,000					108,000
James R. Kackley	62,750		66,223				128,973
C. William Pollard	108,000						108,000
Dorothy A. Terrell	57,750		21,360				79,110
David O. Ulrich	54,000		88,794				142,794
Michael A. Volkema	313,000						313,000

(1) The amounts shown in the "Fees Earned or Paid in Cash" column include amounts which may be deferred under the Non-Employee Director Deferred Compensation Plan. Amounts deferred are retained as units equal to shares of stock under the plan. The plan permits non-employee directors to elect to defer amounts which they would otherwise receive as director fees. Amounts deferred are credited with earnings at the same rate as the dividend on the Company's stock. Directors at the time of deferral elect the deferral period. The units together with the earnings on the units are converted to shares of the Company's common stock at the end of the deferral period and are distributed to the director at the end of the deferral period. These amounts may also reflect contributions to the Michael Volkema Scholarship fund which awards college scholarships to children of employees. During fiscal year 2009 ten directors contributed a portion of their fees to the fund.

(2) These amounts reflect the expense recognized as compensation expense in fiscal 2009 for financial reporting purposes with respect to stock awards and options, granted in fiscal 2009 and/or prior years, in accordance with FAS 123R except that the amounts do not reflect a reduction for estimated forfeitures. The assumptions used in calculating these amounts are set forth in Note 14 in the Company's consolidated financial statements for the fiscal year ended May 30, 2009, included in our Annual Report on Form 10-K.

As of May 31, 2009, each Director had the following aggregate number of outstanding options :

Name	Aggregate Number of Outstanding Options
Paget L. Alves ⁽¹⁾	30,344
Mary Vermeer Andringa	16,948
Douglas D. French	31,037
Lord Brian Griffiths of Fforestfach	28,605
J. Barry Griswell	0
John R. Hoke III	0
James R. Kackley ⁽²⁾	50,090
C. William Pollard	36,573
Dorothy A. Terrell ⁽³⁾	46,001
David O. Ulrich ⁽⁴⁾	105,830
Michael A. Volkema	0

(1) Included in the aggregate number of outstanding options for Mr. Alves are 30,344 options granted during the fiscal year with a grant date fair value of \$107,997.

(2) Included in the aggregate number of outstanding options for Mr. Kackley are 17,630 options granted during the fiscal year with a grant date fair value of \$62,747.

(3) Included in the aggregate number of outstanding options for Ms. Terrell are 16,226 options granted during the fiscal year with a grant date fair value of \$57,750.

(4) Included in the aggregate number of outstanding options for Mr. Ulrich are 15,172 options granted during the fiscal year with a grant date fair value of \$53,999.

Equity Compensation Plan Information

As noted in the Compensation Discussion and Analysis, we maintain certain equity compensation plans under which common stock is authorized for issuance to employees and directors in exchange for services. In addition, we maintain the Nonemployee Officer and Director Stock Option Plan, Long Term Incentive Plan, 2000 Employee Stock Option Plan, Employees' Stock Purchase Plan, and various employee ownership and profit sharing plans under which common stock is authorized for issuance to employees and directors in exchange for services.

The 2000 Employee Stock Option Plan is our only equity compensation plan under which common stock is authorized for issuance that has not been approved by our shareholders. Under the 2000 Employee Stock Option Plan, each full- or part-time employee of the company, or any U.S. or Canadian subsidiary, and certain foreign subsidiaries who was not eligible to participate in the Long-Term Incentive Plan, received a one-time, nontransferable grant of a nonqualified stock option to purchase 100 shares of our common stock, at fair market value of the shares on the grant date. The options were not exercisable until after one year of continuous employment from the grant date and remain exercisable until the earlier of 10 years after the grant date or three months after termination of employment (other than termination due to of retirement, disability, or death, which events allow for a longer exercise period). The Board is sensitive to dilution of shareholder interests resulting from the granting of stock options and therefore has allocated the options granted under this plan against the authorized shares available under the Long-term Incentive Plan.

The following table sets forth certain information regarding the above referenced equity compensation plans as of May 30, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	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)
Equity compensation plans approved by security holders	2,984,630	26.81	6,004,657 ⁽²⁾
Equity compensation plans not approved by security holders	170,370	27.24	
Total	3,155,000	26.83	6,004,657

(1) We have not granted warrants or rights applicable to this chart.

(2) The number of shares remaining available for future issuance under our plans for awards other than options is limited to 12 percent of the shares authorized by shareholders. There are 436,978 shares remaining available for future issuance for awards other than options.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and officers, as well as any person holding more than 10 percent of our common stock, are required to report initial statements of ownership of our securities and changes in such ownership to the Securities and Exchange Commission. Based upon written representations by each director and officer, all the reports were timely filed by such persons during the last fiscal year.

Certain Relationships and Related Party Transactions

The Board of Directors has adopted a Policy on Related Party Transactions. Under that Policy, with certain limited exceptions, all proposed transactions between the Company and one of its directors or officers or their respective affiliates are required to be reported to the Nominating and Governance Committee prior to entering into such a transaction. Management is obligated to provide that Committee with information relating to the terms and conditions of the proposed transaction, how it complies with the Policy, and if the proposed transaction is with a director, advise the Committee if the transaction would impact that director's status as an independent director. The Nominating and Governance Committee has the authority to determine whether the proposed transaction is exempt from approval or, if not, approve the transaction as compliant with the Policy or refer the matter to the Board of Directors. All approved or exempted transactions must be reported by the Committee to the full Board of Directors.

In order to approve a transaction under the Policy, the Nominating and Governance Committee must determine that either (1) the dollar amount of the transaction and other transactions with the director during that year is less than \$100,000, and, for any director that is a member of the Audit Committee, does not constitute a proscribed consulting, advisory, or other compensated fee, or (2) if the proposed transaction is for the acquisition of products or services and is either less than \$100,000 or is subject to a bid process involving three or more competing parties, and the transaction is in the best interest of the Company and its shareholders, provided that (a) management determined that the proposed transaction will provide the best value for the Company, (b) the compensation is consistent with the proposals submitted by the other bidders, and (c) the director did not directly participate in the proposal process.

J. Barry Griswell is the Chairman of the Board of Directors and Chief Executive Officer of Principal Financial Group, Inc. During fiscal 2007, management submitted a request to the Nominating and Governance Committee to approve a proposed transaction under which the Principal Financial Group would provide Family Medical Leave Act (FMLA) and short-term and long-term disability management work on behalf of the Company. Mr. Griswell did not participate in the bid process or discuss the proposal with management of the Company. Based upon management's recommendation, the Committee determined that the proposed transaction was in the best interest of the Company and its shareholders and approved the proposed transaction. Under the terms of the transaction, Principal Financial Group will provide FMLA administration, short-term disability and long-term disability for a period of three years at an annual rate of approximately \$1.5 million for each of the three years of the contract.

In December 2007 the Company sought bids in connection with \$200 million in Private Placement Notes. Nineteen different bids were received totaling approximately \$400 million in subscriptions. One of the bids received was from the Principal Financial Group. Mr. Griswell did not participate in the bid process or discuss it with management of the Company. Based upon the pricing of their bid and management's recommendation, the Committee determined that the transaction did not constitute a conflict of interest and was in the best interest of the Company and its shareholders. The Committee approved the inclusion of the Principal Financial Group, Inc. for \$8 million within the current Debt Private Placement.

Effective June 24, 2009, the Company acquired all of the equity interests of Nemschoff Chairs, LLC, the majority, beneficial owner of which was Mark Nemschoff. In connection with that transaction, Mr. Nemschoff was appointed to the Board of Directors of the Company and entered into an Executive Consulting and Noncompete Agreement. Under the terms of that Agreement, Mr. Nemschoff has agreed to provide consulting services to the Company on a substantially full-time basis with the purpose of facilitating the transition and integration of Nemschoff Chairs with the Company as well as participating with strategic planning and business development. The agreement is for a term of two years and provides for an annual consulting fee of \$275,000 and certain health insurance and fringe benefits. Also, in connection with that transaction, the Company entered into a Lease Agreement with an entity that is indirectly controlled by Mr. Nemschoff. The premises, consisting of approximately 90,000 square feet, is to be leased by the Company for a period of five years at an annual base rent of \$240,000. Finally, also in connection with the transaction, the Company entered into a three-year supply agreement with Colby Metal, Inc., an entity indirectly controlled by Mr. Nemschoff, for the supply of certain light gauge sheet steel and tubular fabrication and/or paint equipment, products and services.

Submission of Shareholder Proposals for the 2010 Annual Meeting

Shareholders wishing to submit proposals on matters appropriate for shareholder action to be presented at our 2010 annual meeting of shareholders and to be included in our proxy materials for that meeting may do so in accordance with Rule 14a-8 promulgated under the Exchange Act, whereby (1) all applicable requirements of Rule 14a-8 must be satisfied, (2) the notice must include various stock ownership and related information detailed in our Bylaws, and (3) such proposals must be received by us at our principal executive offices at 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302, no later than May 6, 2010.

Our bylaws, which are available on our website at www.hermanmiller.com/bylaws, contain certain procedural requirements that shareholders must follow to nominate a person for election as a director at an annual meeting or to bring an item of business before the annual meeting. These procedures require that notice of an intention to nominate a person for election to the Board and/or to bring an item of business before our 2010 annual meeting must be received in writing by our secretary at 855 East Main Avenue, P.O. Box 302, Zeeland, Michigan 49464-0302 no earlier than June 17, 2010 and no later than July 17, 2010. The notice must contain certain information about the shareholder making the proposal for nomination, including a representation that the shareholder intends to appear in person or by proxy at the annual meeting to nominate the person named in the notice or bring the item of business before the meeting, and about the nominee and/or the item of business and, in the case of a nomination, must be accompanied by a written consent of the proposed nominee to be named as a nominee and to serve as a director, if elected. As of September 3, 2009, no proposals to be presented at the 2009 annual meeting have been received by us.

Miscellaneous

The cost of the solicitation of proxies will be borne by us. In addition to the use of the mails, proxies may be solicited personally or by telephone or electronic means by a few of our regular employees. We may reimburse brokers and other people holding stock in their names or in the names of nominees for their expenses in sending proxy materials to the principals and obtaining their proxies.

Our mailing for the fiscal year ended May 30, 2009, includes the Notice Regarding the Availability of Proxy Materials. A copy of the Notice of 2009 Annual Meeting of Shareholders and the 2009 Annual Financial Statements as well as the Proxy Statement and our Report on Form 10-K both filed with the Securities and Exchange Commission are available, without charge, upon written request from the Secretary of the company, 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302.

Shareholders are urged to vote promptly. Questions related to your holdings can be directed as follows:

Computershare Investor Services, LLC, 250 Royall Street, Canton, Massachusetts 02021 Phone: 1 866 768 5723 inside the United States Phone: 1 781 575 2723 outside the United States <http://www.computershare.com>

By Order of the Board of Directors

Daniel C. Molhoek, Secretary to the Board September 3, 2009

Appendix I Herman Miller, Inc., Board of Directors – Audit Committee Charter July 2009

Purpose

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors by overseeing (1) the quality and integrity of the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements, (2) the performance of the Company’s Business Risk group, including the internal audit function, and independent auditor, (3) the Company’s disclosure controls and system of internal controls regarding finance, accounting, legal compliance, and ethics that management and the Board of Directors have established, and (4) the company’s process for identifying and managing significant business risks which could affect the company’s financial results and position.

The Committee shall provide an open avenue of communication among the independent auditors, financial and senior management, the Business Risk group and the Board of Directors.”

Membership

The Committee shall be comprised of three or more members of the Board of Directors, each of whom (1) must qualify as an independent director under the listing standards of the NASDAQ, Section 301 of the Sarbanes-Oxley Act, and the rules of the Securities and Exchange Commission, (2) shall be free from any relationship to the Company that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee, and (3) shall not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. All members of the Committee shall meet the NASDAQ requirements to be able to read and understand fundamental financial statements. In addition, at least one member shall have met the NASDAQ standard for financial sophistication. The Board of Directors shall attempt to appoint at least one member of the Committee who is an “Audit Committee Financial Expert” under the criteria established by the Securities and Exchange Commission. The members shall be nominated by the Nominating and Governance Committee and appointed annually to one-year terms by the Board. The Nominating and Governance Committee shall recommend, and the Board shall designate, one member of the Committee as Chair. A member of the Committee shall not simultaneously serve on the audit committee of more than two other public companies.

Meetings and Procedures

Meetings of the Committee shall be subject to the Committee procedure rules set forth in the Company’s Bylaws, rules established by the Board, and its own rules of procedure (including the Administrative Guidelines schedule), which shall be consistent with those Bylaws and the following:

1. The Committee shall meet at least four (4) times annually and more frequently as circumstances require. At least four (4) scheduled meetings of the Committee shall include an executive session of the Committee, absent members of management and on such terms and conditions as the Committee may elect. The executive sessions may include meeting with the head of the Company’s Business Risk group and the independent auditors in separate executive sessions to discuss any matters that the Committee or the Business Risk department or independent auditors believe should be discussed privately. In addition, the Committee may meet periodically with management without the independent auditor or the Business Risk director.
2. Following each of its meetings, the Committee shall deliver a report (verbal or written) on the meeting to the Board, including a description of actions taken by the Committee.
3. Minutes will be prepared for each meeting by a legal non-employee resource and will be maintained as a permanent part of corporate records.
4. At least annually, the Committee will review this Charter and update it as necessary.

Responsibilities and Duties

The Company’s management is responsible for preparing the Company’s financial statements, and the independent auditors are responsible for auditing the Company’s financial statements. Consequently, the Audit Committee’s role is one of oversight and does not provide any expert assurance or certification as to the Company’s financial statements or the work of the independent auditors or that of the Business Risk group. However, the independent auditors and director of Business Risk are directly accountable to the Audit Committee. The Committee shall have the following responsibilities and duties:

Documents and Reports

1. Review the Company’s annual financial statements and any financial reports submitted to the SEC or to the public, including any report issued by the independent auditors.
2. Review the management letter and other reports from the independent auditors, reports issued to Audit Committee from the Business Risk group, management’s responses, and subsequent updates on actions taken.
3. Recommend to the Board whether the Company’s annual financial statements should be included in the Annual Report on Form 10-K.
4. Cause to be prepared and approve the Committee’s report to be included in the Company’s proxy statement.
5. Review with financial management, Business Risk and the independent auditors the quarterly report on Form 10-Q prior to filing.

Appendix I Herman Miller, Inc., Board of Directors – Audit Committee Charter July 2009 (continued)

6. Review quarterly earnings press releases with management prior to dissemination.
7. Discuss with management financial information and earnings guidance provided to external parties (e.g., analysts and rating agencies), if not previously discussed with the Executive Committee or Board of Directors.
8. Review management's assessment and report and the independent auditors' attestation and report on the effectiveness of the Company's internal controls over financial reporting.

Independent Auditors

1. Appoint, retain or remove, approve the compensation of, and provide oversight of the work of the Company's independent auditor and appoint and approve the compensation of any public accounting firm engaged for the purpose of preparing or issuing an audit report of the Company's financial statements, or the Company's internal controls, or performing other audit, review or attest services of the Company, including resolution of disagreements between management and the independent auditors regarding financial reporting. The independent auditors shall report directly to the Committee.
2. On an annual basis, review and evaluate the qualifications and performance of the independent auditors.
3. On an annual basis, receive from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with PCAOB standards. The Committee will actively engage in a dialog with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor. The Committee will take appropriate action to oversee the independence of the independent auditor.
4. Administer the Company's Audit and Non-Audit Services Pre-Approval Policy.
5. Hold timely discussions with the independent auditors regarding:
 - (a) Significant accounting policies and practices;
 - (b) All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - (c) Other material written communications between the independent auditor and management including, but not limited to, schedule of unadjusted differences; and
 - (d) Items disclosed by the auditor as required in SAS No. 61 or SAS No. 100, including the auditor's judgment as to the quality of the Company's accounting principles, significant reporting issues and management's judgments and accounting estimates made in connection with the preparation of the financial statements.
 - (e) The establishment, documentation, effectiveness, and audit of the Company's internal financial controls required by Sarbanes Oxley Section 404 and the PCAOB.
6. At least annually, obtain and review a report by the independent auditor describing:
 - (a) The firm's internal quality control procedures; and
 - (b) Any material issues raised by the most recent internal quality-control review of the firm or by any inquiry or investigation of the firm by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.
 - (c) All relationships between the independent auditor and the Company.

Financial Reporting Processes

1. Review the integrity of the Company's financial reporting process, both internal and external, giving consideration to the disclosure controls, and consultation with management, the independent auditors and the director of Business Risk.
2. Review and discuss significant changes in the Company's procedures concerning internal controls over financial reporting.
3. Consider and approve, as appropriate, material changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the director of Business Risk.
4. Establish and maintain procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures necessary to receive and respond to confidential and anonymous submissions by Company employees regarding questionable accounting or auditing matters; consider risk factors for potential fraudulent financial reporting.
5. Approve the annual EVA calculation including the actual improvement and bonus factor.

Business Risk Group/Internal Audit

1. Review the audit plan, activities, organizational structure and qualifications of the Company's Business Risk group including a periodic review of the department's and the director's performance, and approve the appointment of the director.
2. Periodically review any significant difficulties, disagreements with management, or scope restrictions encountered in the course of that group's work.

Legal and Business Risks

1. Review, with the Company's counsel, legal compliance matters.
2. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.
3. Discuss the Company's process for identifying and managing significant business and financial risk exposures and steps taken by management to control or mitigate those exposures.

Other

1. Perform an annual self-assessment relative to the Audit Committee's purpose, duties and responsibilities set forth in this Charter.
2. To the extent it deems appropriate, and with or without full Board approval, obtain advice and assistance from outside legal, accounting or other advisors as deemed appropriate to perform its duties and responsibilities.
3. Monitor the development of the company's insurance programs, except director and officer insurance, and their adequacy to safeguard against extraordinary liabilities and losses.
4. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

Funding

The Company shall provide appropriate funding, as determined by the Audit Committee, for payments of:

1. Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
2. Compensation to any advisors employed by the Audit Committee pursuant to the Charter; and
3. Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

**HERMAN MILLER, INC.
SHAREHOLDER SERVICES
855 EAST MAIN AVENUE
ZEELAND, MI 49646**

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 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.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by Herman Miller, Inc. 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 shareholder communications 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 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 Herman Miller, Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

VOTE BY FAX DURING THE MEETING

Mark, sign, and date your proxy card and return it to Herman Miller, Inc. by faxing it to 1-616-654-7218.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M16551-P84331

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

HERMAN MILLER, INC.

Vote on Directors

The Board of Directors recommends a vote FOR the listed nominees.

For All	Withhold All	For All Except
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

1. Director Vote
To elect one director to serve until 2010
01) Michael A. Volkema
To elect four directors to serve until 2012
02) Paget L. Alves
03) Douglas D. French
04) John R. Hoke III
05) James R. Kackley

Vote on Proposal

The Board of Directors recommends a vote FOR the proposal.

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm.

The proxies will vote the shares in accordance with the directions on this card. If a choice is not indicated, the proxies will vote the shares "FOR" the nominees and "FOR" the proposal.

At their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or adjournment thereof.

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

Signature [PLEASE SIGN WITHIN BOX]	Date
------------------------------------	------

Signature (Joint Owners)	Date
--------------------------	------

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice of 2009 Annual Meeting of Shareholders' Proxy Statement and 2009 Annual Financial Statements
are available at www.proxyvote.com.

M16552-P84331

Herman Miller, Inc.

By signing this card, voting by telephone or voting by Internet, the shareholder appoints James E. Christenson and Michael A. Volkema, and each of them, proxies, with full power of substitution, to vote all of the undersigned's shares of Herman Miller, Inc. Common Stock (Common Stock) at the Annual Meeting of Shareholders to be held on Thursday, October 15, 2009, at 11:00 a.m. (EDT) at www.hermanmiller.com, and at adjournment or postponements thereof, upon all subjects that may properly come before the meeting, including the matters described in the proxy statement furnished herewith, subject to any directions indicated on the reverse side of this card.

Address Changes/Comments: _____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

2009 ANNUAL FINANCIAL STATEMENTS

Herman Miller, Inc., and Subsidiaries

Herman Miller is a 100-year-old-plus company that places great importance on design, the environment, community service, and the health and well-being of our customers and our employees. Innovative ways to improve the performance of our customers' organizations have become our hallmark. Our award-winning furniture, services, and other products are available through retailers and dealers around the world. Whether your world is an office, a school, a home, or a hospital—and whether you are a customer, an employee, a shareholder, or a member of our community—we work hard to create a better world around you.



Available Information

The company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are made available free of charge through the "About Us" then "For Our Investors" section of the company's internet website at www.hermanmiller.com, as soon as practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). The company's filings with the SEC are also available for the public to read and copy in person at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549, by phone at 1-800-SEC-0330, or via their internet website at www.sec.gov.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

As defined in Item 304 of Regulation S-K, there have been no changes in, or disagreements with, accountants during the 24-month period ended May 30, 2009.

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Share Price, Earnings, and Dividends Summary

Herman Miller, Inc., common stock is traded on the NASDAQ-Global Select Market System (Symbol: MLHR). As of July 22, 2009, there were approximately 20,700 record holders, including individual participants in security position listings, of the company's common stock.

Per Share and Unaudited	Market Price High (at close)	Market Price Low (at close)	Market Price Close	Earnings Per Share- Diluted ⁽¹⁾	Dividends Declared Per Share
Year Ended May 30, 2009					
First quarter	\$28.54	\$23.70	\$28.14	\$0.60	\$0.08800
Second quarter	30.39	11.38	14.71	0.60	0.08800
Third quarter	15.13	10.08	10.08	(0.10)	0.08800
Fourth quarter	15.02	8.05	14.23	0.14	0.02200
Year	\$30.39	\$8.05	\$14.23	\$1.25	\$0.28600
Year Ended May 31, 2008					
First quarter	\$36.78	\$26.32	\$29.02	\$0.54	\$0.08800
Second quarter	29.75	23.54	27.45	0.67	0.08800
Third quarter	33.71	27.66	29.83	0.65	0.08800
Fourth quarter	30.77	22.41	24.80	0.71	0.08800
Year	\$36.78	\$22.41	\$24.80	\$2.56	\$0.35200

(1) The sum of the quarters may not equal the annual balance due to rounding associated with the calculation of earnings per share on an individual quarter basis

Dividends were declared and paid quarterly during fiscal 2009 and 2008 as approved by the Board of Directors. While it is anticipated that the company will continue to pay quarterly cash dividends, the amount and timing of such dividends is subject to the discretion of the Board depending on the company's future results of operations, financial condition, capital requirements, and other relevant factors.

Issuer Purchases of Equity Securities

The following is a summary of share repurchase activity during the fourth quarter ended May 30, 2009.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average price Paid per Share or Unit	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
3/1/09-3/28/09	1,977	11.58	1,977	\$171,140,954
3/29/09-4/25/09	1,630	26.82	1,630	\$171,097,241
4/26/09-5/30/09	0	0	0	\$171,097,241
Total	3,607	18.47	3,607	

(1) Amounts are as of the end of the period indicated

The company repurchases shares under a previously announced plan authorized by the Board of Directors on September 28, 2007, which provided share repurchase authorization of \$300,000,000 with no specified expiration date.

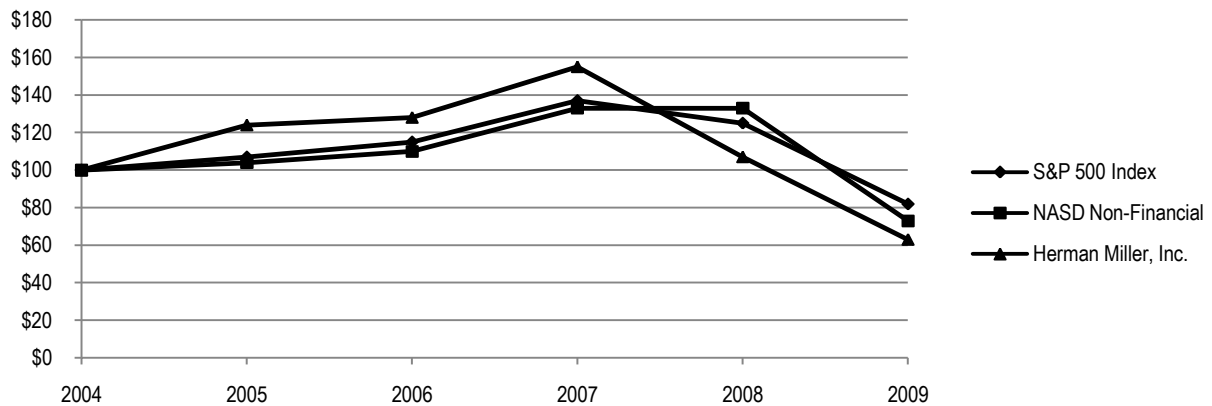
No repurchase plans expired or were terminated during the fourth quarter of fiscal 2009, nor do any plans exist under which the company does not intend to make further purchases.

During the period covered by this report the company did not sell any of its equity shares that were not issued under the Securities Act of 1933.

Share Price, Earnings, and Dividends Summary *(continued)*

Shareholder Return Performance Graph

Set forth below is a line graph comparing the yearly percentage change in the cumulative total shareholder return on the Company's common stock with that of the cumulative total return of the Standard & Poor's 500 Stock Index and the NASD Non-Financial Index for the five-year period ended May 30, 2009. The graph assumes an investment of \$100 on May 29, 2004 in the company's common stock, the Standard & Poor's 500 Stock Index and the NASD Non-Financial Index, with dividends reinvested.



	2004	2005	2006	2007	2008	2009
Herman Miller, Inc.	\$100	\$124	\$128	\$155	\$107	\$63
S&P 500 Index	\$100	\$107	\$115	\$137	\$125	\$82
NASD Non-Financial	\$100	\$104	\$110	\$133	\$133	\$73

Information required by this item is also contained in Item 12 of this report.

Review of Operations

(In millions, except key ratios and per share data)

	2009	2008	2007	2006	2005
Operating Results					
Net sales	\$1,630.0	\$2,012.1	\$1,918.9	\$1,737.2	\$1,515.6
Gross margin	527.7	698.7	645.9	574.8	489.8
Selling, general, and administrative ⁽⁸⁾	359.2	400.9	395.8	371.7	327.7
Design and research	45.7	51.2	52.0	45.4	40.2
Operating earnings	122.8	246.6	198.1	157.7	121.9
Earnings before income taxes	98.9	230.4	187.0	147.6	112.8
Net earnings	68.0	152.3	129.1	99.2	68.0
Cash flow from operating activities	91.7	213.6	137.7	150.4	109.3
Depreciation and amortization	41.7	43.2	41.2	41.6	46.9
Capital expenditures	25.3	40.5	41.3	50.8	34.9
Common stock repurchased plus cash dividends paid	19.5	287.9	185.6	175.4	152.0
Key Ratios					
Sales growth (decline)	(19.0)%	4.9%	10.5%	14.6%	13.2%
Gross margin ⁽¹⁾	32.4	34.7	33.7	33.1	32.3
Selling, general, and administrative ⁽¹⁾⁽⁸⁾	22.0	19.9	20.6	21.4	21.6
Design and research expense ⁽¹⁾	2.8	2.5	2.7	2.6	2.7
Operating earnings ⁽¹⁾	7.5	12.3	10.3	9.1	8.0
Net earnings growth (decline)	(55.4)	18.0	30.1	45.9	60.8
After-tax return on net sales ⁽⁴⁾	4.2	7.6	6.7	5.7	4.5
After-tax return on average assets ⁽⁵⁾	8.8	21.0	19.4	14.4	9.6
After-tax return on average equity ⁽⁶⁾	433.1%	170.5%	87.9%	64.2%	37.3%
Share and Per Share Data					
Earnings per share-diluted	\$1.25	\$2.56	\$1.98	\$1.45	\$0.96
Cash dividends declared per share	0.29	0.35	0.33	0.31	0.29
Book value per share at year end	0.15	0.42	2.47	2.10	2.45
Market price per share at year end	14.23	24.80	36.53	30.34	29.80
Weighted average shares outstanding-diluted	54.5	59.6	65.1	68.5	70.8
Financial Condition					
Total assets	\$767.3	\$783.2	\$666.2	\$668.0	\$707.8
Working capital ⁽³⁾	242.7	182.7	103.2	93.8	162.3
Current ratio ⁽²⁾	1.6	1.6	1.4	1.3	1.5
Interest-bearing debt and related swap agreements	377.4	375.5	176.2	178.8	194.0
Shareholders' equity	8.0	23.4	155.3	138.4	170.5
Total capital ⁽⁷⁾	385.4	398.9	331.5	317.2	364.5

(1) Shown as a percent of net sales.

(2) Calculated using current assets divided by current liabilities.

(3) Calculated using current assets less non-interest bearing current liabilities.

(4) Calculated as net earnings divided by net sales.

(5) Calculated as net earnings divided by average assets.

(6) Calculated as net earnings divided by average equity.

(7) Calculated as interest-bearing debt plus shareholders' equity.

(8) Selling, general, and administrative expenses include restructuring expenses in years that are applicable

2004	2003	2002	2001	2000	1999
\$1,338.3	\$1,336.5	\$1,468.7	\$2,236.2	\$2,010.2	\$1,828.4
415.6	423.6	440.3	755.7	680.4	641.6
304.1	319.8	399.7	475.4	404.4	379.3
40.0	39.1	38.9	44.3	41.3	38.0
61.2	48.3	(79.9)	236.0	234.7	224.3
51.6	35.8	(91.0)	225.1	221.8	229.9
42.3	23.3	(56.0)	140.6	139.7	141.8
82.7	144.7	54.6	211.8	202.1	205.6
59.3	69.4	112.9	92.6	77.1	62.1
26.7	29.0	52.4	105.0	135.7	103.4
72.6	72.7	30.3	105.3	101.6	179.7
0.1%	(9.0)%	(34.3)%	11.2%	9.9%	3.1%
31.1	31.7	30.0	33.8	33.8	35.1
22.7	23.9	27.3	21.3	20.1	20.7
3.0	2.9	2.6	2.0	2.1	2.1
4.6	3.6	(5.4)	10.6	11.7	12.3
81.5	141.6	(139.8)	0.6	(1.5)	10.5
3.2	1.7	(3.8)	6.3	6.9	7.8
5.7	3.0	(6.3)	14.5	16.5	18.5
21.9%	10.3%	(18.2)%	43.5%	55.5%	64.4%
\$0.58	\$0.31	\$(0.74)	\$1.81	\$1.74	\$1.67
0.18	0.15	0.15	0.15	0.15	0.15
2.71	2.62	3.45	4.63	3.76	2.63
24.08	19.34	23.46	26.90	29.75	20.19
73.1	74.5	75.9	77.6	80.5	84.8
\$714.7	\$757.3	\$788.0	\$996.5	\$941.2	\$751.5
207.8	189.9	188.7	191.6	99.1	55.5
1.8	1.7	1.8	1.5	0.9	1.0
207.2	223.0	235.1	259.3	225.6	147.6
194.6	191.0	263.0	351.5	294.5	209.1
401.8	414.0	498.1	610.8	520.1	356.7

Management's Discussion and Analysis

You should read the issues discussed in Management's Discussion and Analysis in conjunction with the company's Consolidated Financial Statements and the Notes to the Consolidated Financial Statements included in this Form 10-K.

Executive Overview

We use problem-solving design and performance innovation to enhance the quality of human habitats worldwide, making our customers' lives more productive, rewarding, delightful, and meaningful. We do this by providing high quality products and related knowledge services. At present, most of our customers come to us for work environments in both corporate office and healthcare settings. We also have a growing presence in educational and residential markets, including home office. Our primary products include furniture systems, seating, storage and material handling solutions, freestanding furniture, and casegoods. Our services extend from workplace to furniture asset management. We extended our industry leading position in seating as we introduced the NeoCon award winning Embody™ chair and Setu™ family of seating.

We are globally positioned in terms of manufacturing operations. In the United States, our manufacturing operations are located in Michigan, Georgia, and Washington. In Europe, we have a significant manufacturing presence in the United Kingdom, our largest marketplace outside of the United States. In Asia, we have manufacturing operations in Ningbo, China.

Our products are sold internationally through wholly-owned subsidiaries or branches in various countries including Canada, France, Germany, Italy, Japan, Mexico, Australia, Singapore, China, India, and the Netherlands. Our products are offered elsewhere in the world primarily through independent dealerships. We have customers in over 100 countries.

We manufacture our products using a system of lean manufacturing techniques collectively referred to as the Herman Miller Performance System (HMPS). We strive to maintain efficiencies and cost savings by minimizing the amount of inventory on hand. Accordingly, production is order-driven with direct materials and components purchased as needed to meet demand. The standard lead time for the majority of our products is 10 to 20 days. As a result, the rate of our inventory turns is high. These combined factors could cause our inventory levels to appear relatively low in relation to sales volume.

A key element of our manufacturing strategy is to limit fixed production costs by sourcing component parts from strategic suppliers. This strategy has allowed us to increase the variable nature of our cost structure while retaining proprietary control over those production processes that we believe provide us a competitive advantage. As a result of this strategy, our manufacturing operations are largely assembly-based.

Our business consists of various operating segments as defined by generally accepted accounting principles. These operating segments are determined on the basis of how we internally report and evaluate financial information used to make operating decisions and are organized by the various markets we serve. For external reporting purposes, we aggregate these operating segments as follows.

- *North American Furniture Solutions*—Includes the business associated with the design, manufacture, and sale of furniture products primarily through a Certified Dealer Network for office, learning and healthcare environments throughout the United States, Canada, and Mexico.
- *Non-North American Furniture Solutions*—Includes the business associated with the design, manufacture, and sale of furniture products primarily for work-related settings outside North America.
- *Other*—Includes our North American residential furniture business as well as other business activities such as Convia™, and unallocated corporate expenses.

Core Strengths

We rely on the following core strengths in delivering workplace solutions to our customers.

- *Problem-Solving Design and Innovation*—We are committed to developing research-based functionality and aesthetically innovative new products and have a history of doing so. We believe our skills and experience in matching problem-solving design with the workplace needs of our customers provide us with a competitive advantage in the marketplace. An important component of our business strategy is to actively pursue a program of new product research, design, and development. We accomplish this through the use of an internal research and design staff as well as third party design resources generally compensated on a royalty basis.
- *Operational Excellence*—We were among the first in our industry to embrace the concepts of lean manufacturing. HMPS provides the foundation for all of our manufacturing operations. We are committed to continuously improving both product quality and production and operational efficiency. We have begun to extend this lean process work externally to our manufacturing supply chain and to our distribution channel. We believe this work holds great promise for further gains in reliability, quality and efficiency.
- *Building and Leading Networks*—We value relationships in all areas of our business. We consider our networks of innovative designers, owned and independent dealers, and suppliers to be among our most important competitive factors and vital to the long-term success of our business.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview (*continued*)

Channels of Distribution

Our products and services are offered to most of our customers under standard trade credit terms between 30 and 45 days and are sold through the following distribution channels.

- *Independent Contract Furniture Dealers and Licensees*—Most of our product sales are made to a network of independently owned and operated contract furniture dealerships doing business in many countries around the world. These dealers purchase our products and distribute them to end customers. We recognize revenue on product sales through this channel once our products are shipped and title passes to the dealer. Many of these dealers also offer furniture-related services, including product installation.
- *Owned Contract Furniture Dealers*—At May 30, 2009, we owned 8 contract furniture dealerships, some of which have operations in multiple locations. The financial results of these owned dealers are included in our Consolidated Financial Statements. Product sales to these dealerships are eliminated as inter-company transactions from our consolidated financial results. We recognize revenue on these sales once products are shipped to the end customer and installation is substantially complete. We believe independent ownership of contract furniture dealers is generally, the best model for a financially strong distribution network. With this in mind, our strategy is to continue to pursue opportunities to transition our owned dealerships to independent owners. Where possible, our goal is to involve local managers in these ownership transitions.
- *Direct Customer Sales*—We sometimes sell products and services directly to end customers without an intermediary (e.g. sales to the U.S. federal government). In most of these instances, we contract separately with a dealership or third-party installation company to provide sales-related services. We recognize revenue on these sales once products are shipped and installation is substantially complete.
- *Independent Retailers*—Certain products are sold to end customers through independent retail operations. Revenue is recognized on these sales once products are shipped and title passes to the independent retailer.

Challenges Ahead

Like all businesses, we are faced with a host of challenges and risks. We believe our core strengths and values, which provide the foundation for our strategic direction, have us well prepared to respond to the inevitable challenges we will face in the future. While we are confident in our direction, we acknowledge the risks specific to our business and industry. Refer to Item 1A of our Annual Report on Form 10-K for discussion of certain of these risk factors.

Future Avenues of Growth

We believe we are well positioned to successfully pursue our mission despite the risks and challenges we face. That is, we believe we can continue to improve the performance of human habitats worldwide. In pursuing our mission, we have identified the following as key avenues for our future growth.

- *Primary Markets*—Capturing additional market share within our primary markets by offering superior solutions to customers who value space as a strategic tool.
- *Adjacent Markets*—Further applying our core skills in space environments such as healthcare, higher education, and residential.
- *Developing Economies*—Expanding our geographic reach in areas of the world with significant growth potential
- *New Markets*—Developing new products and technologies that serve new markets

Industry Analysis

The Business and Institutional Furniture Manufacturer's Association (BIFMA) is the trade association for the U.S. domestic office furniture industry. We monitor the trade statistics reported by BIFMA and consider them an indicator of industry-wide sales and order performance. BIFMA publishes statistical data for the contract segment and the office supply segment within the U.S. furniture market. The U.S. contract segment is primarily with large to mid-size corporations installed via a network of dealers. The office supply segment is primarily to smaller customers via wholesalers and retailers. We primarily participate, and are a leader in, the contract segment. It is important to note that our diversification strategy lessens our dependence on the U.S. office furniture market.

We also analyze BIFMA statistical information as a benchmark comparison against the performance of our domestic U.S. business and also to that of our competitors. The timing of large project-based business may affect comparisons to this data. Finally, BIFMA regularly provides its members with industry forecast information, which we use internally as one of many considerations in our short and long-range planning process.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Discussion of Business Conditions

Our fiscal years ended May 30, 2009 and May 31, 2008 each included 52 weeks of operations.

Fiscal 2009 was a year marked with unprecedented economic challenges and uncertainties. We are encouraged by our achievements in the face of these economic conditions. We were able to maintain solid operating income performance despite a rapid and steep decline in revenue, as we acted quickly to adjust our cost structure. While we took significant steps in reducing our cost structure, it did not prevent us from continuing to invest in our strategy of problem solving design and innovation. We introduced several new products designed to reach customers in nearly all areas of our business. These new products made a strong showing at NeoCon, the contract furniture industry's largest tradeshow. Our newly introduced chair, Setu™, won "Gold" for conference room seating, and "Silver" in the lounge seating category. Our Embody™ chair won "Silver" in task seating and we were named "Manufacturer of the Year" by the Office Furniture Dealers Association for the second year in a row.

In fiscal 2009, we significantly changed our capital structure to align with the economic conditions. We suspended our share repurchases and focused on cash conservation and strengthening our balance sheet. Our intent to conserve cash is both a defensive strategy as well as offensive. We reduced our dividend in the fourth quarter from \$.088 per share to \$.022 per share. This adjustment aligns our dividend payout with our historic dividend metrics. We also announced and implemented several initiatives to improve our operating profitability and cash flow. We put in place a restructuring action that eliminated approximately 1,400 full-time positions and temporary workers. We took further action to reduce our cost structure by \$30 million by adjusting our work schedule, working 9 out of every 10 days, and suspending our 401(k) match. All these actions allowed us to end the year with a cash and investment balance of \$204.2 million. Given the uncertain nature of the current economic environment we have taken a number of actions to increase our financial strength and flexibility. At the same time, we believe there will be opportunities to increase market share for companies that are able to take advantage of these conditions. For example, subsequent to year-end we announced the acquisition of Nemschoff Chairs, LLC, (Nemschoff) a provider of lobby room seating and furnishings, administrative office lounge seating, and a wide range of healthcare patient room furniture products. We believe this acquisition, coupled with our recent acquisition of Brandrud, will make us the number one provider of furniture in healthcare environments.

Additionally, after year-end we renegotiated our syndicated revolving line of credit, reducing our availability from \$250 million to \$150 million, while giving us additional covenant flexibility. We also completed the repurchase of \$75 million of our outstanding public bonds. In addition to improving our covenant metrics this action also significantly reduces our interest expense moving forward.

In May we announced the closing of a manufacturing facility. This closing, which will take place over the next 9 to 12 months, will provide significant savings once completed. As a result of our HMPS process improvements, we do not believe this causes a reduction to our long-term manufacturing capacity.

While many of the decisions we made were difficult and had negative impacts on some of our employee-owners, they were made as a result of unprecedented economic conditions. Overall we are pleased with our performance for the year and the opportunities in front of us.

Looking forward, the general economic outlook for our industry in the U.S. is expected to be negative through calendar year 2009, and we remain appropriately cautious as a result. BIFMA issued its most recent report in May 2009 expecting that the growth rate of office furniture orders and shipments in the U.S. for calendar 2009 will be negative 29.3 percent and 28.6 percent, respectively. For calendar 2010, BIFMA expects positive 2.6 percent and 2.8 percent growth for orders and sales, respectively. This forecasted improvement is based upon an assumption of a slight improvement in the U.S. economy in the fourth quarter of calendar 2009 and the first quarter of 2010.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Financial Results

The following is a comparison of our annual results of operations and year-over-year percentage changes for the periods indicated.

(Dollars In millions)	Fiscal 2009	% Chg from 2008	Fiscal 2008	% Chg from 2007	Fiscal 2007
Net sales	\$1,630.0	(19.0)%	\$2,012.1	4.9%	\$1,918.9
Cost of sales	1,102.3	(16.1)%	1,313.4	3.2%	1,273.0
Gross margin	527.7	(24.5)%	698.7	8.2%	645.9
Operating expenses	404.9	(10.4)%	452.1	1.0%	447.8
Operating earnings	122.8	(50.2)%	246.6	24.5%	198.1
Net Other expenses	23.9	47.5%	16.2	45.9%	11.1
Earnings before income taxes	98.9	(57.1)%	230.4	23.2%	187.0
Income tax expense	31.0	(60.4)%	78.2	35.1%	57.9
Minority interest, net of tax	(0.1)	—	(0.1)	NA	—
Net earnings	\$68.0	(55.4)%	\$152.3	18.0%	\$129.1

The following table presents, for the periods indicated, the components of the company's Consolidated Statements of Operations as a percentage of net sales.

Fiscal Year Ended	May 30, 2009	May 31, 2008	June 2, 2007
Net sales	100.0%	100.0%	100.0%
Cost of sales	67.6	65.3	66.3
Gross margin	32.4	34.7	33.7
Selling, general, and administrative expenses	20.3	19.7	20.6
Restructuring	1.7	0.3	—
Design and research expenses	2.8	2.5	2.7
Total operating expenses	24.8	22.5	23.3
Operating earnings	7.5	12.3	10.3
Net other expenses	1.5	0.8	0.6
Earnings before income taxes	6.1	11.5	9.7
Income tax expense	1.9	3.9	3.0
Net earnings	4.2	7.6	6.7

Net Sales, Orders, and Backlog

Fiscal 2009 Compared to Fiscal 2008

For the fiscal year ended May 31, 2009, consolidated net sales declined 19.0 percent to \$1,630.0 million from \$2,012.1 million in fiscal 2008. This year-over-year decline was driven by the global economic environment and was experienced across nearly all operating and geographic units. The strengthening of the U.S. dollar during fiscal 2009 against most major foreign currencies reduced our top line by approximately \$30 million.

Consolidated net trade orders for fiscal 2009 totaled \$1,565 million. This is comparable to net trade orders of \$2,009 million last year, and represents a decrease of 22 percent. Starting with the financial market volatility in the early fall in part related to the instability in the banking industry we experienced a sudden and dramatic fall in order rates through most of the third quarter. Orders rates stabilized through the fourth quarter, albeit at much lower level than last year. The strong dollar reduced orders by approximately \$38 million compared with the prior year.

Our backlog of unfilled orders at the end of fiscal 2009 totaled \$208 million, a 27 percent decline from \$286 million at the end of fiscal 2008.

BIFMA reported an estimated year-over-year decline in U.S. office furniture shipments of approximately 13.8 percent for the twelve-month period ended May 2009. By comparison, the net sales decline for our domestic U.S. business was approximately 14.6 percent. We believe that while comparisons to BIFMA are important, we continue to pursue a strategy of revenue diversification that makes us less reliant on the drivers that impact BIFMA.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

Fiscal 2008 Compared to Fiscal 2007

Consolidated net sales of \$2,012.1 million in fiscal year 2008 increased \$93.2 million from fiscal 2007. This increase of 4.9 percent was driven by growth within both of our reportable business segments.

Consolidated net trade orders in fiscal 2008 totaled \$2,009 million representing a year-over-year growth of 2.1 percent from orders of \$1,967 million in fiscal 2007.

The backlog of unfilled orders at the end of fiscal 2008 totaled \$286 million, decreasing 0.7 percent from the fiscal 2007 level of \$288 million.

In the second quarter of fiscal 2008, we announced a restructuring program designed to reduce operating expenses and improve profitability. These actions included the elimination of approximately 150 full-time positions within the North American Furniture Solutions segment. The positions that were eliminated represented a variety of functional areas, and the individuals affected were offered one-time termination benefits, including severance and outplacement services. Pre-tax restructuring expenses for fiscal 2008 of \$5.1 million, are reflected separately in the Consolidated Statements of Operations. The related cash payments were \$4.5 million in fiscal 2008. The balance of the restructuring accrual at May 31, 2008 was \$0.6 million, and is reflected on the Consolidated Balance Sheet within "Other accrued liabilities."

Discussion of Business Segments

Fiscal 2009 Compared to Fiscal 2008

Net sales within our North American Furniture Solutions segment decreased from \$1,636 million in fiscal 2008 to \$1,349 million in the current year. This represents a year-over-year decrease of \$287 million or 17.5 percent. We experienced a decline throughout our North American business operations, however, there were customer types within this segment that performed better than the overall average, primarily education, government and healthcare customers. Operating earnings for the segment in fiscal 2009 were \$133 million, or 9.9 percent of net sales. This compares to segment earnings of \$195.9 million or 12.0 percent in the prior year. With a top-line decline of 17.5 percent within the segment, we saw both dollar and percent-of-sales decreases to operating earnings in the North American Furniture Solutions segment. This segment's ability to generate strong operating performance despite a significant decline in volume is largely due to the variable business model in place, which allowed costs to be shed as the top line declined as well as our execution of the restructuring plan discussed above.

Net sales from our non-North American Furniture Solutions segment declined \$85 million or 26% from the prior year. The decline was compounded by the strengthening of the U.S. dollar against most foreign currencies. Nearly every region within the segment posted decreases in year-over-year net sales. There were pockets of resiliency including the Middle East, South America, and Australia. Total net sales for the segment were \$238 million, versus \$323 million in the prior year. The regions which were the hardest hit by the current economy were the U.K. which was down 35%, and Japan, down 47%. Operating earnings within our non-North American segment totaled \$15 million for the year or 6.3 percent of net sales. This compares to \$47 million or 14.6 percent of net sales in fiscal 2008, a decrease of 830 basis points. Despite the decline in operating income, our low fixed cost model generated positive income with rapid declines in the top-line.

Net sales within the "Other" segment category were \$42 million in fiscal 2009 compared to \$52 million in the prior year. The decrease is the result of net sales declining within our North American Home business, primarily due to the challenges associated with the U.S. macroeconomic environment. This overall decrease was somewhat offset by sales to a new retail customer.

The U.S. dollar strengthened against most major currencies throughout fiscal 2009. The changes in currency exchange rates from the prior year affected the U.S. dollar value of net sales within both primary operating segments. We estimate these changes effectively decreased our fiscal 2009 net sales within the North American Furniture Solutions segment by approximately \$18 million, driven largely by the U.S. dollar / Canadian dollar and the Mexican peso average exchange rate during the current year. Currency exchange rate fluctuations within our non-North American Furniture Solutions segment decreased net sales in fiscal 2009 by approximately \$12 million. This was primarily driven by movements in the U.S. dollar / British pound sterling. It is important to note that period-to-period changes in currency exchange rates have a directionally similar impact on our international cost structures. Operating earnings within our non-North American segment increased an estimated \$1.5 million in fiscal 2009 due to the aforementioned changes in currency exchange rates relative to the prior year level. The estimated impact on operating earnings of our North American business segment was a decrease of approximately \$1 million.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

Fiscal 2008 Compared to Fiscal 2007

Net sales within our North American Furniture Solutions segment increased from \$1,563.6 million in fiscal 2007 to \$1,636.3 million in fiscal 2008. This represents a year-over-year increase of \$72.7 million or 4.7 percent. We experienced growth throughout our North American business operations, but particularly strong growth was experienced in the healthcare industry which posted double-digit year-over-year growth. The healthcare industry remains a key growth area within the segment and lines up with our strategy to pursue diversification. Sales at our Mexican subsidiary again reached double-digit growth over fiscal 2007. Canadian sales turned around from a flat year in 2007 to impressive double-digit growth in fiscal 2008. Operating earnings for the segment in fiscal 2008 were \$195.9 million, or 12.0 percent of net sales. This compares to segment earnings of \$161.7 million or 10.3 percent in fiscal 2007. With top-line growth of 4.7 percent within the segment, we saw both dollar and percent-of-sales increases to operating earnings in the North American Furniture Solutions segment. This segment's strong operating performance is largely due to improved margins on certain recently introduced products, our focus on cost management, and our execution of the restructuring plan discussed above.

Net sales from our non-North American Furniture Solutions segment grew at double-digit rates. Every region within the segment posted increases in year-over-year net sales. Total net sales for the segment were \$323.5 million, up \$45.0 million or 16.2 percent. Sales generated from our non-North American Furniture Solutions segment increased to 16.1 percent of our consolidated net sales, an increase of 160 basis points from 14.5 percent in fiscal 2007. The largest sales contribution within this segment came from our operations in the United Kingdom, which posted a 17.5 percent year-over-year increase to the top line. We also saw a strong increase in net sales within continental Europe. Our results within the Asia Pacific region are particularly noteworthy, growing by 26.8 percent from fiscal 2007. We continued to pursue our diversification strategy and the effects are clearly visible in these results. Operating earnings within our non-North American segment totaled \$47.3 million for the year or 14.6 percent of net sales. This compares to \$28.9 million or 10.4 percent of net sales in fiscal 2007, an increase of 420 basis points.

Net sales within the "Other" segment category were \$52.3 million in fiscal 2008 compared to \$76.8 million in fiscal 2007. The decrease is primarily the result of OEM Sales of \$20.4 million recognized in fiscal 2007 that did not occur in fiscal 2008. Net sales within our North American Home business were down 8.3 percent primarily due to the challenges associated with the U.S. macroeconomic environment.

The U.S. dollar continued to weaken against major currencies throughout fiscal 2008. The changes in currency exchange rates from fiscal 2007 affected the U.S. dollar value of net sales within both primary operating segments. We estimate these changes effectively increased our fiscal 2008 net sales within the North American Furniture Solutions segment by approximately \$12 million, driven largely by the U.S. dollar / Canadian dollar average exchange rate during the current year. Currency exchange rate fluctuations within our non-North American Furniture Solutions segment, increased net sales in fiscal 2008 by approximately \$15 million. This was primarily driven by favorable movements in the U.S. dollar / British pound sterling and U.S. dollar / euro exchange rates as compared to fiscal 2007. It is important to note that period-to-period changes in currency exchange rates have a directionally similar impact on our international cost structures. Operating earnings within our non-North American segment increased an estimated \$6 million in fiscal 2008 due to the aforementioned changes in currency exchange rates relative to fiscal 2007. The estimated impact on operating earnings of our North American business segment was an increase of approximately \$1 million.

Gross Margin

Fiscal 2009 Compared to Fiscal 2008

Our fiscal 2009 gross margin as a percentage of sales was 32.4 percent, a decline of 230 basis points from the prior year level. Higher direct material costs from vendors coupled with significantly lower volumes contributed to this decreased gross margin performance year-over-year. Details relative to each component of gross margin follow.

Direct material costs as a percentage of sales in the current year increased 220 basis points. The impact was front end loaded as raw material prices increased dramatically in the first half of the year, stabilized in the third quarter, and then declined substantially by the end of the year ending at approximately the same level they began the year.

Our direct labor costs were higher by only 10 basis points as a percentage of sales from prior year levels. First and foremost, this performance is an indication of the speed with which action was taken to reduce costs in the face of a significant decrease to net sales. This change in performance is also reflective of increased efficiency which was offset by the underlying increases in benefit costs, particularly medical benefits.

Overhead costs decreased by \$52 million from fiscal 2008. Our ability to react quickly to the sales decline, coupled with the variable nature of our business model, allowed us to actually improve overhead by 10 basis points from the prior year. This decrease in costs was a result of the restructuring actions which took place during the year and related primarily to headcount.

Freight expenses, as a percentage of sales, were modestly lower compared to 2008 levels. Contributing to the reduction in freight expenses was a significant decrease in diesel fuel prices in the United States, as we moved through the year.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

Fiscal 2008 Compared to Fiscal 2007

Our fiscal 2008 gross margin as a percentage of sales was 34.7 percent, an improvement of 100 basis points from the prior year level. Favorable direct material costs contributed to this increased gross margin performance year-over-year. Lower relative direct labor costs also boosted our margins while overhead expenses were slightly unfavorable. Details relative to each component of gross margin follow.

Direct material costs as a percentage of sales in fiscal 2008 decreased 100 basis points. Although a higher sales volume favorably affected the percentage, the effect of our fixed contracts for the procurement of certain raw materials also contributed to the improvement. The majority of our fixed-price contracts expired during the fourth quarter of the year and we began to see the impact of increased costs for our raw material inputs late in the year.

Our direct labor costs were lower by 40 basis points as a percentage of sales from prior year levels. This reduction is primarily due to higher sales volume, and our continued manufacturing process improvements.

Overhead costs increased in fiscal 2008 from prior year levels. We recognized certain costs associated with the completion of a large project, and had an overall shift into low margin service-related sales, which had the effect of increasing overhead costs by 30 basis points in fiscal 2008.

Freight expenses, as a percentage of sales, were modestly higher in fiscal 2008 compared to fiscal 2007 levels. Contributing to the additional freight expenses was a significant increase in diesel prices in the United States. We have continued to benefit from the efforts of our logistics teams to consolidate shipments, increase trailer utilization, and engage lower cost carriers, which together, served to mitigate the impact of increases in fuel costs. Pricing also served to partially offset the increases in fuel costs.

Restructuring

In the second quarter of fiscal 2009, we announced a restructuring program designed to align our cost structure with the reality of the current economic conditions. These actions included the elimination of approximately 1,400 permanent and temporary positions across all segments. These reductions were permanent for our salaried workforce, while our direct labor positions were eliminated until business levels return. Those positions that were permanently eliminated represented a variety of functional areas, and the individuals affected were offered one-time termination benefits, including severance and outplacement services. Further actions were announced during the fourth quarter, which included a 10% reduction in the work schedule for most employees in the U.S., and the suspension of the 401(k) match. Within the non-North American Segment further reductions in force and a change to the work schedule were implemented to achieve similar savings.

Additionally, in the fourth quarter we announced the plans to shut down our IMT facility in Spring Lake, Michigan. The operations within the plant will be moved to other owned facilities, and a small component of this work will be outsourced to suppliers. We anticipate this shutdown will be completed over the next 9 to 12 months. Only the expenses related to the curtailment and special termination benefits of the pension plan have been recognized in fiscal 2009. The remaining costs are expected to be incurred over the course of the planned shutdown.

Pre-tax restructuring expenses for the aforementioned actions totaled \$28.4 million in fiscal 2009, which are reflected separately in the Consolidated Statements of Operations. The related cash payments were \$16.8 million in fiscal 2009. The balance of the restructuring accrual at May 30, 2009 is \$11.6 million, and is reflected on the Consolidated Balance Sheet within "Other accrued liabilities."

Operating Expenses

Fiscal 2009 Compared to Fiscal 2008

Operating expenses in fiscal 2009 were \$404.9 million, or 24.8 percent of net sales, which compares to \$452.1 million, or 22.5 percent of net sales in the prior fiscal year. Although there was a year-over-year decrease of \$47.2 million, we experienced a 230 basis point increase to operating expenses as a percentage of sales compared to fiscal 2008. A charge of \$28.4 million for restructuring expenses as discussed above is included in fiscal 2009. There was a restructuring charge of \$5.1 million in fiscal 2008.

The year-over-year dollar decline in expenses, excluding restructuring expense, was \$70.5 million or 16%. This is primarily due to a decrease in employee compensation and benefit costs as a result of the restructuring actions previously described, as well as a reduction in incentive compensation.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

Year-over-year changes in currency exchange rates had a deflationary impact on operating expenses associated with our international operations, as measured in U.S. dollars. We estimate these changes decreased our consolidated operating expenses in fiscal 2009 by approximately \$6 million relative to the prior year.

Design and research costs included in total operating expenses were \$45.7 million and \$51.2 million in fiscal 2009 and fiscal 2008, respectively. These expenses include royalty payments to the designers of our products. We consider such royalty payments, which totaled \$9.5 million and \$12.4 million in fiscal years 2009 and 2008, respectively, to be variable costs of the products being sold. Accordingly, we do not include them in research and development costs as discussed in Note 1.

Fiscal 2008 Compared to Fiscal 2007

Operating expenses in fiscal 2008 were \$452.1 million, or 22.5 percent of net sales. This compares to \$447.8 million or 23.3 percent of net sales in fiscal 2007. Although there was a year-over-year increase of \$4.3 million, we experienced an 80 basis point reduction to operating expenses as a percentage of sales compared to fiscal 2007. A charge of \$5.1 million for restructuring expenses was included in fiscal 2008. There were no restructuring expenses in fiscal 2007.

The dollar increase from fiscal 2007 to fiscal 2008 in expenses is primarily due to increases in employee compensation and benefit costs, designer royalties, global selling expenses, program marketing costs, and the foreign exchange impact on operating expenses, partially offset by lower levels of charitable contributions, and savings from certain R&D and product management programs. Leverage on higher sales levels in fiscal 2008 drove the percent-of-sales reduction in operating expenses.

Incremental employee compensation and benefit costs in fiscal 2008, which includes merit increases, stock-based compensation, and health benefits were an estimated \$6 million higher than fiscal 2007. Global selling costs and designer royalty expenses, both of which vary with net sales levels, were \$3.7 million and \$2.4 million higher, respectively, in fiscal 2008 than in fiscal 2007. In fiscal 2008, we continued our pursuit of bringing new and innovative products to market, which drove incremental program marketing expenses of \$2.8 million compared to fiscal 2007.

Year-over-year changes in currency exchange rates had an inflationary impact on operating expenses associated with our international operations, as measured in U.S. dollars. We estimate these changes increased our consolidated operating expenses in fiscal 2008 by approximately \$4.8 million relative to fiscal 2007.

Partially offsetting these operating expense increases were charitable contributions that were \$6.3 million lower than fiscal 2007 and a combined savings from certain R&D and product management programs of \$6.6 million.

Design and research costs included in total operating expenses were \$51.2 million and \$52.0 million in fiscal 2008 and fiscal 2007, respectively. These expenses include royalty payments to the designers of our products. We consider such royalty payments, which totaled \$12.4 million and \$9.9 million in fiscal years 2008 and 2007, respectively, to be variable costs of the products being sold. Accordingly, we do not include them in research and development costs as discussed in Note 1.

Operating Earnings

Fiscal 2009 operating earnings were \$122.8 million, which represents a decrease of 50.2 percent from our fiscal 2008 level of \$246.6 million. As a percentage of net sales, operating earnings in fiscal 2009 decreased to 7.5 percent of net sales, a 480 basis-point decrease from the 12.3 percent reported in the prior year. The increase in restructuring expense led to 90 basis points of the decline while the remainder is largely a result of the decline in volume. In fiscal year 2007, we reported operating earnings of \$198.1 million or 10.3 percent of net sales.

Other Expenses and Income

Net other expenses totaled \$23.9 million in fiscal 2009 compared to \$16.2 million in the prior year and \$11.1 million in fiscal 2007. The increase in expense in fiscal 2009 compared to fiscal 2008 was principally driven by additional interest expense of \$6.8 million in the current year associated with the additional senior subordinated notes. Net foreign currency transaction losses recorded in fiscal 2009 totaled \$1.1 million versus a \$0.1 million gain in fiscal 2008.

The year-over-year increase in net other expenses of \$5.1 million between fiscal 2008 and fiscal 2007 was also as a result of higher interest expense related to the aforementioned debt issued in December of 2007.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

Income Taxes

Our effective tax rate was 31.4 percent in fiscal 2009 versus 33.9 percent in fiscal 2008 and 31.0% in fiscal 2007. The effective rate in fiscal 2009 was below the statutory rate of 35%, primarily due to the domestic U.S. manufacturing tax incentive and the realization of foreign tax credits. The effective rate in fiscal 2008 was below the statutory rate primarily due to the domestic U.S. manufacturing tax incentive. The effective rate in fiscal 2007 was lower than the statutory rate primarily due to \$4.3 million in tax credits for foreign taxes, other credits for research and development activities, and tax incentives for export sales and domestic manufacturing.

We expect our effective tax rate for fiscal 2010 to be between 27 and 29 percent. For further information regarding income taxes, refer to Note 15.

Net Earnings

In fiscal 2009 we generated \$68.0 million of net earnings. This compares to net earnings in fiscal 2008 and fiscal 2007 of \$152.3 million and \$129.1 million, respectively. Fiscal 2009 diluted earnings per share were \$1.25. Earnings per diluted share in fiscal 2008 were \$2.56 and \$1.98 in fiscal 2007.

Liquidity and Capital Resources

The table below presents certain key cash flow and capital highlights for the fiscal years indicated.

(In millions)	2009	2008	2007
Cash and cash equivalents, end of period	\$192.9	\$155.4	\$76.4
Short term investments, end of period	\$11.3	\$15.7	\$15.9
Cash generated from operating activities	\$91.7	\$213.6	\$137.7
Cash used for investing activities	\$(29.5)	\$(51.0)	\$(37.4)
Cash used for financing activities	\$(16.5)	\$(86.5)	\$(131.5)
Pension and post-retirement benefit plan contributions	\$(5.3)	\$(5.2)	\$(7.6)
Capital expenditures	\$(25.3)	\$(40.5)	\$(41.3)
Stock repurchased and retired	\$(.3)	\$(266.7)	\$(164.9)
Interest-bearing debt, end of period ⁽¹⁾⁽³⁾	\$377.4	\$375.5	\$176.2
Available unsecured credit facility, end of period ⁽²⁾⁽³⁾	\$236.9	\$236.9	\$136.9

(1) Amounts shown include the fair market value of the company's interest rate swap arrangement(s). The net fair value of this/these arrangement(s) was/were \$2.4 million at May 30, 2009, \$0.5 million at May 31, 2008, and \$(1.8) million at June 2, 2007.

(2) Amounts shown are net of outstanding letters of credit, which are applied against the company's unsecured credit facility, and excludes the \$100 million accordion feature disclosed in Note 9.

(3) During the third quarter of fiscal 2008, the company issued new senior unsecured private placement notes and replaced its unsecured revolving credit facility. Refer to Notes 9 and 10 to the consolidated financial statements for additional information.

Cash Flow – Operating Activities

Cash generated from operating activities in fiscal 2009 totaled \$91.7 million compared to \$213.6 million generated in the prior year. This represents a decrease of \$121.9 million compared to fiscal 2008. Changes in working capital balances resulted in a \$34.4 million use of cash in the current fiscal year compared to an \$11.8 million source of cash in the prior year.

The use of cash related to working capital balances in fiscal 2009 is primarily driven from decreased current liabilities of \$102.3 million over the prior year. The reduction in liabilities is primarily related to reductions in accounts payable related to inventory, and accruals related to regular and incentive compensation. The use of cash is partially offset by volume related declines in accounts receivables of \$60.1 million and inventories of \$17.8 million. Accounts receivable declined 28.8% from the prior year, though it should be noted, this decline is not as substantial as the quarterly decline in sales. However, this lag is not reflective of deterioration of the accounts receivable aging, but rather the timing of the sales within the fourth quarter and the customer type. Certain direct customers and geographic customers tend to have a longer pay cycle. A relatively large percentage of the North American accounts receivable increase pertains to our Mexican subsidiary which has the longest cash collection cycle in the North American segment.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

The source of cash related to working capital balances in fiscal 2008 is primarily driven from increased current liabilities of \$33.1 million over the prior year, and to a lesser extent, lower inventory of \$2.6 million from prior year levels. The increase in current liabilities is comprised of \$16.6 million in tax-related accruals, \$6.1 million of increased trade accounts payable and \$10.4 million of other accruals. These sources of cash are offset partially by increases in volume-related accounts receivable of \$21.3 million due to increased sales inside and outside North America.

The working capital investment in fiscal 2007 was related to increases in inventory and accounts receivable, primarily due to the significant level of growth in our non-North American Furniture Solutions segment. A contributing factor to the working capital investment during fiscal 2007 relates to our business with the U.S. federal government. Order activity with the federal government increased significantly during fiscal 2007, particularly during the first and second quarters. These sales generally require a longer cash collection cycle than do sales to independent contract furniture dealers. Accordingly, we experienced a related increase in accounts receivable. Inventory levels were also affected by this growth in federal government business, since we are generally required to hold product in inventory longer than with non-government business. This extended inventory holding period is necessary to be consistent with our revenue recognition policy for direct customer sales.

Collections of accounts receivable remained strong throughout the year, and we believe our recorded accounts receivable valuation allowances at the end of fiscal 2009 are adequate to cover the risk of potential bad debts. Allowances for non-collectible accounts receivable, as a percent of gross accounts receivable, totaled 4.7 percent, 2.6 percent, and 2.5 percent at the end of fiscal years 2009, 2008, and 2007, respectively.

Included in operating cash flows are cash contributions made to our employee pension and post-retirement benefit plans which totaled \$5.3 million, \$5.2 million, and \$7.6 million in fiscal years 2009, 2008, and 2007, respectively. For further information regarding the company's pension and post-retirement benefit plans, including information relative to the funded status of these plans, refer to Note 12.

Cash Flow – Investing Activities

Capital expenditures totaled \$25.3 million, \$40.5 million and \$41.3 million in fiscal 2009, 2008 and 2007, respectively. Outstanding commitments for future capital purchases at the end of fiscal 2009 were approximately \$6.2 million. We expect capital spending in fiscal 2010 to be between \$25 million and \$32 million.

Included in our fiscal 2009 investing activities, is a net cash outflow of \$26.6 million related to the completion of our acquisition of Brandrud, and \$2.9 million related to our acquisition of certain elements of Ruskin Industries. In fiscal 2008, our investing activities included a net cash outflow of \$11.7 million related to the acquisition of Brandrud. In fiscal 2007, our investing activities reflected a cash outflow of \$3.5 million related to the acquisition of a technology company. This acquisition added enhanced functionality to the existing product portfolio for our Convia subsidiary. Refer to Note 2 for further information related to these acquisitions.

Our net marketable securities transactions for fiscal 2009 yielded a \$3.4 million source of cash. This compares to a \$0.3 million source of cash in fiscal 2008.

In fiscal 2009, we were advanced \$19.3 million of cash against the value of company owned life insurance policies. This is reflected as cash proceeds from investing activities in the Consolidated Statement of Cash Flows.

Cash Flow – Financing Activities

(In millions, except share and per share data)	2009	2008	2007
Shares acquired	2,138,701	7,488,430	5,116,375
Cost of shares acquired ⁽¹⁾	\$0.3	\$266.7	\$164.9
Average cost per share acquired ⁽¹⁾	NA	NA	\$32.23
Shares issued	257,765	276,002	2,001,348
Average price per share issued	\$14.7	\$23.73	\$25.19
Cash dividends paid	\$19.2	\$21.2	\$20.7

⁽¹⁾ On January 3, 2008, the company entered into two agreements to purchase shares of its common stock from Morgan Stanley & Co. Inc., for an aggregate purchase price of \$200 million, plus fees, under an Accelerated Share Repurchase ("ASR") program. The company entered into these agreements as part of a repurchase program approved by its Board of Directors. The number of shares purchased under the ASR program was based on the volume-weighted-average price of the company's common stock during the term of the agreements. On January 4, 2008 the company paid \$200.6 million in exchange for an initial delivery of 4.4 million shares, representing 70% of the shares that could have been purchased, based on the closing price of its common stock on January 3, 2008. An additional 1.0 million shares were delivered during the remainder of fiscal 2008. An additional 2.1 million shares were delivered on September 9, 2008, which completed the ASR program. The total number of shares repurchased under the ASR was 7,538,718 at an average price of \$26.61 per share.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Results *(continued)*

In the fourth quarter of fiscal 2009 we announced a reduction in the cash dividend effective for first quarter of fiscal 2010 payment. This change will reduce the cash dividend to \$0.022 per share versus a total quarterly cash dividend of \$0.088 per share that was paid through the third quarter of fiscal 2009.

In fiscal 2008 we completed a debt financing transaction involving the issuance of \$200 million in senior unsecured private placement notes. Notes totaling \$50 million are due in January 2015, and bear interest at a fixed annual coupon rate of 5.94 percent. The remaining \$150 million of these notes are due in January 2018 and bear interest at a fixed annual coupon rate of 6.42 percent. We used the \$200 million proceeds from the notes for an ASR of our common stock. Refer to Note 10 for more information related to our long-term debt.

In fiscal 2008, we also completed a refinancing of our existing unsecured credit facility, increasing our borrowing capacity from \$150 million to \$250 million. The new credit facility includes a \$100 million increase option, subject to customary conditions. The facility may be used to refinance existing debt, provide working capital or for other general corporate purposes. In fiscal 2008, we also paid off \$2.1 million of debt on behalf of Brandrud, our most recent acquisition.

As part of our decision to conserve cash we suspended share repurchases during fiscal 2009. In fiscal 2008 we repurchased shares totaling \$267 million. The amount remaining under our share repurchase authorization at the end of fiscal 2009 totaled \$171.1 million.

Interest-bearing debt at the end of fiscal 2009 of \$377.4 million increased \$1.9 million from the end of fiscal 2008, as compared to a \$199.3 million increase during the prior fiscal year. The increase in fiscal 2009 is a result in the change in the fair value of our interest rate swap instrument, while the increase in fiscal 2008 related primarily to the issuance of \$200 million of private placement notes.

The only usage against our unsecured revolving credit facility at the end of fiscal years 2009 and 2008 represented outstanding standby letters of credit totaling \$13.1 million at each date. The provisions of our private placement notes and unsecured credit facility require that we adhere to certain covenant restrictions and maintain certain performance ratios. We were in compliance with all such restrictions and performance ratios during fiscal 2009.

In fiscal 2009, we received \$3.4 million related to the issuance of shares in connection with stock-based benefit plans. This compares to receiving \$6.5 million and \$50.4 million in fiscal 2008 and fiscal 2007, respectively.

During fiscal 2009 and 2008 we repatriated \$8.0 million and \$23.9 million of undistributed foreign earnings, respectively.

We believe cash on hand, cash generated from operations, and our borrowing capacity will provide adequate liquidity to fund near term and future business operations and capital needs, subject to financing availability in the marketplace.

Contingencies

The company leases a facility in the U.K. under an agreement that expires in June 2011. Under the terms of the lease, the company is required to perform the maintenance and repairs necessary to address the general dilapidation of the facility over the lease term. The ultimate cost of this provision to the company is dependent on a number of factors including, but not limited to, the future use of the facility by the lessor and whether the company chooses and is permitted to renew the lease term. The company has estimated the cost of these maintenance and repairs to be between \$0 and \$3 million, depending on the outcome of future plans and negotiations. Based on existing circumstances, it is estimated that these costs will most likely approximate \$1.0 million. As a result, this amount has been recorded as a liability reflected under the caption "Other Liabilities" in the Consolidated Balance Sheets as of May 30, 2009 and May 31, 2008.

The company has a lease obligation in the U.K. until May 2014 for a facility that it previously exited. Current market rates for comparable office space are lower than the rental payments owed under the lease agreement, as such, the company would remain liable to pay the difference. As of May 30, 2009 and May 31, 2008 the future cost of this arrangement was estimated to be \$1.6 million and \$2.0 million respectively. Accordingly this amount is reflected within "Other Liabilities" on the Consolidated Balance Sheets as of these dates.

The company is involved in legal proceedings and litigation arising in the ordinary course of business. It is the company's opinion that the outcome of such proceedings and litigation currently pending will not materially affect its Consolidated Financial Statements.

Basis of Presentation

The company's fiscal year ends on the Saturday closest to May 31. The fiscal years ended May 30, 2009, May 31, 2008, and June 2, 2007 each included 52 weeks of operations. This is the basis upon which weekly-average data is presented.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Contractual Obligations

Contractual obligations associated with our ongoing business and financing activities will result in cash payments in future periods. The following table summarizes the amounts and estimated timing of these future cash payments. Further information regarding debt obligations can be found in Note 10 to the Consolidated Financial Statements. Likewise, further information related to operating leases can be found in Note 11.

(In millions)	Total	Payments due by fiscal year			
		2010	2011-2012	2013-2014	Thereafter
Long-term debt ⁽¹⁾⁽⁷⁾	\$375.0	\$75.0	\$100.0	\$—	\$200.0
Estimated interest on debt obligations ⁽²⁾	110.1	18.9	29.5	25.2	36.5
Operating leases	61.8	16.3	24.5	13.2	7.8
Purchase obligations ⁽³⁾	20.6	18.6	1.7	0.3	—
Pension plan funding ⁽⁴⁾	0.3	0.3	—	—	—
Shareholder dividends ⁽⁵⁾⁽⁷⁾	1.2	1.2	—	—	—
Other ⁽⁶⁾⁽⁷⁾	9.0	2.2	1.5	1.5	3.8
Total	\$578.0	\$132.5	\$157.2	\$40.2	\$248.1

(1) Amounts indicated do not include the recorded fair value of interest rate swap instruments.

(2) Estimated future interest payments on our outstanding debt obligations are based on interest rates as of May 30, 2009. Actual cash outflows may differ significantly due to changes in underlying interest rates and timing of principal payments.

(3) Purchase obligations consist of non-cancelable purchase orders and commitments for goods, services, and capital assets.

(4) Pension funding commitments are defined as the estimated minimum funding requirements to be made in the following 12-month period. Such funding, if any, is not known beyond fiscal 2010. As of May 30, 2009, the total accumulated benefit obligation for our domestic and international employee pension benefit plans was \$337.1 million.

(5) Represents the recorded dividend payable as of May 30, 2009. Future dividend payments are not considered contractual obligations until declared.

(6) Other contractual obligations primarily represent long-term commitments related to deferred and supplemental employee compensation benefits, other post-employment benefits, and minimum designer royalty payments.

(7) Total balance is reflected as a liability in the Consolidated Balance Sheet at May 30, 2009.

Off-Balance Sheet Arrangements

Guarantees

We provide certain guarantees to third parties under various arrangements in the form of product warranties, loan guarantees, standby letters of credit, lease guarantees, performance bonds, and indemnification provisions. These arrangements are accounted for and disclosed in accordance with FIN 45, "Guarantor's Accounting and Disclosure Requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others" as described in Note 19 to the Consolidated Financial Statements.

Variable Interest Entities

On occasion, we provide financial support to certain independent dealers in the form of term loans, lines of credit, and loan guarantees. At May 30, 2009 and May 31, 2008, we were not considered the primary beneficiary of any such dealer relationships as defined by FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46(R)) and therefore, no entities were included as VIEs as of these dates.

The risks and rewards associated with our interests in these dealerships are primarily limited to our outstanding loans and guarantee amounts. As of May 30, 2009 and May 31, 2008, our maximum exposure to potential losses related to outstanding loans to these dealerships totaled \$0.6 million and \$3.2 million, respectively. Information on our exposure related to outstanding loan guarantees provided to such entities is included in Note 19 to the Consolidated Financial Statements.

Management's Discussion and Analysis of Financial Condition and Results of Operations *(continued)*

Critical Accounting Policies and Estimates

Our goal is to report financial results clearly and understandably. We follow U.S. generally accepted accounting principles in preparing our Consolidated Financial Statements, which require us to make certain estimates and apply judgments that affect our financial position and results of operations. We continually review our accounting policies and financial information disclosures. These policies and disclosures are reviewed at least annually with the Audit Committee of the Board of Directors. Following is a summary of our more significant accounting policies that require the use of estimates and judgments in preparing the financial statements.

Revenue Recognition

As described in the "Executive Overview," the majority of our products and services are sold through one of four channels: Independent contract furniture dealers and licensees, owned contract furniture dealers, direct to end customers, and independent retailers. We recognize revenue on sales to independent dealers, licensees, and retailers once the product is shipped and title passes to the buyer. When we sell product directly to the end customer or to owned dealers, we recognize revenue once the product and services are delivered and installation thereof is substantially complete.

Amounts recorded as net sales generally include any freight charged to customers, with the related freight expenses recognized within cost of sales. Items such as discounts off list price, rebates, and other sale-related marketing program expenses are recorded as reductions to net sales. We record accruals for rebates and other marketing programs, which require us to make estimates about future customer buying patterns and market conditions. Customer sales that reach (or fail to reach) certain levels can affect the amount of such estimates, and actual results could differ from our estimates.

Receivable Allowances

We base our allowances for receivables on known customer exposures, historical credit experience, and the specific identification of other potential problems, including the current economic climate. These methods are applied to all major receivables, including trade, lease, and notes receivable. In addition, we follow a policy that consistently applies reserve rates based on the age of outstanding accounts receivable. Actual collections can differ from our historical experience, and if economic or business conditions deteriorate significantly, adjustments to these reserves may be required.

The accounts receivable allowance totaled \$7.3 million and \$5.6 million at May 30, 2009 and May 31, 2008, respectively. As a percentage of gross accounts receivable, these allowances totaled 4.7 percent and 2.6 percent, respectively. The year-over-year increase in the allowance percentage is primarily due to the perceived risk associated with the current economic conditions as opposed to an increase in specific customer issues.

Goodwill

The carrying value of our goodwill assets as of May 30, 2009 and May 31, 2008, totaled \$69.5 million and \$40.2 million, respectively. The increase in goodwill balances relates primarily to our final payment for the acquisition of Brandrud and also the acquisition of certain elements of Ruskin Industries. We account for our goodwill assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 142. Under this accounting guidance, we are required to perform an annual test on our goodwill assets by reporting unit to determine whether the asset values are impaired. If impairment is determined, we are required to reduce the net carrying value of the assets to their estimated fair market value.

Our impairment-testing model is based partly on the present value of projected cash flows and the resulting residual value as well as a market-based approach that considers recent market capitalization values. In completing the test under this approach, we assume that one of the drivers of the value of a business today is the cash flows it will generate in the future. We also assume that such future cash flows can be reasonably estimated. While these projected cash flows reflect our best estimate of future reporting unit performance, actual cash flows could differ significantly.

The results of this test, performed in the fourth quarter of fiscal 2009, indicated that our net goodwill asset values were not impaired. We employed a market-based approach in selecting the discount rates used in our analysis. By this, we mean the discount rates selected represent market rates of return equal to what we believe a reasonable investor would expect to achieve on investments of similar size to our reporting units. We believe the discount rates selected in our testing are conservative in that, in all cases, they exceed the estimated weighted average cost of capital for our business as a whole. The results of the impairment test are sensitive to changes in discount rates, though the testing performed in fiscal 2009 would indicate that even a significant increase in the discount rate would not have changed the result.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies and Estimates *(continued)*

Warranty Reserve

We stand behind our products and keep our promises to customers. From time to time, quality issues arise resulting in the need to incur costs to correct problems with products or services. We have established warranty reserves for the various costs associated with these guarantees. General warranty reserves are based on historical claims experience and periodically adjusted for business levels. Specific reserves are established once an issue is identified. The valuation of such reserves is based on the estimated costs to correct the problem. Actual costs may vary and may result in an adjustment to these reserves.

Inventory Reserves

Inventories are valued at the lower of cost or market. The inventories at the majority of our manufacturing operations are valued using the last-in, first-out (LIFO) method, whereas inventories of certain other subsidiaries are valued using the first-in, first-out (FIFO) method. We establish reserves for excess and obsolete inventory, based on prevailing circumstances and judgment for consideration of current events, such as economic conditions, that may affect inventory. The reserve required to record inventory at lower of cost or market may be adjusted in response to changing conditions.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse.

We have net operating loss (NOL) carryforwards available in certain jurisdictions to reduce future taxable income. We also have foreign tax credits available in certain jurisdictions to reduce future tax due. Future tax benefits for NOL carryforwards and foreign tax credits are recognized to the extent that realization of these benefits is considered more likely than not. We base this determination on the expectation that related operations will be sufficiently profitable or various tax planning strategies available to us will enable us to utilize the NOL carryforwards and/or foreign tax credits. When information becomes available that raises doubts about the realization of a deferred income tax asset, a valuation allowance is established.

Self-Insurance Reserves

With the assistance of independent actuaries, we establish reserves for workers' compensation and general liability exposures. The reserves are established based on expected future claims for incurred losses. We also establish reserves for health, prescription drugs, and dental benefit exposures based on historical claims information along with certain assumptions about future trends. The methods and assumptions used to determine the liabilities are applied consistently, although actual claims experience can vary. We also maintain insurance coverage for certain risk exposures through traditional premium-based insurance policies.

Pension and other Post-Retirement Benefits

The determination of the obligation and expense for pension and other post-retirement benefits depends on certain actuarial assumptions. Among the most significant of these assumptions is the discount rate, interest-crediting rate, and expected long-term rate of return on plan assets. We determine these assumptions as follows.

- **Discount Rate**—This assumption is established at the end of the fiscal year based on high-quality corporate bond yields. We utilize the services of an independent actuarial firm to analyze and recommend an appropriate rate. For our domestic pension and other post-retirement benefit plans, the actuary uses a "cash flow matching" technique, which compares the estimated future cash flows of the plan to a published discount curve showing the relationship between interest rates and duration for hypothetical zero-coupon fixed income investments. We set the discount rate for our international pension plan based on the yield level of a commonly used corporate bond index in that jurisdiction. Because the average duration of the bonds underlying this index is less than that of our international pension plan liabilities, the index yield is used as a reference point. The final discount rate, which takes into consideration the index yield and the difference in comparative durations, is based on a recommendation from our independent actuarial consultant.

The discount rates selected for our domestic pension and post-retirement benefit plans at the end of fiscal 2009 were consistent with those established at the end of fiscal 2008. With all other assumptions and values held constant, this would not result in a significant change in our pension and post-retirement benefit plan expenses for our 2009 fiscal year, which began on June 1, 2008. The discount rate selected for our international pension plan at the end of the current year was higher than the rate established at the end of fiscal 2008. This change would result in a decrease in our international pension plan expense for fiscal 2009 if all other assumptions were held constant.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies and Estimates (*continued*)

- **Interest Crediting Rate**—We use this assumption in accounting for our primary domestic pension plan, which is a cash balance-type plan. The rate, which represents the annual rate of interest applied to each plan participant's account balance, is established at an assumed level, or spread, below the discount rate. We base this methodology on the historical spread between the 30-year U.S. Treasury and high-quality corporate bond yields. This relationship is examined annually to determine whether the methodology is still appropriate.
- **Expected Long-Term Rate of Return**—We base this assumption on our long-term assumed rates of return for equities and fixed income securities, weighted by the allocation of the invested assets of the pension plan. We consider risk factors specific to the various classes of investments and advice from independent actuaries in establishing this rate. Changes in the investment allocation of plan assets would impact this assumption. A shift to a higher relative percentage of fixed income securities, for example, would result in a lower assumed rate.

While this assumption represents our long-term market return expectation, actual asset returns can and do differ from year-to-year. Such differences give rise to actuarial gains and losses. In years where actual market returns are lower than the assumed rate, an actuarial loss is generated. Conversely, an actuarial gain results when actual market returns exceed the assumed rate in a given year. As of May 30, 2009, and May 31, 2008, the net actuarial loss associated with our employee pension and post-retirement benefit plans totaled approximately \$197.4 million and \$107.4 million, respectively. At both dates, the majority of this unrecognized loss was associated with lower than expected plan asset returns.

For purposes of determining annual net pension expense, we use a calculated method for determining the market-related value of plan assets. Under this method, we recognize the change in fair value of plan assets systematically over a five-year period. Accordingly, a portion of our net actuarial loss is deferred. The remaining portion of the net actuarial loss is subject to amortization expense each year. The amortization period used in determining this expense is the estimated remaining working life of active pension plan participants. We currently estimate this period to be approximately 14 years. As of the beginning of fiscal year 2009, the deferred net actuarial loss (i.e., the portion of the total net actuarial loss not subject to amortization) was approximately \$17.2 million.

Refer to Note 12 to the Consolidated Financial Statements for more information regarding costs and assumptions used for employee benefit plans.

Long-Lived Assets

We evaluate long-lived assets and acquired business units for indicators of impairment when events or circumstances indicate that an impairment risk may be present. Our judgments regarding the existence of impairment are based on market conditions, operational performance, and estimated future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded to adjust the asset to its estimated fair value.

Stock-Based Compensation

We view stock-based compensation as a key component of total compensation for certain of our employees, non-employee directors and officers. We account for these programs, which include grants of restricted stock, restricted stock units, performance share units, employee stock purchases, and stock options, in accordance with SFAS 123(R). Under this guidance we recognize compensation expense related to each of these share-based arrangements. We utilize the Black-Scholes option pricing model in estimating the fair value of stock options issued in connection with our compensation program. This pricing model requires the use of several input assumptions. Among the most significant of these assumptions are the expected volatility of our common stock price, and the expected timing of future stock option exercises.

Expected Volatility

This represents a measure, expressed as a percentage, of the expected fluctuation in the market price of our common stock. As a point of reference, a high volatility percentage would assume a wider expected range of market returns for a particular security. All other assumptions held constant, this would yield a higher stock option valuation than a calculation using a lower measure of volatility. In measuring the fair value of stock options issued during fiscal year 2009, we utilized an expected volatility of 33 percent.

Expected Term of Options

This assumption represents the expected length of time between the grant date of a stock option and the date at which it is exercised (option life). We assumed an average expected term of 5.5 years in calculating the fair values of the majority of stock options issued during fiscal 2009.

Refer to Note 14 for further discussion on our stock-based compensation plans.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies and Estimates *(continued)*

Contingencies

In the ordinary course of business, we encounter matters that raise the potential for contingent liabilities. In evaluating these matters for accounting treatment and disclosure, we are required to apply judgment in order to determine the probability that a liability has been incurred. We are also required to measure, if possible, the dollar value of such liabilities in determining whether or not recognition in our financial statements is required. This process involves the use of estimates which may differ from actual outcomes. Refer to Note 19 to the Consolidated Financial Statements for more information relating to contingencies.

New Accounting Standards

Refer to Note 1 to the Consolidated Financial Statements for information related to new accounting standards.

Forward Looking Statements

Certain statements in this filing are not historical facts but are "forward-looking statements" as defined under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended. Such statements are based on management's belief, assumptions, current expectations, estimates and projections about the office furniture industry, the economy and the company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecast," "likely," "plans," "projects," and "should," and variations of such words and similar expressions identify forward looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, expense, likelihood, and degree of occurrence. These risks include, without limitation, employment and general economic conditions in the U.S. and in our international markets, the increase in white collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, the possibility of order cancellations or deferrals by customers, competitive pricing pressures, the availability and pricing of direct materials, our reliance on a limited number of suppliers, currency fluctuations, the ability to increase prices to absorb the additional costs of direct materials, the financial strength of our dealers, the financial strength of our customers, the mix of our products purchased by customers, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the strength of the intellectual property relating to our products, the success of newly introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, the outcome of pending litigation or governmental audits or investigations, and other risks identified in this Form 10-K and our other filings with the Securities and Exchange Commission. Therefore, actual results and outcomes may materially differ from what we express or forecast. Furthermore, Herman Miller, Inc., takes no obligation to update, amend, or clarify forward-looking statements.

Quantitative and Qualitative Disclosures about Market Risk

The company manufactures, markets, and sells its products throughout the world and, as a result, is subject to changing economic conditions, which could reduce the demand for its products.

Direct Material Costs

The company is exposed to risks arising from price changes for certain direct materials and assembly components used in its operations. The largest such costs incurred by the company are for steel, plastics, textiles, wood particleboard, and aluminum components. Commodity prices were volatile during fiscal 2009, resulting in sharp increases in costs for the first half of the year. As the year progressed, prices receded back to approximately the same level that they began the year at. The net impact of price changes during fiscal 2009 was an increase to our costs of \$24 million to \$26 million. Commodity prices were fairly flat during most of fiscal 2008, resulting in increased costs of \$2 million to \$4 million, with most of this increase occurring in the fourth quarter. During fiscal 2007, rising commodities had a significant impact, adding an estimated \$14 million to \$16 million to the consolidated cost of sales for the full year.

Steel and fuel price fluctuations have a direct impact on our input costs for many products. During the past fiscal year both factors increased sharply, followed by a steady decline in the second half of the year. During fiscal 2008 the impact of steel price increases was fairly flat due to price contracts with suppliers.

The company believes market prices for commodities in the near term may move lower but acknowledges that over time increases on its key direct materials and assembly components are likely. Consequently, it views the prospect of such increases as an outlook risk to the business.

Foreign Exchange Risk

The company manufactures its products in the United States, United Kingdom, and China. It also sources completed products and product components from outside the United States. The company's completed products are sold in numerous countries around the world. Sales in foreign countries as well as certain expenses related to those sales are transacted in currencies other than the company's reporting currency, the U.S. dollar. Accordingly, production costs and profit margins related to these sales are affected by the currency exchange relationship between the countries where the sales take place and the countries where the products are sourced or manufactured. These currency exchange relationships can also affect the company's competitive positions within these markets.

In the normal course of business, the company enters into contracts denominated in foreign currencies. The principal foreign currencies in which the company conducts its business are the British pound (GBP), euro (EUR), Canadian dollar, Japanese yen, Mexican peso, Chinese renminbi (CNY), and Brazilian real (BRL). For the past three fiscal years the company has entered into forward currency instruments in order to offset exposure denominated in non-functional currency. In the fourth quarter of fiscal 2009, nine contracts in total were placed to offset various currency exposures. To offset net asset exposure denominated in non-functional currency, three forward contracts for 4.8 million EUR and three forward contracts for 6.4 million USD were placed. Conversely, three contracts were placed to offset the company's net liability exposure denominated in non-functional currency. The contracts included 0.5 million BRL, 3.5 million CNY, and 1.6 million of GBP. At the end of fiscal 2008, three contracts were placed to offset 4.0 million EUR for net asset exposure and two contracts for 6.0 million USD were placed to offset net liability exposure. Similarly, in the fourth quarter of fiscal 2007, the company entered into three separate forward currency contracts in order to offset 4.0 million EUR of net asset exposure denominated in a non-functional currency. In all three years, the instruments were marked to market at the end of the period, with changes in fair value reflected in net earnings. The fair value of the forward currency instruments was \$0.1 million for both years ended May 30, 2009 and May 31, 2008, and a negligible amount at June 2, 2007.

For fiscal year 2009, a net loss of \$1.1 million related to remeasuring all foreign currency transactions into the appropriate functional currency was included in net earnings. For fiscal year 2008, a net gain of \$0.1 million impacted net earnings, while the impact in fiscal 2007 was negligible. Additionally, the cumulative effect of translating the balance sheet and income statement accounts from the functional currency into the United States dollar increased the accumulated comprehensive loss component of total shareholders' equity by \$14.0 million as of the end of fiscal 2009. Conversely, the effect reduced the accumulated comprehensive loss component of total shareholder's equity by \$4.1 million, and \$3.3 million for the years ended May 31, 2008, and June 2, 2007, respectively.

Quantitative and Qualitative Disclosures about Market Risk *(continued)*

Interest Rate Risk

The company maintains fixed-rate debt for which changes in interest rates generally affect fair market value but not earnings or cash flows. As of the end of fiscal years 2009 and 2008, the company held one interest rate swap agreement that effectively converts \$50.0 million of fixed-rate debt securities to a variable rate. As of the end of fiscal year 2007, the company had two interest rate swaps that effectively converted \$53.0 million of fixed-rate debt to a variable-rate basis. This debt is subject to changes in interest rates, which, if significant, could have a material impact on the company's financial results. The interest rate swap derivative instruments are held and used by the company as a tool for managing interest rate risk. They are not used for trading or speculative purposes. The counterparties to these swap instruments are large financial institutions that the company believes are of high-quality creditworthiness. While the company may be exposed to potential losses due to the credit risk of non-performance by these counterparties, such losses are not anticipated.

The combined fair market value of effective interest rate swap instruments was \$2.4 million, \$0.5 million, and a negative \$1.8 million at May 30, 2009, May 31, 2008 and June 2, 2007, respectively. The impact of these swap instruments on total interest expense was a reduction to interest expense of \$1.2 million in fiscal 2009, \$0.4 million in fiscal 2008, and an addition to interest expense of \$0.6 million in fiscal 2007. All cash flows related to the company's interest rate swap instruments are denominated in U.S. dollars. For further information, refer to Notes 16 and 17 to the Consolidated Financial Statements.

As of May 30, 2009, the weighted-average interest rate on the company's variable-rate debt was approximately 3.5 percent. Based on the level of variable-rate debt outstanding as of that date, a one percentage-point increase in the weighted-average interest rate would increase the company's annual pre-tax interest expense by approximately \$0.5 million.

Expected cash flows (notional amounts) over the next five years and thereafter related to debt instruments are as follows.

(In millions)	2010	2011	2012	2013	2014	Thereafter	Total ⁽¹⁾
Long-Term Debt:							
Fixed rate	\$75.0	\$100.0	\$—	\$—	\$—	\$ 200.0	\$375.0
Wtd. average interest rate = 6.69%							
Derivative Financial Instruments Related to Debt –							
Interest Rate Swaps							
Pay variable/receive fixed	\$—	\$ 50.0	\$—	\$—	\$—	\$—	\$ 50.0
Pay interest rate = 3.53% (at May 31, 2009)							
Receive interest rate = 7.125%							

(1) Amount does not include the recorded fair value of the swap instruments, which totaled \$2.4 million at the end of fiscal 2009.

Quarterly Financial Data (Unaudited)

Set forth below is a summary of the quarterly operating results on a consolidated basis for the years ended May 30, 2009, May 31, 2008, and June 2, 2007. Refer to Management's Discussion and Analysis provided in Item 7 and the Notes to the Consolidated Financial Statements for further disclosure of significant accounting transactions that may have affected the quarterly operating results for each of the periods presented.

(In millions, except per share data)	First Quarter ⁽³⁾	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2009				
Net sales	\$479.1	\$476.6	\$354.4	\$319.9
Gross margin ⁽¹⁾	162.4	155.4	105.9	104.0
Net earnings	33.4	32.6	(5.2)	7.2
Earnings per share-basic ⁽¹⁾	.60	.61	(.10)	.14
Earnings per share-diluted ⁽¹⁾	.60	.60	(.10)	.14
Fiscal 2008				
Net sales	\$491.7	\$505.9	\$495.4	\$519.1
Gross margin ⁽¹⁾	167.5	180.1	170.0	181.0
Net earnings ⁽²⁾	33.5	41.0	38.3	39.5
Earnings per share-basic ⁽¹⁾	.54	.67	.66	.70
Earnings per share-diluted ⁽¹⁾⁽²⁾	.54	.67	.65	.71
Fiscal 2007				
Net sales	\$449.7	\$499.1	\$484.8	\$485.3
Gross margin ⁽¹⁾	152.3	170.4	160.0	163.1
Net earnings ⁽¹⁾	28.5	36.6	32.3	31.7
Earnings per share-basic	.44	.57	.50	.50
Earnings per share-diluted ⁽¹⁾	.43	.56	.50	.50

(1) The sum of the quarters does not equal the annual balance reflected in the Consolidated Statements of Operations due to rounding associated with the calculations on an individual quarter basis.

(2) The fourth quarter of fiscal year 2007 includes adjustments to various tax accruals resulting in a reduction of income taxes of \$3.4 million or \$0.05 diluted earnings per share in the quarter.

Consolidated Statements of Operations

(In millions, except per share data)			
	May 30, 2009	May 31, 2008	Fiscal Years Ended June 2, 2007
Net sales	\$1,630.0	\$2,012.1	\$1,918.9
Cost of sales	1,102.3	1,313.4	1,273.0
Gross margin	527.7	698.7	645.9
Operating Expenses:			
Selling, general, and administrative	330.8	395.8	395.8
Restructuring expenses	28.4	5.1	—
Design and research	45.7	51.2	52.0
Total operating expenses	404.9	452.1	447.8
Operating earnings	122.8	246.6	198.1
Other Expenses (Income):			
Interest expense	25.6	18.8	13.7
Interest and other investment income	(2.6)	(3.8)	(4.1)
Other, net	0.9	1.2	1.5
Net other expenses	23.9	16.2	11.1
Earnings before income taxes and minority interest	98.9	230.4	187.0
Income tax expense	31.0	78.2	57.9
Minority interest, net of income tax	(0.1)	(0.1)	—
Net Earnings	\$68.0	\$152.3	\$129.1
Earnings per share – basic	\$1.26	\$2.58	\$2.01
Earnings per share – diluted	\$1.25	\$2.56	\$1.98

Consolidated Balance Sheets

(In millions, except share and per share data)

May 30, 2009

May 31, 2008

Assets

Current Assets:

Cash and cash equivalents	\$192.9	\$155.4
Short-term investments	11.3	15.7
Accounts receivable, less allowances of \$7.3 in 2009 and \$5.6 in 2008	148.9	209.0
Inventories, net	37.3	55.1
Prepaid expenses and other	60.5	58.0

Total Current Assets	450.9	493.2
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Property and Equipment:

Land and improvements	18.8	19.0
Buildings and improvements	137.4	139.4
Machinery and equipment	552.0	547.4
Construction in progress	9.8	17.4

	718.0	723.2
Less: accumulated depreciation	(538.8)	(526.9)

Net Property and Equipment	179.2	196.3
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Goodwill	69.5	40.2
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Other assets	67.7	53.5
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Total Assets	\$767.3	\$783.2
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Liabilities and Shareholders' Equity

Current Liabilities:

Unfunded checks	\$3.9	\$8.5
Current maturities of long-term debt	75.0	—
Accounts payable	79.1	117.9
Accrued liabilities	125.2	184.1

Total Current Liabilities	283.2	310.5
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Long-term debt, less current maturities	302.4	375.5
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Other liabilities	173.7	73.8
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Total Liabilities	759.3	759.8
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Minority Interest

Shareholders' Equity:

Preferred stock, no par value (10,000,000 shares authorized, none issued)	—	—
Common stock, \$0.20 par value (240,000,000 shares authorized, 53,826,061 and 55,706,997 shares issued and outstanding in 2009 and 2008, respectively)	10.8	11.1
Additional paid-in capital	5.9	—
Retained earnings	129.2	76.7
Accumulated other comprehensive loss	(134.1)	(60.1)
Key executive deferred compensation	(3.8)	(4.3)

Total Shareholders' Equity	8.0	23.4
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Total Liabilities and Shareholders' Equity	\$767.3	\$783.2
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Consolidated Statements of Shareholders' Equity

(In millions, except share data)

	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Key Executive Deferred Compensation	Total Shareholders' Equity
Balance, June 3, 2006	66,034,452	\$13.2	\$—	\$192.2	\$(63.3)	\$(3.7)	\$138.4
Net earnings	—	—	—	129.1	—	—	129.1
Foreign currency translation adjustment	—	—	—	—	3.3	—	3.3
Pension and post-retirement liability adjustments (net of tax of \$33.5 million)	—	—	—	—	58.3	—	58.3
Unrealized holding gain (net of negligible tax)	—	—	—	—	0.1	—	0.1
Total comprehensive income	—	—	—	—	—	—	190.8
Cash dividends declared (\$.328 per share)	—	—	—	(21.0)	—	—	(21.0)
Exercise of stock options	1,886,326	0.4	46.9	—	—	—	47.3
Employee stock purchase plan	102,808	—	3.4	—	—	—	3.4
Tax benefit relating to stock options	—	—	6.7	—	—	—	6.7
Repurchase and retirement of common stock	(5,116,375)	(1.0)	(61.4)	(102.5)	—	—	(164.9)
Directors' fees	5,637	—	0.2	—	—	—	0.2
Restricted stock units compensation expense	—	—	2.4	—	—	(1.3)	1.1
Restricted stock units released	1,527	—	0.1	—	—	—	0.1
Stock grants compensation expense	—	—	(1.1)	—	—	1.8	0.7
Stock grants issued	5,050	—	—	—	—	—	—
Stock option compensation expense	—	—	2.5	—	—	—	2.5
Deferred compensation plan	—	—	0.3	—	—	(0.3)	0.0
Adjustment to adopt SFAS 158 (net of tax of \$28.2 million)	—	—	—	—	(50.0)	—	(50.0)
Balance, June 2, 2007	62,919,425	\$12.6	\$—	\$197.8	\$(51.6)	\$(3.5)	\$155.3
Net earnings	—	—	—	152.3	—	—	152.3
Foreign currency translation adjustment	—	—	—	—	4.1	—	4.1
Pension and post-retirement liability adjustments (net of tax of \$5.2 million)	—	—	—	—	(12.6)	—	(12.6)
Total comprehensive income	—	—	—	—	—	—	143.8
Cash dividends declared (\$0.352 per share)	—	—	—	(20.5)	—	—	(20.5)
Exercise of stock options	125,301	—	2.9	—	—	—	2.9
Employee stock purchase plan	118,801	—	3.3	—	—	—	3.3
Tax benefit relating to stock-based compensation	—	—	0.1	—	—	—	0.1
Excess tax benefit relating to stock-based compensation	—	—	0.1	—	—	—	0.1
Repurchase and retirement of common stock	(7,488,430)	(1.5)	(13.3)	(251.9)	—	—	(266.7)
Restricted stock units compensation expense	—	—	0.6	—	—	—	0.6
Restricted stock units released	2,892	—	0.1	—	—	—	0.1
Stock grants compensation expense	—	—	0.7	—	—	—	0.7
Stock grants issued	12,922	—	—	—	—	—	—
Stock option compensation expense	—	—	3.0	—	—	—	3.0
Deferred compensation plan	—	—	0.6	—	—	(0.8)	(0.2)
Directors' fees	16,086	—	0.5	—	—	—	0.5
Performance share units compensation expense	—	—	1.4	—	—	—	1.4
Cumulative effect of adopting FIN 48 (net of tax)	—	—	—	(1.0)	—	—	(1.0)

Consolidated Statements of Shareholders' Equity *(continued)*

Balance, May 31, 2008	55,706,997	\$11.1	\$—	\$76.7	\$(60.1)	\$(4.3)	\$23.4
Net earnings	—	—	—	68.0	—	—	68.0
Foreign currency translation adjustment	—	—	—	—	(14.0)	—	(14.0)
Pension liability adjustments (net of tax of \$35.3 million)	—	—	—	—	(59.9)	—	(59.9)
Unrealized holding loss	—	—	—	—	(0.1)	—	(0.1)
Total comprehensive loss	—	—	—	—	—	—	(6.0)
Cash dividends declared (\$0.286 per share)	—	—	—	(15.5)	—	—	(15.5)
Exercise of stock options	23,050	—	0.5	—	—	—	0.5
Employee stock purchase plan	187,037	—	2.7	—	—	—	2.7
Tax benefit relating to stock-based compensation	—	—	0.1	—	—	—	0.1
Excess tax benefit relating to stock-based compensation	—	—	(0.3)	—	—	—	(0.3)
Repurchase and retirement of common stock	(2,138,701)	(0.3)	0.2	—	—	—	(0.1)
Restricted stock units compensation expense	—	—	0.2	—	—	—	0.2
Restricted stock units released	14,074	—	0.4	—	—	—	0.4
Stock grants compensation expense	—	—	0.7	—	—	—	0.7
Stock grants issued	3,600	—	—	—	—	—	—
Stock option compensation expense	—	—	2.9	—	—	—	2.9
Deferred compensation plan	—	—	(0.5)	—	—	0.5	—
Directors' fees	30,004	—	0.4	—	—	—	0.4
Performance share units compensation expense	—	—	(1.4)	—	—	—	(1.4)
Balance, May 30, 2009	53,826,061	10.8	5.9	129.2	(134.1)	(3.8)	8.0

Consolidated Statements of Cash Flows

(In millions)	Fiscal Years Ended		
	May 30, 2009	May 31, 2008	June 2, 2007
Cash Flows from Operating Activities:			
Net earnings	\$68.0	\$152.3	\$129.1
Adjustments to reconcile net earnings to net cash provided by operating activities	23.7	61.3	8.6
Net Cash Provided by Operating Activities	91.7	213.6	137.7
Cash Flows from Investing Activities:			
Notes receivable repayments	60.6	69.1	67.4
Notes receivable issued	(60.3)	(68.4)	(66.8)
Marketable securities purchases	(3.0)	(11.9)	(11.5)
Marketable securities sales	6.4	12.1	11.0
Capital expenditures	(25.3)	(40.5)	(41.3)
Proceeds from sales of property and equipment	0.3	0.3	7.9
Proceeds from disposal of owned dealers	1.3	0.9	—
Net cash paid for acquisitions	(29.5)	(11.7)	(3.5)
Loss on impairment of investments	0.6	—	—
Proceeds from loan on cash surrender value of life insurance	19.3	—	—
Other, net	0.1	(0.9)	(0.6)
Net Cash Used for Investing Activities	(29.5)	(51.0)	(37.4)
Cash Flows from Financing Activities:			
Short-term debt repayments	—	(1.2)	—
Long-term debt repayments	—	(4.0)	(3.0)
Long-term debt borrowings	—	200.0	—
Dividends paid	(19.2)	(21.2)	(20.7)
Common stock issued	3.4	6.5	50.4
Common stock repurchased and retired	(0.3)	(266.7)	(164.9)
Excess tax benefits from stock-based compensation	(0.3)	0.1	6.7
Other, net	(0.1)	—	—
Net Cash Used for Financing Activities	(16.5)	(86.5)	(131.5)
Effect of exchange rate changes on cash and cash equivalents	(8.2)	2.9	0.8
Net Increase (Decrease) in Cash and Cash Equivalents	37.5	79.0	(30.4)
Cash and cash equivalents, beginning of year	155.4	76.4	106.8
Cash and Cash Equivalents, End of Year	\$192.9	\$155.4	\$76.4

Notes to the Consolidated Financial Statements

1. Significant Accounting and Reporting Policies

The following is a summary of significant accounting and reporting policies not reflected elsewhere in the accompanying financial statements.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Herman Miller, Inc., and its majority-owned domestic and foreign subsidiaries. The consolidated entities are collectively referred to as “the company.” All intercompany accounts and transactions, including any involving VIEs, have been eliminated in the Consolidated Financial Statements.

Description of Business

The company researches, designs, manufactures and distributes interior furnishings, for use in various environments including office, healthcare, educational, and residential settings, and provides related services that support companies all over the world. The company’s products are sold primarily through independent contract office furniture dealers. Accordingly, accounts and notes receivable in the accompanying balance sheets are principally amounts due from the dealers.

Fiscal Year

The company’s fiscal year ends on the Saturday closest to May 31. Fiscal years ended May 30, 2009, May 31, 2008 and June 2, 2007, each contain 52 weeks. An extra week in the company’s fiscal year is required approximately every six years in order to realign its fiscal calendar-end dates with the actual calendar months.

Foreign Currency Translation

The functional currency for foreign subsidiaries is the local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the United States dollar using fiscal year-end exchange rates and translating revenue and expense accounts using average exchange rates for the period is reflected as a component of “Accumulated other comprehensive loss” in the Consolidated Balance Sheets. The financial statement impact resulting from remeasuring all foreign currency transactions into the appropriate functional currency, which is included in “Other Expenses (Income)” in the Consolidated Statements of Operations, was a net loss of \$1.1 million for the year ended May 30, 2009. For the years ended May 31, 2008 and June 2, 2007, the financial statement impact was a net gain of \$0.1 million and negligible, respectively.

Cash Equivalents

The company holds cash equivalents as part of its cash management function. Cash equivalents include money market funds, time deposit investments, and treasury bills with original maturities of less than three months. The carrying value of cash equivalents, which approximates fair value, totaled \$99.0 million and \$90.7 million as of May 30, 2009, and May 31, 2008, respectively. All cash and cash equivalents are high-credit quality financial instruments, and the amount of credit exposure to any one financial institution or instrument is limited.

Marketable Securities

The company maintains a portfolio of marketable securities primarily comprised of investment-grade, fixed-income securities. These investments are held by the company’s wholly owned insurance captive and are considered “available-for-sale” as defined in Statement of Financial Accounting Standards (SFAS) No. 115, “Accounting for Certain Investments in Debt and Equity Securities.” Accordingly, they have been recorded at fair market value based on quoted market prices, with the resulting net unrealized holding gains or losses reflected net of tax as a component of “Accumulated other comprehensive loss” in the Consolidated Balance Sheets.

All marketable security transactions are recognized on the trade date. Realized gains and losses on disposal of available-for-sale investments are included in “Interest and other investment income” in the Consolidated Statements of Operations. Net investment loss recognized in the Consolidated Statements of Operations for available-for-sale investments totaled \$0.2 million for the year ended May 30, 2009 and investment gain of \$0.7 million, and \$0.8 million for the years ended May 31, 2008, and June 2, 2007, respectively. Included in the net investment loss of \$0.2 million in fiscal 2009 was an impairment charge for certain equity investments of \$0.6 million. This impairment charge also permanently reduced the cost basis in the investment by a corresponding amount.

The following is a summary of the carrying and market values of the company’s marketable securities as of the dates indicated.

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

				May 30, 2009
	(In millions)	Cost	Unrealized Gain	Unrealized Loss
U.S. Government & agency debt		\$3.6	\$0.3	\$—
Corporate investments		3.9	—	—
Mortgage-backed		3.8	—	(0.6)
Other debt		0.5	—	(0.2)
Total		\$11.8	\$0.3	\$(0.8)
				\$11.3

				May 31, 2008
	(In millions)	Cost	Unrealized Gain	Unrealized Loss
U.S. Government & agency debt		\$4.8	\$0.2	\$—
Corporate investments		6.0	—	(0.2)
Mortgage-backed		4.2	—	(0.1)
Other debt		0.9	—	(0.1)
Total		\$15.9	\$0.2	\$(0.4)
				\$15.7

Maturities of short-term investments as of May 30, 2009, are as follows.

		Cost	Market Value
	(In millions)		
Due within one year		\$3.6	\$3.5
Due after one year through five years		6.0	5.8
Due after five years		2.2	2.0
Total		\$11.8	\$11.3

Accounts Receivable Allowances

Reserves for uncollectible accounts receivable balances are based on known customer exposures, historical credit experience, and the specific identification of other potential problems, including the economic climate. Balances are written off against the reserve once the company determines the probability of collection to be remote. The company generally does not require collateral or other security on trade accounts receivable.

Inventories

Inventories are valued at the lower of cost or market. The inventories at the majority of the company's manufacturing operations are valued using the last-in, first-out (LIFO) method, whereas inventories of certain other of the company's subsidiaries are valued using the first-in, first-out (FIFO) method. The company establishes reserves for excess and obsolete inventory, based on prevailing circumstances and judgment for consideration of current events, such as economic conditions, that may affect inventory. Further information on the company's recorded inventory balances can be found in Note 4.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. The cost is depreciated over the estimated useful lives of the assets, using the straight-line method. Estimated useful lives range from 3 to 10 years for machinery and equipment and do not exceed 40 years for buildings. Leasehold improvements are depreciated over the lesser of the lease term or the useful life of the asset, not to exceed 10 years. The company capitalizes certain external and internal costs incurred in connection with the development, testing, and installation of software for internal use. Software for internal use is included in property and equipment and is depreciated over an estimated useful life not exceeding 5 years.

During the fourth quarter of fiscal 2007, the company completed the sale of its Canton, Georgia facility which was exited in fiscal 2004. The company received net cash consideration of \$7.5 million, for assets with a carrying value of \$7.5 million. This resulted in a negligible pre-tax gain.

As of the end of fiscal 2009, outstanding commitments for future capital purchases approximated \$5.8 million.

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

Long-Lived Assets

The company assesses the recoverability of its long-lived assets in accordance with the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This assessment is performed whenever events or circumstances such as current and projected future operating losses or changes in the business climate indicate that the carrying amount may not be recoverable. Assets are grouped and evaluated at the lowest level for which there are independent and identifiable cash flows. The company considers historical performance and future estimated results in its evaluation of potential impairment and then compares the carrying amount of the asset to the estimated future undiscounted cash flows (without interest charges) expected to result from the use of the asset. If the carrying amount of the asset exceeds the expected future cash flows, the company measures and records an impairment loss for the excess of the carrying value of the asset over its fair value. The estimation of fair value is made by discounting the expected future cash flows at the rate the company uses to evaluate similar potential investments based on the best information available at that time.

Goodwill and Other Intangible Assets

The company's recorded goodwill at May 30, 2009 and May 31, 2008, is associated with the North American Furniture Solutions segment, which is described in further detail in Note 20. The company is required to test the carrying value of goodwill for impairment at the "reporting unit" level annually or more frequently if a triggering event occurs under the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). As a matter of practice, the company performs the required annual impairment testing of goodwill during the fourth quarter of each fiscal year. The annual testing performed each year indicated the present value of discounted cash flows of the reporting unit exceeded the recorded carrying value of the company's goodwill assets, and accordingly no impairment charge was required for the years ending May 30, 2009, May 31, 2008, and June 2, 2007.

SFAS 142 also requires the company to evaluate its acquired intangible assets to determine whether any have "indefinite useful lives." Under this accounting standard, intangible assets with indefinite useful lives, if any, are not subject to amortization. The company has other intangible assets, consisting of certain trademarks and tradenames valued at approximately \$4.3 million, which have indefinite useful lives and are evaluated in a manner consistent with goodwill. The company amortizes its other intangible assets over their remaining useful lives using the straight-line method over periods ranging from 5 to 17 years.

Other intangible assets are comprised of patents, trademarks, and intellectual property rights with a combined gross carrying value and accumulated amortization of \$24.0 million and \$9.5 million, respectively as of May 30, 2009. As of May 31, 2008, these amounts totaled \$25.7 million and \$7.6 million, respectively.

Estimated amortization expense for existing intangible assets as of May 30, 2009, for each of the succeeding five fiscal years is as follows.

(In millions)

2010	\$1.4
2011	1.4
2012	1.3
2013	0.6
2014	0.5

Notes Receivable

The notes receivable are primarily from certain independent contract office furniture dealers. These notes are the result of dealers in transition either through a change in ownership or general financial difficulty. The notes generally are collateralized by the assets of the dealers and bear interest based on the prevailing prime rate. Recorded reserves are based on historical credit experience, collateralization levels, and the specific identification of other potential collection problems. Interest income relating to these notes was \$0.1 million for the year ended May 30, 2009 and \$0.4 million for the years ended May 31, 2008, and June 2, 2007.

Unfunded Checks

As a result of maintaining a consolidated cash management system, the company utilizes controlled disbursement bank accounts. These accounts are funded as checks are presented for payment, not when checks are issued. Any resulting book overdraft position is included in current liabilities as unfunded checks.

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

Self-Insurance

The company is partially self-insured for general liability, workers' compensation, and certain employee health and dental benefits under insurance arrangements that provide for third-party coverage of claims exceeding the company's loss retention levels. The company's retention levels designated within significant insurance arrangements as of May 30, 2009, are as follows.

	Retention Level
General liability and auto liability/physical damage	\$1.00 million per occurrence
Workers' compensation and property	\$0.75 million per occurrence
Health benefits	\$0.20 million per employee

The company's policy is to accrue amounts equal to the actuarially-determined liabilities for loss and loss adjustment expenses, which are included in "Other Liabilities" in the Consolidated Balance Sheets. The actuarial valuations are based on historical information along with certain assumptions about future events. Changes in assumptions for such matters as legal actions, medical costs, and changes in actual experience could cause these estimates to change. The general and workers' compensation liabilities are managed through the company's wholly-owned insurance captive.

Research, Development, and Other Related Costs

Research, development, pre-production, and start-up costs are expensed as incurred. Research and development (R&D) costs consist of expenditures incurred during the course of planned search and investigation aimed at discovery of new knowledge useful in developing new products or processes. R&D costs also include the significant enhancement of existing products or production processes and the implementation of such through design, testing of product alternatives, or construction of prototypes. Royalty payments made to designers of the company's products as the products are sold are not included in research and development costs, as they are a variable cost based on product sales. Research and development costs included in "Design and Research" expense in the accompanying Consolidated Statements of Operations of \$36.2 million, \$38.8 million, \$42.1 million, in fiscal 2009, 2008, and 2007, respectively.

Advertising Costs

Advertising costs are expensed as incurred and are included in "Selling, general, and administrative" expense in the accompanying Consolidated Statements of Operations. Advertising costs were \$2.2 million, \$3.4 million, and \$3.2 million, in fiscal 2009, 2008, and 2007, respectively.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse.

Stock-Based Compensation

The company has several stock-based compensation plans, which are described fully in Note 14. In December 2004, the FASB issued a revision of SFAS No. 123, "Share-Based Payment" (SFAS 123(R)), which supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." The company adopted the provisions of SFAS 123(R) in the first quarter of fiscal 2007.

Earnings per Share

Basic earnings per share (EPS) excludes the dilutive effect of common shares that could potentially be issued, due to the exercise of stock options or the vesting of restricted shares, and is computed by dividing net earnings by the weighted-average number of common shares outstanding for the period. Diluted EPS for fiscal years 2009, 2008, and 2007, was computed by dividing net earnings by the sum of the weighted-average number of shares outstanding, plus all dilutive shares that could potentially be issued. Refer to Note 13, for further information regarding the computation of EPS.

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

Revenue Recognition

The company recognizes revenue on sales through its network of independent contract furniture dealers and independent retailers once the related product is shipped and title passes to the dealer. In situations where products are sold through subsidiary dealers or directly to the end customer, revenue is recognized once the related product is shipped to the end customer and installation is substantially complete. Offers such as rebates and discounts are recorded as reductions to net sales. Unearned revenue occurs during the normal course of business due to advance payments from customers for future delivery of products and services.

Shipping and Handling Expenses

The company records shipping and handling related expenses under the caption "Cost of Sales" in the Consolidated Statements of Operations.

Comprehensive Income/(Loss)

The company's comprehensive income (loss) consists of net earnings, foreign currency translation adjustments, pension and post-retirement liability adjustments, and unrealized holding gains (losses) on "available-for-sale" investments. The components of "Accumulated other comprehensive loss" in each of the last three fiscal years are as follows.

(In millions)	Foreign Currency Translation Adjustments	Pension and Post-Retirement Liability Adjustments (net of tax)	Unrealized Holding Period Gains (Losses) (net of tax)	Total Accumulated Other Comprehensive Income (Loss)
Balance, June 3, 2006	\$(2.8)	\$(60.2)	\$(0.3)	\$(63.3)
Other comprehensive gain/(loss) in fiscal 2007	3.3	58.3	0.1	61.7
Adjustments to adopt SFAS No. 158	—	(50.0)	—	(50.0)
Balance, June 2, 2007	0.5	(51.9)	(0.2)	(51.6)
Other comprehensive gain in fiscal 2008	4.1	(12.6)	—	(8.5)
Balance, May 31, 2008	4.6	(64.5)	(0.2)	(60.1)
Other comprehensive gain/(loss) in fiscal 2009	(14.0)	(59.9)	(0.1)	(74.0)
Balance May 30, 2009	\$(9.4)	\$(124.4)	\$(0.3)	\$(134.1)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Variable Interest Entities

The company has provided subordinated debt to and/or guarantees on behalf of certain independent contract furniture dealerships. These relationships may constitute variable interests under the provisions of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" (FIN 46(R)). On May 30, 2009 and May 31, 2008, the company was not considered the primary beneficiary of any such dealer relationships as defined by FIN 46(R) and therefore, no entities were included as Variable Interest Entities (VIEs) as of these dates. Refer to Note 3 for further discussion regarding VIEs.

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

Fair Value

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which establishes a comprehensive framework for measuring the fair value of assets and liabilities and expands disclosures about fair value measurements. Specifically, SFAS 157 sets forth a definition of fair value, and establishes a hierarchy prioritizing the use of inputs in valuation techniques. SFAS 157 defines levels within the hierarchy as follows:

- *Level 1* – quoted prices (unadjusted) in active markets for identical assets and liabilities.
- *Level 2* – either direct or indirect inputs, other than quoted prices included within Level 1, which are observable for similar assets or liabilities.
- *Level 3* – inputs are unobservable.

The company adopted the provisions of SFAS 157 for financial assets and liabilities as of June 1, 2008. There was no impact to the company's consolidated financial statements related to the adoption of SFAS 157. The following table sets forth financial assets and liabilities measured at fair value in the Condensed Consolidated Balance Sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of May 30, 2009.

		Fair Value Measurement as of May 30, 2009		
	(In millions)	Total	Quoted Prices In Active Markets (Level 1)	Quoted Prices With Other Observable Inputs (Level 2)
Financial Assets				
Available for-sale securities		\$11.3	\$4.3	\$7.0
Interest rate swap agreements		2.4	—	2.4
Deferred compensation plan investments		1.4	1.4	—
Foreign currency forward contracts		0.2	—	0.2
Total		\$15.3	\$5.7	\$9.6
Financial Liabilities				
Foreign currency forward contracts		\$0.1	\$—	\$0.1
Total		\$0.1	\$—	\$0.1

In February 2007, the FASB issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). SFAS 159 expands the use of fair value measurement by permitting entities to choose to measure at fair value, many financial instruments and certain other items that are not currently required to be measured at fair value. The company adopted the provisions of SFAS 159 at the beginning of fiscal 2009 and elected not to expand the use of fair value accounting beyond those assets and liabilities currently required to use this basis of measurement.

Derivative Instruments and Hedging Activities

On February 28, 2009, the company adopted FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement 133" (SFAS 161). The adoption of SFAS 161 had no financial impact on our consolidated financial statements and only required additional financial statement disclosures. The requirements of SFAS 161 have been applied on a prospective basis. Accordingly, disclosures related to periods prior to the date of adoption have not been presented.

Interest Rate Swap Agreements

We have used interest rate swaps in order for a portion of interest bearing debt to be variable, which matches interest expense with our business cycle. As of May 30, 2009, the company has one interest rate swap agreement that has the economic effect of modifying the fixed interest obligations associated with a portion of our public debt securities due March 15, 2011 so that the interest payable on the senior notes effectively becomes variable at a rate set to the six-month LIBOR rate plus 2.65 percent. The critical terms of the interest rate swap agreement and a component of the public debt securities match, including the notional amounts, interest rate reset dates, maturity dates and underlying market indices. Accordingly, as of May 30, 2009, a total of \$50.0 million of the company's outstanding

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

debt was effectively converted to a variable-rate basis as a result of the interest rate swap arrangement. This swap is a fair-value hedge and qualifies for hedge-accounting treatment using the "short-cut" method under the provisions of SFAS 133. Under this accounting treatment, the change in the fair value of the interest rate swap is equal to the change in value of the related hedged debt and, as a result, there is no net effect on earnings. The agreement requires the company to pay floating-rate interest payments in return for receiving fixed-rate interest payments that coincide with the semi-annual payments to the debt holders at the same date. The periodic interest settlements, which occur at the same interval as the public debt securities, are recorded as interest expense.

Foreign Currency Forward Contracts Not Designated as Hedges

We transact business in various foreign currencies and have established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. Under this program, the company's strategy is to have increases or decreases in our foreign currency exposures offset by gains or losses on the foreign currency forward contracts to mitigate the risks and volatility associated with foreign currency transaction gains or losses. These foreign currency exposures typically arise from net liability or asset exposures in non-local currencies on the balance sheets of our foreign subsidiaries. These foreign currency forward contracts generally settle within 90 days and are not used for trading purposes. These forward contracts are not designated as hedging instruments pursuant to SFAS 133. Accordingly, we record the fair value of these contracts as of the end of the reporting period in the consolidated balance sheet with changes in fair value recorded in our consolidated statement of operations. The balance sheet classification for the fair values of these forward contracts is other current assets for unrealized gains and to other current liabilities for unrealized losses. The statement of operations classification for the fair values of these forward contracts is to other expenses (income), other, net, for both realized and unrealized gains and losses.

As of May 30, 2009, the notional amounts of the forward contracts held to purchase and sell U.S. dollars in exchange for other major international currencies were \$10.4 million and the notional amounts of the foreign currency forward contracts held to sell European euros in exchange for other major international currencies were €4.8 million.

The effects of derivative instruments on the condensed consolidated financial statements were as follows for the year ended May 30, 2009 (amounts presented exclude any income tax effects) are shown below. The effect of derivative instruments on the condensed consolidated statement of operations was \$0.1 million for the period ended May 30, 2009.

Fair Value of Derivative Instruments in Condensed Consolidated Balance Sheet

		May 30, 2009	
	(In millions)	Balance Sheet Location	Fair Value
Interest rate swap agreement – fair market value		Other noncurrent assets	\$2.4
Foreign currency forward contracts not designated as hedges		Other current assets	\$0.2
Foreign currency forward contracts not designated as hedges		Other current liabilities	\$0.1

Effects of Derivative Instruments of Income

			May 30, 2009
	(In millions)	(Gain) Loss Location	Amount
Recognized Income on Derivative			
		Other expense (Income),	
Foreign currency forward contracts		Other, net	\$(0.10)

New Accounting Standards

In December 2004, the FASB issued a revision of SFAS No. 123, "Share-Based Payment" (SFAS 123(R)), which supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." This statement focuses primarily on transactions in which an entity obtains employee services in exchange for share-based payments. Under SFAS 123(R), a public entity generally is required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, with such cost recognized over the requisite service period. This new accounting treatment is also required for any share-based payments to our Board of Directors. SFAS 123(R) also requires an entity to provide certain disclosures in order to assist in understanding the nature of share-based payment transactions and the effects of those transactions on the financial statements. We adopted the provisions of SFAS 123(R) in the first quarter of fiscal 2007. Further information regarding the adoption of SFAS 123(R) is provided in Note 14.

Notes to the Consolidated Financial Statements

1 Significant Accounting and Reporting Policies *(continued)*

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" (FIN 48), which clarifies the accounting for uncertainty in tax positions. Under FIN 48, the tax effects of a position should be recognized only if it is "more-likely-than-not" to be sustained based solely on its technical merits as of the reporting date. FIN 48 also requires significant new annual disclosures in the notes to the financial statements. The effect of adjustments at adoption is required to be recorded directly to beginning retaining earnings in the period of adoption and reported as a change in accounting principle. The company adopted the provisions of FIN 48 at the beginning of fiscal 2008. Further information regarding the adoption of FIN 48 is provided in Note 15.

In September 2006, the FASB issued SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS 158). SFAS 158 amends SFAS No. 87 "Employers' Accounting for Pensions," SFAS No. 88 "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other than Pensions" and SFAS 132 "Employers' Disclosures about Pensions and Other Postretirement Benefits." The amendments retain most of the existing measurement and disclosure guidance and will not change the amounts recognized in our Consolidated Statements of Operations. SFAS 158 requires companies to recognize a net asset or liability with an offset to equity, by which the defined-benefit postretirement obligation is over-funded or under-funded. SFAS 158 requires prospective application. The company adopted the provisions of SFAS 158 as of June 2, 2007, and the adoption of SFAS 158 did not require a restatement of prior periods.

In December 2007, the FASB issued a revised version of SFAS No. 141, "Business Combinations (revised 2007)" (SFAS 141(R)). The FASB also issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—An Amendment of ARB No. 51" (SFAS 160) at the same time it issued SFAS 141(R). SFAS 160 requires all entities to report noncontrolling (minority) interests in subsidiaries as equity in the consolidated financial statements, except as required under FIN 46 (required consolidation with respect to Variable Interest Entities).

The company is required to adopt the provisions of both SFAS 141(R) and SFAS 160 simultaneously at the beginning of fiscal 2010. Earlier adoption is prohibited. The company is currently evaluating the provisions of these pronouncements; however, there will be an immediate impact from SFAS 141(R) as it relates to the announced acquisition of Nemschoff Chairs, LLC. Under SFAS 141(R) we expect to expense acquisition related costs as incurred and contingent consideration associated with the transaction will be capitalized at estimated fair value as of the acquisition date.

In June 2008, the FASB issued Staff Position ("FSP") Emerging Issue Task Force ("EITF") Issue No. 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ("FSP EITF 03-6-1"). FSP EITF 03-6-1 provides that unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008 (fiscal year 2009 for the company). Upon adoption, a company is required to retrospectively adjust its earnings per share data, including any amounts related to interim periods, summaries of earnings, and selected financial data, to conform to the provisions of FSP EITF 03-6-1. The adoption of FSP EITF 03-6-1 during fiscal 2009 had no financial impact on our consolidated financial statements and only required additional financial statement disclosures.

On December 30, 2008, the FASB issued FSP SFAS No. 132(R)-1, *Employer's Disclosures about Postretirement Benefit Plan Assets* ("FSP SFAS No. 132(R)-1"). This FSP amends FASB Statement No. 132 (Revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits* ("SFAS No. 132(R)"), to provide guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The disclosures about plan assets required by FSP SFAS No. 132(R)-1 shall be provided for fiscal years ending after December 15, 2009 (fiscal 2010 for the company). Upon initial application, the provisions of FSP SFAS No. 132(R)-1 are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions of FSP SFAS No. 132(R)-1 is permitted. Since FSP SFAS No. 132(R)-1 requires only additional disclosures concerning plan assets, adoption of FSP SFAS No. 132(R)-1 is not expected to affect the company's financial statements.

In April 2009, the FASB released FASB Staff Position FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2). Under FSP FAS 115-2, impairment for debt securities, in certain circumstances, is separated into the credit loss amount recognized in earnings and the amount related to all other factors (non-credit loss) recognized in other comprehensive income, net of applicable taxes. FSP FAS 115-2 is effective for interim and annual periods ending after June 15, 2009, although early adoption is permitted for companies with periods ending after March 15, 2009. The company chose to adopt FSP FAS 115-2 during the fourth quarter of fiscal 2009, which did not have a material impact on the company's financial statements.

Notes to the Consolidated Financial Statements (continued)

2. Acquisitions and Divestitures

During the fourth quarter of fiscal 2007, Convia, a subsidiary of Herman Miller, Inc. acquired a technology company for \$3.5 million in cash. The intellectual property acquired in connection with this transaction is intended to enhance the functionality of Convia's product offering.

On February 1, 2008, the company completed its acquisition of the stock of Brandrud Furniture, Inc. (Brandrud), an Auburn, Washington based manufacturer of healthcare furnishings. With annual net sales of approximately \$20 million at the time of acquisition, Brandrud focuses on seating products for patient rooms, patient treatment areas, and public spaces such as lobbies and waiting areas. The final purchase price related to this transaction included an initial \$12 million cash payment, the assumption of \$2.1 million of debt and a performance-based contingency payment of \$26.6 million cash paid in fiscal 2009 and recognized as goodwill.

Assets acquired and liabilities assumed in the acquisition were recorded on the company's Consolidated Balance Sheets based on their estimated fair values as of the date of the acquisition. The results of operations of Brandrud have been included in the company's Consolidated Statements of Operations since the date of the acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. Brandrud is included in the company's North American segment; therefore all of the goodwill recorded in the acquisition has been allocated to that segment.

During the first quarter of fiscal 2009, the company completed the sale of a wholly-owned contract furniture dealership in Texas. The effect of this transaction on the company's consolidated financial statements was not material.

During the second quarter of fiscal 2009, the company completed the purchase of selected elements of Ruskin Industries, a specialized manufacturer of complex wood chair frames and wood frame components, based in Hickory, North Carolina. The purchase consideration for this transaction was approximately \$2.9 million.

Subsequent to May 30, 2009, the company acquired Nemschoff Chairs, LLC (Nemschoff) a Sheboygan, Wisconsin-based manufacturer, with additional manufacturing capabilities in Sioux Center, Iowa. Nemschoff manufactures healthcare furnishings, with an emphasis on seating products for patient rooms, patient treatment areas, and public spaces such as lobbies and waiting areas. Nemschoff also serves the higher education and office markets. Nemschoff, with revenues of greater than \$90 million in its most recently completed fiscal year, was acquired for a combination of \$32.1 million in cash, which was paid with cash-on-hand and the issuance of 2,041,666 shares of the company's common stock. Additionally, there are two forms of contingent consideration; one being in the form of a performance-based payment that is in the range of \$0 and \$25 million and would be earned over the next two years. The other contingent consideration is in the form of a contingent value right ("CVR") for each share of common stock issued. In the aggregate, the CVRs will be in the range of \$0 and \$22 million in two years. Each CVR entitles the holder to compensation in the event that the company's share price is below \$24 per share in June, 2011. A floor price of \$13.28 has been established that provides a maximum payout of \$10.72 per share to payable at the time of maturity. Both the performance-based and CVR payments, if any, may be made in either cash or stock at the company's discretion.

3. Variable Interest Entities

The company adopted FIN 46(R) at the end of fiscal year 2004. At that time the company qualified as the "primary beneficiary" in certain dealer relationships which required the company to include the financial statements of the qualifying VIEs in its Consolidated Financial Statements. Since that time, triggering events occurred which caused the company to cease the consolidation of these VIE financial statements. At May 30, 2009 and May 31, 2008, the company was not considered the primary beneficiary in any of its independent dealer financing relationships.

4. Inventories

(In millions)	May 30, 2009	May 31, 2008
Finished goods	\$20.5	\$25.6
Work in process	4.9	13.6
Raw materials	11.9	15.9
Total	\$37.3	\$55.1

Inventories are valued at the lower of cost or market and include material, labor, and overhead. The inventories of the majority of domestic manufacturing subsidiaries are valued using the last-in, first-out method (LIFO). The inventories of all other subsidiaries are valued using the first-in, first-out method. Inventories valued using LIFO amounted to \$13.0 million and \$17.2 million as of May 30, 2009 and May 31, 2008, respectively. If all inventories had been valued using the first-in first-out method, inventories would have been \$11.5 million and \$12.0 million higher than reported at May 30, 2009 and May 31, 2008, respectively.

Notes to the Consolidated Financial Statements *(continued)*

5. Prepaid Expenses and Other

(In millions)	May 30, 2009	May 31, 2008
Deferred income taxes	\$14.8	\$17.1
Taxes	16.7	9.7
Other	29.0	31.2
Total	\$60.5	\$58.0

6. Other Assets

(In millions)	May 30, 2009	May 31, 2008
Notes receivable, less allowance of \$0.5 in 2009 and \$3.2 in 2008	\$—	\$—
Other intangibles, net	14.5	18.1
Deferred income taxes	45.0	11.9
Cash surrender value of life insurance	2.1	20.4
Other	6.1	3.1
Total	\$67.7	\$53.5

7. Accrued Liabilities

(In millions)	May 30, 2009	May 31, 2008
Compensation and employee benefits	\$43.9	\$92.6
Income taxes	0.6	5.6
Other taxes	11.0	13.4
Unearned revenue	11.2	16.6
Warranty reserves	15.4	14.9
Charitable contributions	0.1	0.5
Pension and post-retirement benefits	1.5	1.6
Restructuring	11.6	0.6
Other	29.9	38.3
Total	\$125.2	\$184.1

8. Other Liabilities

(In millions)	May 30, 2009	May 31, 2008
Pension benefits	\$121.2	\$22.4
Post-retirement benefits	12.2	11.9
Other	40.3	39.5
Total	\$173.7	\$73.8

9. Notes Payable

In December 2007, the company entered into an unsecured revolving credit facility that provides for \$250 million of borrowings and which expires December 17, 2012. The agreement has an accordion feature enabling the credit facility to be increased by an additional \$100 million, subject to certain conditions. Outstanding borrowings under the agreement bear interest at rates based on the prime, Federal Funds, LIBOR, or negotiated rates as outlined in the agreement. Interest is payable periodically throughout the period a borrowing is outstanding. As of May 30, 2009 the only usage against this facility is related to outstanding standby letters of credit totaling approximately \$13.1 million. Usage against the previous facility at May 31, 2008 related to outstanding standby letters of credit and totaled \$13.1 million.

Subsequent to May 30, 2009, the company announced that the unsecured revolving credit facility had been renegotiated. The terms of the new agreement provided for \$150 million of borrowings, with no accordion feature, and will expire in June 2012.

Notes to the Consolidated Financial Statements *(continued)*

10. Long-Term Debt

(In millions)	May 30, 2009	May 31, 2008
Series A senior notes, 5.94%, due January 3, 2015	\$50.0	\$50.0
Series B senior notes, 6.42%, due January 3, 2018	150.0	150.0
Debt securities, 7.125%, due March 15, 2011 ⁽¹⁾	175.0	175.0
Fair value of interest rate swap arrangements	2.4	0.5
Subtotal	377.4	375.5
Less: current portion	(75.0)	—
Total	\$302.4	\$375.5

(1) Subsequent to May 30, 2009, the company announced and completed a tender offer to repurchase \$75 million of the outstanding 7.125% debt securities by means of an auction. The repurchase was completed on July 23, 2009.

On January 3, 2008, the company issued \$200 million Series A and Series B senior unsecured notes, each having interest payments that are due semi-annually. The \$200 million of proceeds from the notes were used for an accelerated share repurchase (ASR) of the company's common stock. The ASR was completed in the second quarter of fiscal 2009 with the delivery of 2.1 million shares, which, with the delivery of 5.4 million shares in fiscal 2008, brought the total shares repurchased to 7.5 million.

Provisions of the senior notes and the unsecured senior revolving credit facility restrict, without prior consent, the company's borrowings, capital leases, and the sale of certain assets. In addition, the company has agreed to maintain certain financial performance ratios, which are based on earnings before taxes, interest expense, depreciation and amortization. At May 30, 2009 and May 31, 2008, the company was in compliance with all of these restrictions and performance ratios.

Annual maturities of long-term debt for the five fiscal years subsequent to May 30, 2009, are as follows.

(In millions)	
2010	\$ 75.0
2011	\$100.0
2012	\$—
2013	\$—
2014	\$—
Thereafter	\$200.0

The above amounts exclude the recorded fair value of the company's interest rate swap arrangements, which had a combined fair value of positive \$2.4 million as of May 30, 2009. Additional information regarding interest rate swaps is provided in Note 17.

11. Operating Leases

The company leases real property and equipment under agreements that expire on various dates. Certain leases contain renewal provisions and generally require the company to pay utilities, insurance, taxes, and other operating expenses.

Future minimum rental payments required under operating leases that have non-cancelable lease terms as of May 30, 2009, are as follows.

(In millions)	
2010	\$16.3
2011	\$14.0
2012	\$10.5
2013	\$7.9
2014	\$5.3
Thereafter	\$7.8

Total rental expense charged to operations was \$27.8 million, \$25.9 million, and \$24.8 million, in fiscal 2009, 2008, and 2007, respectively. Substantially all such rental expense represented the minimum rental payments under operating leases.

Notes to the Consolidated Financial Statements *(continued)*

12. Employee Benefit Plans

The company maintains plans that provide retirement benefits for substantially all employees.

Pension Plans and Post-Retirement Medical and Life Insurance

The principal domestic retirement plan is a defined-benefit plan with benefits determined by a cash balance calculation. Benefits under this plan are based upon an employee's years of service and earnings. The company also offers certain employees retirement benefits under other domestic defined benefit plans, one of which covers employees subject to a collective bargaining arrangement. The company provides healthcare and life insurance benefits to employees who retired from service on or before a qualifying date in 1998 and 2008, respectively. As of the respective qualifying dates, the company discontinued offering post-retirement medical and life insurance benefits to future retirees. Benefits to qualifying retirees under this plan are based on the employee's years of service and age at the date of retirement.

In addition to the domestic pension and retiree healthcare and life insurance plans, one of the company's wholly owned foreign subsidiaries has a defined-benefit pension plan based upon an average final pay benefit calculation.

The measurement date for the company's principal domestic and international pension plans as well as its post-retirement medical and life insurance plan is the last day of the fiscal year.

Benefit Obligations and Funded Status

The following table presents, for the fiscal years noted, a summary of the changes in the projected benefit obligation, plan assets, and funded status of the company's domestic and international pension plans and post-retirement plan.

(In millions)	Pension Benefits				Post-Retirement Benefits	
	2009		2008		2009	2008
	Domestic	International	Domestic	International		
Change in benefit obligation:						
Benefit obligation at beginning of year	\$267.9	\$88.7	\$274.5	\$77.9	\$13.4	\$17.3
Service cost	8.4	2.1	8.1	2.3	—	—
Interest cost	18.3	4.6	16.1	4.3	0.8	0.9
Amendments	—	—	1.7	—	—	—
Curtailment cost	(0.2)	—	—	—	—	—
Termination benefits	0.3	0.2	—	—	—	—
Foreign exchange impact	—	(16.9)	—	(0.1)	—	—
Actuarial (gain)/loss	14.0	(11.6)	(15.9)	4.9	0.4	(3.6)
Employee contributions	—	0.4	—	0.5	—	—
Benefits paid	(27.5)	(1.5)	(16.6)	(1.1)	(1.0)	(1.2)
Benefit obligation at end of year	\$281.2	\$66.0	\$267.9	\$88.7	\$13.6	\$13.4
Change in plan assets:						
Fair value of plan assets at beginning of year	\$263.2	\$70.9	\$284.3	\$72.8	\$—	\$—
Actual return on plan assets	(62.1)	(8.8)	(4.9)	(4.9)	—	—
Foreign exchange impact	—	(13.0)	—	—	—	—
Employer contributions	1.7	2.6	0.4	3.6	1.0	1.2
Employee contributions	—	0.4	—	0.5	—	—
Benefits paid	(27.5)	(1.5)	(16.6)	(1.1)	(1.0)	(1.2)
Fair value of plan assets at end of year	175.3	50.6	263.2	70.9	—	—
Under funded status at end of year	\$(105.9)	\$(15.4)	\$(4.7)	\$(17.8)	\$(13.6)	\$(13.4)

Notes to the Consolidated Financial Statements

12 Employee Benefit Plans *(continued)*

The components of the amounts recognized in the Consolidated Balance Sheets are as follows.

(In millions)	2009		Pension Benefits		Post-Retirement Benefits	
	2009		2008		2009	
	Domestic	International	Domestic	International	2009	2008
Current assets	\$(0.1)	\$—	\$(0.1)	\$—	\$(1.4)	\$(1.5)
Non-current liabilities	(105.8)	(15.4)	(4.6)	(17.8)	(12.2)	(11.9)
	\$(105.9)	\$(15.4)	\$(4.7)	\$(17.8)	\$(13.6)	\$(13.4)

The accumulated benefit obligation for the company's domestic pension benefit plans totaled \$277.8 million and \$264.1 million as of the end of fiscal years 2009 and 2008, respectively. For its international plans, these amounts totaled \$59.3 million and \$81.5 million as of the same dates, respectively.

The components of the amounts recognized in accumulated other comprehensive loss before the effect of income taxes are as follows.

(In millions)	2009		Pension Benefits		Post-Retirement Benefits	
	2009		2008		2009	
	Domestic	International	Domestic	International	2009	2008
Unrecognized net actuarial loss	\$170.6	\$22.6	\$77.1	\$26.3	\$4.2	\$4.0
Unrecognized prior service cost	(8.4)	—	(8.9)	—	0.2	0.3
Unrecognized transition amount	—	0.1	—	0.1	—	—
	\$162.2	\$22.7	\$68.2	\$26.4	\$4.4	\$4.3

Components of Net Periodic Benefit Costs and Other Changes Recognized in Other Comprehensive Income

The following table is a summary of the annual cost of the company's pension and post-retirement plans.

(In millions)	Pension Benefits			Post-Retirement Benefits		
	2009	2008	2007	2009	2008	2007
	2009	2008	2007	2009	2008	2007
Domestic:						
Service cost	\$8.4	\$8.1	\$8.8	\$—	\$—	\$—
Interest cost	18.3	16.1	16.0	0.8	0.9	1.0
Expected return on plan assets	(22.2)	(21.7)	(21.2)	—	—	—
Plan amendment	—	0.9	—	—	—	—
Net amortization	2.5	3.2	2.5	0.2	0.4	0.8
Net periodic benefit cost	\$7.0	\$6.6	\$6.1	\$1.0	\$1.3	\$1.8
International:						
Service cost	\$2.1	\$2.3	\$2.2			
Interest cost	4.6	4.3	3.7			
Expected return on plan assets	(4.6)	(5.1)	(4.3)			
Net amortization	1.0	0.6	1.6			
Net periodic benefit cost	\$3.1	\$2.1	\$3.2			
Total net periodic benefit cost	\$10.1	\$8.7	\$9.3	\$1.0	\$1.3	\$1.8

The net prior service credit and actuarial loss included in accumulated other comprehensive income expected to be recognized in net periodic benefit cost during fiscal 2010 is \$(2.2) million (\$1.4) million, net of tax) and \$6.7 million (\$4.3 million, net of tax), respectively.

Notes to the Consolidated Financial Statements

12 Employee Benefit Plans *(continued)*

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive (Income) Loss

(In millions)	Pension Benefits		Post-Retirement Benefits	
	2009	2008	2009	2008
Domestic				
Prior service cost	\$—	\$0.8	\$—	\$—
Net actuarial (gain) loss	98.2	10.8	0.4	(3.6)
One time termination benefits and curtailment costs ⁽¹⁾	(1.8)			
Net amortization	(2.5)	(3.2)	(0.2)	(0.4)
Total recognized in other comprehensive (income) loss	93.9	8.4	0.2	(4.0)
Total recognized net pension (income) cost and other comprehensive (income) loss	\$100.9	\$15.0	\$1.2	\$(2.7)
International				
Net actuarial loss	\$1.9	\$14.0		
Net amortization	(0.8)	(0.6)		
Total recognized in other comprehensive loss	1.1	13.4		
Total recognized net pension cost and other comprehensive loss	\$4.2	\$15.5		
Total:				
Total recognized in other comprehensive (income) loss	\$95.0	\$21.8	\$0.2	\$(4.0)
Total recognized net pension (income) cost and other comprehensive (income) loss	\$105.1	\$30.5	\$1.2	\$(2.7)

(1) One time termination benefits and curtailment costs were recognized in fiscal 2009 for the announced shutdown of the company's IMT facility

Actuarial Assumptions

The weighted-average actuarial assumptions used to determine the benefit obligation amounts as of the end of the fiscal year for the company's pension plans and post-retirement plans are as follows.

	2009		2008		2007	
	U.S.	International	U.S.	International	U.S.	International
(Percentages)						
Discount rate	6.75	6.50	6.75	6.25	6.00	5.50
Compensation increase rate	4.50	4.80	4.50	5.00	4.50	4.50

The weighted-average actuarial assumptions used to determine the net periodic benefit cost are established at the end of the previous fiscal year for the subsequent fiscal years as follows.

	2009		2008		2007	
	U.S.	International	U.S.	International	U.S.	International
(Percentages)						
Discount rate	6.75	6.25	6.00	5.50	6.50	5.00
Compensation increase rate	4.50	5.00	4.50	4.50	4.50	4.25
Expected return on plan assets	8.50	7.30	8.50	7.75	8.50	7.75

In calculating post-retirement benefit obligations, a 7.8 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2009, decreasing gradually to 4.5 percent by 2029 and remaining at that level thereafter. For purposes of calculating post-retirement benefit costs, a 9.3 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2008, decreasing gradually to 5.0 percent by 2014 and remaining at that level thereafter.

Assumed health care cost-trend rates have a significant effect on the amounts reported for retiree health care costs. A one-percentage-point change in the assumed health care cost-trend rates would have the following effects:

(In millions)	1 Percent Increase	1 Percent Decrease
Effect on total fiscal 2009 service and interest cost components	\$—	\$—
Effect on post-retirement benefit obligation at May 30, 2009	\$0.6	\$(0.6)

Notes to the Consolidated Financial Statements

12 Employee Benefit Plans *(continued)*

Plan Assets and Investment Strategies

The company's primary domestic and international plan assets consist mainly of listed common stocks, mutual funds, fixed income obligations and cash. The company's primary objective for invested pension plan assets is to provide for sufficient long-term growth and liquidity to satisfy all of its benefit obligations over time. Accordingly, the company has developed an investment strategy that it believes maximizes the probability of meeting this overall objective. This strategy includes the development of a target investment allocation by asset category in order to provide guidelines for making investment decisions. This target allocation emphasizes the long-term characteristics of individual asset classes as well as the diversification among multiple asset classes. In developing its strategy, the company considered the need to balance the varying risks associated with each asset class with the long-term nature of its benefit obligations. The company's strategy places an emphasis on the philosophy that, over the long-term, equities will outperform fixed income investments. Accordingly, the majority of plan assets are managed within various forms of equity investments. However, in the past 12 months we have systematically adopted an approach to de-risk the plan and increase investments in fixed income assets.

The company utilizes independent investment managers to assist with investment decisions within the overall guidelines of the investment strategy.

The asset allocation for the company's primary pension plans at the end of fiscal 2009 and 2008 and the target allocation by asset category are as follows:

Primary Domestic Plan

(Percentages)

Asset Category	Targeted Asset Allocation	Actual Percentage of Plan Assets at Year end	
		2009	2008
Equities	54 – 66	56.2	73.8
Fixed Income	35 – 43	42.2	25.7
Other ⁽¹⁾	0 – 5	1.6	0.5
Total		100.0	100.0

Primary International Plan

(Percentages)

Asset Category	Targeted Asset Allocation	Actual Percentage of Plan Assets at Year end	
		2009	2008
Equities	54 – 66	60.9	63.8
Fixed Income	35 – 43	27.4	26.2
Other ⁽¹⁾	0 – 5	11.7	10.0
Total		100.0	100.0

⁽¹⁾ Primarily includes cash and equivalents.

Cash Flows

The company is currently determining what voluntary pension plan contributions, if any, will be made in fiscal 2010. Actual contributions will be dependent upon investment returns, changes in pension obligations, and other economic and regulatory factors.

In August 2006, the Pension Protection Act of 2006 (the "Act") was signed into law. Beginning in 2008, the Act replaces prevailing statutory minimum funding requirements, and will generally require contributions to the company's U.S. defined benefit pension plans in amounts necessary to fund the cost of currently-accruing benefits, and to fully-fund any unfunded accrued benefits over a period of seven years. In the long-term, the new law is not expected to materially change aggregate contributions required to be made to the U.S. pension plans, although such contributions may vary on a year to year basis from what otherwise would have been required. The extent of these variations is not expected to have a material impact on the company's financial position or cash flows.

Notes to the Consolidated Financial Statements

12 Employee Benefit Plans *(continued)*

The following represents a summary of the benefits expected to be paid by the company in future fiscal years. These expected benefits were estimated based on the same actuarial valuation assumptions used to determine benefit obligations at May 30, 2009.

(In millions)	Domestic Pension Benefits	International Pension Benefits	Post-retirement Benefits
2010	\$23.8	\$0.7	\$1.4
2011	23.8	0.9	1.4
2012	25.2	1.3	1.4
2013	25.4	1.5	1.4
2014	20.3	1.7	1.3
2015-2019	101.4	11.0	6.0

Profit Sharing and 401(k) Plan

Herman Miller, Inc. has a trustee profit sharing plan that includes substantially all domestic employees. These employees are eligible to begin participating on their date of hire. The plan provides for discretionary contributions, payable in the company's common stock, of not more than 6.0 percent of employees' wages based on the company's financial performance. The cost of the company's profit sharing contributions charged against operations in fiscal 2009 was negligible and in 2008 and 2007 were \$11.0 million and \$12.2 million, respectively.

The company has traditionally matched 50 percent of employee contributions to their 401(k) accounts up to 6.0 percent of their pay. However, in the fourth quarter of fiscal 2009, the company announced an indefinite suspension of the 401(k) matching program due to current economic conditions. The company will continue to evaluate its cost structure to determine when and if the current policy will change. The cost of the company's matching contributions charged against operations was approximately \$4.7 million, \$6.8 million, and \$6.6 million, in fiscal 2009, 2008, and 2007, respectively.

13. Common Stock and Per Share Information

The following table reconciles the numerators and denominators used in the calculations of basic and diluted EPS for each of the last three fiscal years.

(In millions, except shares)	2009	2008	2007
Numerators:			
Numerators for both basic and diluted EPS, net earnings	\$68.0	\$152.3	\$129.1
Denominators:			
Denominators for basic EPS, weighted-average common shares outstanding	54,138,570	59,109,284	64,318,034
Potentially dilutive shares resulting from stock plans	396,921	475,632	743,236
Denominator for diluted EPS	54,535,491	59,584,916	65,061,270

Options to purchase 3,029,844 shares, 1,295,762 shares, and 710,516 shares of common stock have not been included in the denominator for the computation of diluted earnings per share for the fiscal years ended May 30, 2009, May 31, 2008, and June 2, 2007, respectively, because they were anti-dilutive.

14. Stock-Based Compensation

The company utilizes equity-based compensation incentives as a component of its employee and non-employee director and officer compensation philosophy. Currently, these incentives consist principally of stock options, restricted stock, restricted stock units and performance share units. The company also offers a discounted stock purchase plan for its domestic and international employees. The company issues shares in connection with its share-based compensation plans from authorized, but unissued, shares.

Valuation and Expense Information

In December 2004, the FASB issued a revision of SFAS No. 123, "Share-Based Payment" (SFAS 123(R)), which supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). SFAS 123(R) generally requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on their grant-date fair market value and to recognize this cost over the requisite service period. The company adopted SFAS 123(R) as of the

Notes to the Consolidated Financial Statements

14 Stock Based Compensation *(continued)*

beginning of its 2007 fiscal year, using the modified prospective method. Under this method, compensation expense recognized by the company, includes: (a) compensation cost for all stock-based payments granted prior to, but not yet vested as of June 3, 2006, based on the grant-date fair value estimate in accordance with the original provisions of SFAS 123, "Accounting for Stock-Based Compensation," and (b) compensation cost for all stock-based payments granted subsequent to June 3, 2006, based on the grant-date fair value estimated in accordance with SFAS 123(R). Prior to the adoption of SFAS 123(R), the company accounted for its stock-based compensation plans under the recognition and measurement principles of APB 25 and related Interpretations.

Certain of the company's equity-based compensation awards contain provisions that allow for continued vesting into retirement. Under SFAS 123(R), a stock-based award is considered fully vested for expense attribution purposes when the employee's retention of the award is no longer contingent on providing subsequent service.

Pre-tax compensation expense for all types of stock-based programs was \$3.2 million, \$6.2 million, and \$4.9 million for the fiscal years ended May 30, 2009, May 31, 2008, and June 2, 2007, respectively. The company classifies pre-tax stock-based compensation expense primarily within "Operating Expenses" in the Consolidated Statements of Operations. Related expenses charged to "Cost of Sales" are not material. The corresponding income tax benefit recognized for the fiscal years ended May 30, 2009, May 31, 2008, and June 2, 2007, was \$1.0 million, \$2.1 million, and \$1.6 million, respectively.

As of May 30, 2009, total pre-tax stock-based compensation cost not yet recognized related to non-vested awards was approximately \$5.2 million. The weighted-average period over which this amount is expected to be recognized is 1.46 years.

The company estimated the fair value of employee stock options on the date of grant using the Black-Scholes model. In determining these values, the following weighted-average assumptions were used for the options granted during the fiscal years indicated.

	2009	2008	2007
Risk-free interest rates ⁽¹⁾	1.96-3.55%	3.13-4.82%	4.33-4.95%
Expected term of options ⁽²⁾	5.5 years	1.6-5.5 years	1.7-5.0 years
Expected volatility ⁽³⁾	33%	28%	28%
Dividend yield ⁽⁴⁾	1.4%	1.0%	1.0%
Weighted-average grant-date fair value of stock options:			
Granted with exercise prices equal to the fair market value of the stock on the date of grant	\$7.25	\$9.55	\$9.38
Granted with exercise prices greater than the fair market value of the stock on the date of grant	\$—	\$—	\$7.48

(1) Represents the U.S. Treasury yield over the same period as the expected option term.

(2) Represents the period of time that options granted are expected to be outstanding. Based on analysis of historical option exercise activity, the company has determined that all employee groups exhibit similar exercise and post-vesting termination behavior.

(3) Amount is determined based on analysis of historical price volatility of the company's common stock over a period equal to the expected term of the options. The company also utilizes a market-based or "implied volatility" measure, on exchange-traded options in the company's common stock, as a reference in determining this assumption.

(4) Represents the company's estimated cash dividend yield over the expected term of options.

Stock-based compensation expense recognized in the Consolidated Statements of Operations, has been reduced for estimated forfeitures, as it is based on awards ultimately expected to vest. SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

Employee Stock Purchase Program

Under the terms of the company's Employee Stock Purchase Plan, 4 million shares of authorized common stock were reserved for purchase by plan participants at 85.0 percent of the market price. The company recognized pre-tax compensation expense related to employee stock purchases of \$0.4 million, \$0.5 million, and \$0.5 million for the fiscal years ended May 30, 2009, May 31, 2008 and June 2, 2007, respectively.

Notes to the Consolidated Financial Statements

14 Stock Based Compensation (continued)

Stock Option Plans

The company has stock option plans under which options to purchase the company's stock are granted to employees and non-employee directors and officers at a price not less than the market price of the company's common stock on the date of grant. Under the current award program, all options become exercisable between one year and three years from date of grant and expire two to ten years from date of grant. The options are subject to graded vesting with the related compensation expense recognized on a straight-line basis over the requisite service period. At May 30, 2009, there were 6.0 million shares available for future options.

The following is a summary of the transactions under the company's stock option plans.

	Shares Under Option	Weighted- Average Exercise Prices	Weighted- Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In Millions)
Outstanding at June 3, 2006	4,330,708	\$25.80	3.88	\$20.8
Granted at Market	94,205	\$34.87		
Granted > Market	385,286	\$30.54		
Exercised	(1,886,326)	\$25.01		
Forfeited	(63,751)	\$29.72		
Outstanding at June 2, 2007	2,860,122	\$27.18	4.82	\$26.8
Granted at Market	317,902	\$31.35		
Exercised	(125,301)	\$24.03		
Forfeited	(58,121)	\$30.84		
Outstanding at May 31, 2008	2,994,602	\$27.68	4.36	\$1.5
Granted at Market	509,100	\$23.07		
Exercised	(23,050)	\$24.29		
Forfeited	(656,440)	\$27.86		
Outstanding at May 30, 2009	2,824,212	\$26.83	4.86	\$0.2
Ending vested + Expected to vest	2,799,946	\$26.85	4.83	\$0.2
Exercisable at end of period	2,095,761	\$27.20	3.52	\$—

Pre-tax compensation expense related to these options totaled \$2.9 million, \$3.0 million, and \$2.5 million for fiscal 2009, 2008, and 2007, respectively.

The total pre-tax intrinsic value of options exercised during fiscal 2009, 2008 and 2007 was \$0.1 million, \$0.9 million, and \$19.8 million, respectively. The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the company's closing stock price as of the end of the period presented, which would have been received by the option holders had all option holders exercised in-the-money options as of that date.

The following is a summary of stock options outstanding at May 30, 2009.

Range of Exercise Price	Outstanding Stock Options			Exercisable Stock Options	
	Shares	Weighted- Average Remaining Contractual Term (Years)	Weighted- Average Exercise Prices	Shares	Weighted- Average Exercise Prices
\$12.33-\$25.10	1,045,208	3.17	\$22.65	950,664	\$23.68
\$25.13-\$30.54	1,202,903	5.63	\$27.48	718,983	\$28.13
\$31.84-\$38.13	576,101	6.33	\$33.07	426,114	\$33.50
Total	2,824,212	4.86	\$26.83	2,095,761	\$27.20

Notes to the Consolidated Financial Statements

14 Stock Based Compensation (continued)

Restricted Stock Grants

From time to time, the company grants restricted common stock to certain key employees. Shares are granted in the name of the employee, who has all rights of a shareholder, subject to certain restrictions on transferability and a risk of forfeiture. The grants are subject to either cliff-based or graded vesting over a period not to exceed five years, subject to forfeiture if the employee ceases to be employed by the company for certain reasons. After the vesting period, the risk of forfeiture and restrictions on transferability lapse. The company recognizes the related compensation expense on a straight-line basis over the requisite service period. A summary of shares subject to restrictions follows.

	2009		2008		2007	
	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value	Shares	Weighted-Average Grant-Date Fair Value
Outstanding, at beginning of year	116,074	\$26.59	106,001	\$26.00	140,484	\$25.12
Granted	4,500	\$20.04	12,922	\$31.13	5,050	\$33.68
Vested	(2,814)	\$29.02	(2,849)	\$25.21	(39,533)	\$23.87
Forfeited or Expired	(900)	\$30.06	—	—	—	\$—
Outstanding, at end of year	116,860	\$26.25	116,074	\$26.59	106,001	\$26.00

Pre-tax compensation expense related to these awards totaled \$0.7 million for each of the fiscal years ended May 30, 2009, May 31, 2008 and June 2, 2007, respectively. The weighted-average remaining recognition period of the outstanding restricted shares at May 30, 2009, was 0.46 years. The fair value on the dates of vesting for shares that vested during the twelve months ended May 30, 2009, was \$0.1 million.

Restricted Stock Units

The company has previously granted restricted stock units to certain key employees. This program provided that the actual number of restricted stock units awarded was tied in part to the company's annual financial performance for the year on which the grant is based. The awards generally cliff-vest after a five-year service period, with prorated vesting under certain circumstances and continued vesting into retirement. Each restricted stock unit represents one equivalent share of the company's common stock to be awarded, free of restrictions, after the vesting period. Compensation expense related to these awards is recognized over the requisite service period, which includes any applicable performance period. Dividend equivalent awards are granted quarterly. The following is a summary of restricted stock unit transactions for the fiscal years indicated.

	2009			2008			2007		
	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)
Outstanding, at beginning of year	168,374	\$4.1	2.69	177,474	\$6.5	3.68	80,062	\$2.4	4.07
Granted	3,438			2,195			109,318		
Forfeited	(9,927)			(8,404)			(10,379)		
Released	(14,074)			(2,891)			(1,527)		
Outstanding, at end of year	147,811	\$2.0	1.69	168,374	\$4.1	2.69	177,474	\$6.5	3.68
Ending vested + expected to vest	134,402	\$1.9	1.69	143,554	\$3.6	2.69	154,808	\$5.7	3.68

Pre-tax compensation expense related to restricted stock units totaled \$0.6 million, \$0.6 million, and \$1.1 million for fiscal 2009, 2008 and 2007, respectively.

Notes to the Consolidated Financial Statements

14 Stock Based Compensation *(continued)*

Performance Share Units

The company grants performance share units to certain key employees. No performance share units were granted prior to fiscal 2008. The number of units initially awarded is based on the value of a portion of the participant's long-term incentive compensation, divided by the fair value of the company's common stock on the date of grant. Each unit represents one equivalent share of the company's common stock. The number of common shares ultimately issued in connection with these performance share units is determined based on the company's financial performance over the related three-year service period. Compensation expense is determined based on the grant-date fair value and the number of common shares projected to be issued, and is recognized over the requisite service period. The following is a summary of performance share unit transactions for the fiscal years indicated.

	2009			2008		
	Share Units	Aggregate Intrinsic Value in Millions	Weighted- Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted- Average Remaining Contractual Term (Years)
Outstanding, at beginning of year	93,023	\$2.3	2.15	—	\$—	—
Granted	101,426			95,530		
Forfeited	(11,472)			(2,507)		
Outstanding, at end of year	182,977	\$—	1.65	93,023	\$2.3	2.15
Ending vested + expected to vest	—	\$—	1.65	85,434	\$2.1	2.15

Pre-tax compensation expense (income) related to performance stock units totaled \$(1.4) million and \$1.4 million for fiscal 2009 and 2008, respectively. The recognition of income during fiscal 2009 was driven by the reversal of expense for 2007 performance stock awards based on the company's recent financial performance, due to these awards no longer being considered probable of being earned.

Deferred Compensation Plan

In 2008 the company discontinued use of the existing Non-qualified Deferred Compensation Plan for new contributions and established the Herman Miller, Inc. Executive Equalization Retirement Plan.

The Non-qualified Deferred Compensation Plan allowed selected employees to defer part or all of their executive incentive cash bonus payment each year. The company could make a matching contribution of 30 percent of the executive's contribution up to 50 percent of the deferred cash incentive bonus. The company's matching contribution vested at the rate of 33 1/3 percent annually. In accordance with the terms of the plan, the executive deferral and company matching contribution were placed in a "Rabbi" trust, which invested solely in the company's common stock. Rabbi trust arrangements offer the executive a degree of assurance for ultimate payment of benefits without causing constructive receipt for income tax purposes. Distributions to the executive from the Rabbi trust can only be made in the form of the company's common stock. The assets in the Rabbi trust remain subject to the claims of creditors of the company and are not the property of the executive and are, therefore, included as a separate component of shareholders' equity under the caption Key Executive Deferred Compensation.

The Herman Miller, Inc. Executive Equalization Retirement Plan is a supplemental deferred compensation plan and was made available for salary deferrals and company contributions beginning in January 2008. The plan is available to a select group of management or highly compensated employees who are selected for participation by the Executive Compensation Committee of the Board of Directors. The plan allows participants to defer up to 50 percent of their base salary and 100 percent of their incentive cash bonus. Company contributions to the plan "mirror" the amounts the company would have contributed to the various qualified retirement plans had the employee's compensation not been above the IRS statutory ceiling (\$230,000 in 2008). Herman Miller does not guarantee a rate of return for these funds. Instead, participants make investment elections for their deferrals and company contributions. Investment options are the same as those available under the Herman Miller Profit Sharing and 401(k) Plan except for company stock which is not an investment option under this plan.

In accordance with the terms of the Executive Equalization Plan, the salary and bonus deferrals and company contributions have been placed in a Rabbi trust. The assets in the Rabbi trust remain subject to the claims of creditors of the company and are not the property of the participant and are, therefore, included as an asset on the company's balance sheet.

Notes to the Consolidated Financial Statements

14 Stock Based Compensation *(continued)*

Director Fees

Company directors may elect to receive their director fees in one or more of the following forms: cash, deferred compensation in the form of shares, unrestricted company stock at the market value at the date of election, or stock options that vest in one year and expire in ten years. The exercise price of the stock options granted may not be less than the market price of the company's common stock on the date of grant. Under the plan, the Board members received the following in the fiscal years indicated.

	2009	2008	2007
Options	94,544	21,746	9,494
Shares of common stock	30,004	16,086	5,637
Shares through the deferred compensation program	—	4,334	6,529

15. Income Taxes

The components of earnings before income taxes and minority interest are as follows.

(In millions)	2009	2008	2007
Domestic	\$78.4	\$176.1	\$149.9
Foreign	20.5	54.3	37.1
Total	\$98.9	\$230.4	\$187.0

The provision (benefit) for income taxes consists of the following.

(In millions)	2009	2008	2007
Current:			
Domestic – Federal	\$18.7	\$62.7	\$38.7
Domestic – State	1.7	5.0	3.7
Foreign	7.5	21.1	12.3
Subtotal	27.9	88.8	54.7
Deferred:			
Domestic – Federal	3.6	(7.6)	1.6
Domestic – State	(0.3)	(0.3)	0.9
Foreign	(0.2)	(2.7)	0.7
Subtotal	3.1	(10.6)	3.2
Total income tax provision	\$31.0	\$78.2	\$57.9

The following table represents a reconciliation of income taxes at the United States statutory rate with the effective tax rate as follows.

(In millions)	2008	2008	2007
Income taxes computed at the United States statutory rate of 35%	\$34.6	\$80.7	\$65.5
Increase (decrease) in taxes resulting from:			
Manufacturing deduction under the American Jobs Creation Act of 2004	(1.4)	(3.4)	(1.2)
Other, net	(2.2)	0.9	(6.4)
Income tax expense	\$31.0	\$78.2	\$57.9
Effective tax rate	31.4%	33.9%	31.0%

In fiscal 2007, the company was granted a tax holiday from the Ningbo Economic and Technological Development Commission in China. This agreement provides, starting with the first year of cumulative profits, for the company to be taxed at reduced rate for five years. The company's Ningbo, China operations started the first year of the tax holiday as of January 1, 2008.

Notes to the Consolidated Financial Statements

15 Income Taxes *(continued)*

The tax effects and types of temporary differences that give rise to significant components of the deferred tax assets and liabilities at May 30, 2009 and May 31, 2008, are as follows.

(In millions)	2009	2008
Deferred tax assets:		
Compensation-related accruals	\$7.8	\$9.9
Accrued pension and post-retirement benefit obligations	52.4	15.0
Accrued health claims	1.6	1.9
Reserves for inventory	1.7	2.3
Reserves for uncollectible accounts and notes receivable	2.3	2.6
Warranty	5.0	4.6
State and local tax net operating loss carryforwards	3.8	3.7
Federal net operating loss carryforward	0.4	0.6
Non-Qualified Stock Options	2.8	2.1
State credits	1.8	1.8
Foreign tax net operating loss carryforwards	5.4	5.2
Foreign tax credits	0.2	3.5
Other	6.5	7.8
Subtotal	91.7	61.0
Valuation allowance	(9.2)	(8.8)
Total	\$82.5	\$52.2
Deferred tax liabilities:		
Book basis in property in excess of tax basis	\$(16.7)	\$(15.8)
Prepaid employee benefits	(5.2)	(5.9)
Other	(0.8)	(1.5)
Total	\$(22.7)	\$(23.2)

The future tax benefits of net operating loss (NOL) carryforwards and foreign tax credits are recognized to the extent that realization of these benefits is considered more likely than not. The company bases this determination on the expectation that related operations will be sufficiently profitable or various tax planning strategies will enable the company to utilize the NOL carryforwards and/or foreign tax credits. To the extent that available evidence about the future raises doubt about the realization of these tax benefits, a valuation allowance is established.

At May 30, 2009, the company had state and local tax NOL carryforwards of \$59.4 million, the tax benefit of which is \$3.8 million, which have various expiration periods from one to twenty years. The company also had state credits with a tax benefit of \$1.8 million that expire in one to six years. For financial statement purposes, the NOL carryforwards and state tax credits have been recognized as deferred tax assets, subject to a valuation allowance of \$4.2 million.

At May 30, 2009, the company had a federal NOL carryforward of \$1.0 million, the tax benefit of which is \$0.4 million, which expires in 17 years. For financial statement purposes, the NOL carryforward has been recognized as a deferred tax asset, subject to a valuation allowance of \$0.4 million.

At May 30, 2009, the company had foreign net operating loss carryforwards of \$19.0 million, the tax benefit of which is \$5.4 million, which have expiration periods from two years to unlimited in term. The company also had foreign tax credits with a tax benefit of \$0.2 million that expire in seven to ten years. For financial statement purposes, NOL carryforwards and foreign tax credits have been recognized as deferred tax assets, subject to a valuation allowance of \$4.6 million.

The company has not provided for United States income taxes on undistributed earnings of foreign subsidiaries totaling approximately \$72.0 million. Recording deferred income taxes on these undistributed earnings is not required, because these earnings have been deemed to be permanently reinvested. These amounts would be subject to possible U.S. taxation only if remitted as dividends. The determination of the hypothetical amount of unrecognized deferred U.S. taxes on undistributed earnings of foreign entities is not practicable.

Notes to the Consolidated Financial Statements

15 Income Taxes *(continued)*

The company adopted the provisions of FIN 48 on June 3, 2007. As a result of the adoption of FIN 48, the company recorded an increase in liabilities for income tax accruals associated with tax benefits claimed on tax returns but not recognized for financial statements purposes ("unrecognized tax benefits"). The components of the company's unrecognized tax benefits are as follows:

(In millions)

Balance at May 31, 2008	\$7.2
Increases related to current year income tax positions	1.1
Increases related to prior year income tax positions	0.9
Decreases related to prior year income tax positions	(1.2)
Decreases related to lapse of applicable statute of limitations	(0.3)
Balance at May 30, 2009	\$7.7

The company's effective tax rate would have been affected by the \$7.7 million of unrecognized tax benefits had this amount been recognized as a reduction to income tax expense.

The company recognizes interest and penalties related to unrecognized tax benefits through income tax expense in its statement of operations. Interest and penalties recognized in the company's Consolidated Statements of Operations for the years ended May 30, 2009 and May 31, 2008 were \$0.1 and \$0.2, respectively. As of May 30, 2009 and May 31, 2008, the company's recorded liability for interest and penalties related to unrecognized tax benefits totaled \$1.0 million and \$0.9 million, respectively.

The company is subject to periodic audits by domestic and foreign tax authorities. Currently, the company is undergoing routine periodic audits in both domestic and foreign tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of new positions that may be taken on income tax returns, settlement of tax positions and the closing of statutes of limitation. It is not expected that any of the changes will be material to the company's Consolidated Statement of Operations.

For the majority of tax jurisdictions, the company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2005.

Subsequent to May 30, 2009, the company closed an audit with the Internal Revenue Service covering fiscal years 2005 through 2008.

16. Fair Value of Financial Instruments

The carrying amount of the company's financial instruments included in current assets and current liabilities approximates fair value due to their short-term nature. As of May 30, 2009 and May 31, 2008, the company estimates that the fair value of notes receivable approximates the related carrying values. The company intends to hold these notes to maturity and has recorded allowances to reflect the expected net realizable value. As of May 30, 2009, the carrying value of the company's long-term debt, including both current maturities and the fair value of the company's interest rate swap arrangements, was \$377.4 million with a corresponding fair market value of \$365.6 million. At May 31, 2008, the carrying value and fair market value was \$375.5 million and \$370.1 million, respectively.

17. Financial Instruments with Off-Balance Sheet Risk

The company has periodically utilized financial instruments to manage its foreign currency volatility at the transactional level as well as its exposure to interest rate fluctuations.

Foreign Currency Contracts

In the normal course of business, the company enters into contracts denominated in foreign currencies. The principal foreign currencies in which the company conducts its business are the British pound sterling, euro, Canadian dollar, Japanese yen, Mexican peso, and Chinese renminbi. As of May 30, 2009, the company had outstanding, nine forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. Three forward contracts were placed in order to offset 4.8 million euro-denominated net asset exposure that is denominated in a non-functional currency and two forward contracts were placed in order to offset 2.9 million U.S. dollar-denominated net asset exposure that is denominated in a non-functional currency. Two forward contracts were placed to offset a 4.0 million U.S. dollar-denominated net liability exposure in China and Brazil and two forward contracts were placed to offset a 3.9 million British pound sterling-denominated net liability exposure in Japan and the United Kingdom.

Notes to the Consolidated Financial Statements

17 Financial Instruments with Off-Balance Sheet Risk *(continued)*

As of May 31, 2008, the company had outstanding, five forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. Three forward contracts were placed in order to offset 4.0 million euro-denominated net asset exposure that is denominated in a non-functional currency. Two forward contracts were placed to offset a 6.0 million U.S. dollar-denominated net liability exposure in China. At both May 30, 2009 and May 31, 2008 the fair value of the forward currency instruments was \$0.1 million.

Interest Rate Swaps

In November 2003, the company entered into two fixed-to-floating interest rate swap agreements. The first which expires March 15, 2011, effectively converts \$50.0 million of fixed-rate debt securities to a floating-rate basis. The fair value of this swap instrument, which is based upon expected LIBOR rates over the remaining term of the instrument, was approximately \$2.4 million at May 30, 2009, and is reflected as an addition to long-term debt and an offsetting addition to non-current assets in the Consolidated Balance Sheets. As of May 31, 2008, the fair value of approximately \$0.5 million was reflected as an addition to long-term debt and an offsetting addition to non-current assets. The floating interest rate for this agreement is based on the six-month LIBOR, set in-arrears at the end of each semi-annual period, and is estimated to be approximately 3.5 percent and 5.6 percent at May 30, 2009, and May 31, 2008, respectively. The next scheduled interest rate reset date is in September 2009. The second agreement expired March 5, 2008.

As of May 31, 2008, a total of \$50.0 million of the company's outstanding debt was effectively converted to a variable-rate basis as a result of the remaining interest rate swap arrangement. This swap is a fair-value hedge and qualifies for hedge-accounting treatment using the "short-cut" method under the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Under this accounting treatment, the change in the fair value of the interest rate swap is equal to the change in value of the related hedged debt and, as a result, there is no net effect on earnings. The agreement requires the company to pay floating-rate interest payments in return for receiving fixed-rate interest payments that coincide with the semi-annual payments to the debt holders at the same date. The periodic interest settlements, which occur at the same interval as the public debt securities, are recorded as interest expense.

The counterparty to the remaining swap instrument is a large financial institution which the company believes is of high-quality creditworthiness. While the company may be exposed to potential losses due to the credit risk of non-performance by this counterparty, such losses are not anticipated.

These swap arrangements effectively reduced interest expense by \$1.2 million in fiscal 2009 and \$0.4 million in fiscal 2008, and increased interest expense by \$0.6 million in fiscal 2007.

Notes to the Consolidated Financial Statements *(continued)*

18. Supplemental Disclosures of Cash Flow Information

The following table presents the adjustments to reconcile net earnings to net cash provided by operating activities.

(In millions)	2009	2008	2007
Depreciation	\$39.5	\$41.1	\$39.7
Amortization	2.2	2.1	1.5
Provision for losses on accounts receivable and notes receivable	2.3	3.8	(0.6)
Provision for losses on financial guarantees	(0.1)	(0.1)	(0.2)
Minority interest	(0.1)	(0.1)	—
Loss on sales of property and equipment	0.5	1.1	1.5
Gain on disposal of owned dealers	(0.8)	(0.9)	—
Deferred taxes	3.1	(10.6)	3.2
Pension and other post-retirement benefits	5.2	5.5	3.9
Stock-based compensation	3.3	6.2	4.9
Excess tax benefits from stock-based compensation	0.3	(0.1)	(6.7)
Other liabilities	2.2	1.9	0.3
Other	0.5	(0.4)	(1.9)
Changes in current assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	53.5	(21.3)	(14.8)
Inventories	15.3	2.6	(9.0)
Prepaid expenses and other	(4.8)	(2.6)	(6.3)
Increase (decrease) in liabilities:			
Accounts payable	(37.8)	6.1	(1.8)
Accrued liabilities	(60.6)	27.0	(5.1)
Total changes in current assets and liabilities	(34.4)	11.8	(37.0)
Total adjustments	\$23.7	\$61.3	\$8.6

Cash payments for interest and income taxes were as follows.

(In millions)	2009	2008	2007
Interest paid	\$24.1	\$13.1	\$13.5
Income taxes paid, net of cash received	\$70.4	\$75.7	\$57.6

19. Guarantees, Indemnifications, and Contingencies

Product Warranties

The company provides warranty coverage to the end-user for parts and labor on products sold. The standard length of warranty is 12 years, however, this varies depending on the product classification. The company does not sell or otherwise issue warranties or warranty extensions as stand-alone products. Reserves have been established for various costs associated with the company's warranty program. General warranty reserves are based on historical claims experience and other currently available information and are periodically adjusted for business levels and other factors. Specific reserves are established once an issue is identified with the amounts for such reserves based on the estimated cost of correction. Changes in the warranty reserve for the stated periods were as follows.

(In millions)	2009	2008
Accrual balance, beginning	\$14.9	\$14.6
Accrual for warranty matters	13.8	15.2
Settlements and adjustments	(13.3)	(14.9)
Accrual balance, ending	\$15.4	\$14.9

Notes to the Consolidated Financial Statements *(continued)*

Other Guarantees

The company has entered into a separate agreement to guarantee the debt of an independent contract furniture dealership in fiscal 2009. In accordance with the provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others" (FIN 45), the company initially recorded an expense equal to the estimated fair values of this guarantee. The maximum financial exposure assumed by the company as a result of these arrangement(s) totaled \$0.1 million and \$0.4 million as of May 30, 2009 and May 31, 2008, respectively. Guarantees of \$0.1 million and \$0.3 million are reflected under the caption "Other Liabilities" in the Consolidated Balance Sheets as of May 30, 2009 and May 31, 2008, respectively.

The company is periodically required to provide performance bonds in order to conduct business with certain customers. These arrangements are common and generally have terms ranging between one and three years. The bonds are required to provide assurances to customers that the products and services they have purchased will be installed and/or provided properly and without damage to their facilities. The performance bonds are provided by various bonding agencies and the company is ultimately liable for claims that may occur against them. As of May 30, 2009, the company had a maximum financial exposure related to performance bonds of approximately \$11.6 million. The company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company's financial statements. Accordingly, no liability has been recorded as of May 30, 2009 and May 31, 2008.

The company periodically enters into agreements in the normal course of business, which may include indemnification clauses regarding patent/trademark infringement and service losses. Service losses represent all direct or consequential loss, liability, damages, costs and expenses incurred by the customer or others resulting from services rendered by the company, the dealer, or certain sub-contractors due to a proven negligent act. The company has no history of claims, nor is it aware of circumstances that would require it to perform under these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company's financial statements. Accordingly, no liability has been recorded as of May 30, 2009 and May 31, 2008.

The company has entered into standby letter of credit arrangements for the purpose of protecting various insurance companies against default on the payment of certain premiums and claims. A majority of these arrangements are related to the company's wholly-owned captive insurance company. As of May 30, 2009, the company had a maximum financial exposure from these insurance-related standby letters of credit of approximately \$13.1 million. The company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company's financial statements. Accordingly, no liability has been recorded as of May 30, 2009 and May 31, 2008.

Contingencies

The company leases a facility in the United Kingdom under an agreement that expires in June 2011. Under the terms of the lease, the company is required to perform the maintenance and repairs necessary to address the general dilapidation of the facility over the lease term. The ultimate cost of this provision to the company is dependent on a number of factors including, but not limited to, the future use of the facility by the lessor and whether the company chooses and is permitted to renew the lease term. The company has estimated the cost of these maintenance and repairs to be between \$0 and \$3 million, depending on the outcome of future plans and negotiations. Based on existing circumstances, it is estimated that these costs will most likely approximate \$1.0 million, as of May 30, 2009, and was estimated to be \$1.0 million as of May 31, 2008. As a result, these amounts have been recorded as a liability reflected under the caption "Other Liabilities" in the Consolidated Balance Sheets.

The company has a lease obligation in the United Kingdom until May 2014 for a facility that it previously exited. The company believes it will be able to assign or sublet the lease for the majority of the remaining lease term to another tenant at current market rates. However, current market rates for comparable office space are lower than the rental payments owed under the lease agreement. As such, the company would remain liable to pay the difference. As a result, the estimated liability of \$1.6 million and \$2.0 million is reflected under the caption "Other Liabilities" in the Condensed Consolidated Balance Sheets at May 30, 2009 and May 31, 2008, respectively.

The company, for a number of years, has sold various products to the United States Government under General Services Administration ("GSA") multiple award schedule contracts. Under the terms of these contracts, the GSA is permitted to audit the company's compliance with the GSA contracts. The company has occasionally noted errors in complying with contract provisions. From time to time the company has notified the GSA of known instances of non-compliance (whether favorable or unfavorable to the GSA) once such circumstances are identified and investigated. The company does not believe that any of the errors brought to the GSA's attention will adversely affect its relationship with the GSA. Currently there are no GSA post-award audits either scheduled or in

Notes to the Consolidated Financial Statements *(continued)*

process. Management does not expect resolution of potential future audits to have a material adverse effect on the company's Consolidated Financial Statements.

The company is also involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation currently pending will not materially affect the company's Consolidated Financial Statements.

20. Operating Segments

The company is comprised of two primary operating segments as defined by SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information;" North American Furniture Solutions and non-North American Furniture Solutions.

The North American Furniture Solutions segment includes the operations associated with the design, manufacture, and sale of furniture products for work-related settings, including office and healthcare environments, throughout the United States, Canada, and Mexico. The business associated with the company's owned contract furniture dealers is also included in the North American Furniture Solutions segment. The non-North American Furniture Solutions segment includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings, outside of North America.

The company also reports an "Other" category consisting primarily of its North American Home and start-up businesses and certain unallocated corporate expenses. North American Home includes the operations associated with the design, manufacture and sale of furniture products for residential settings in the United States, Canada, and Mexico. The start-up businesses are discrete operations, such as Convia, Inc., or activities aimed at developing innovative products to serve current and new markets.

The performance of the operating segments is evaluated by the company's management using various financial measures. The following is a summary of certain key financial measures for the respective fiscal years indicated.

(In millions)	2009	2008	2007
Net Sales:			
North American Furniture Solutions	\$1,349.4	\$1,636.3	\$1,563.6
Non-North American Furniture Solutions	238.4	323.5	278.5
Other	42.2	52.3	76.8
Total	\$1,630.0	\$2,012.1	\$1,918.9
Depreciation and Amortization:			
North American Furniture Solutions	\$35.7	\$36.5	\$35.7
Non-North American Furniture Solutions	4.4	4.6	4.4
Other	1.6	2.1	1.1
Total	\$41.7	\$43.2	\$41.2
Operating Earnings:			
North American Furniture Solutions	\$133.0	\$195.9	\$161.7
Non-North American Furniture Solutions	15.1	47.3	28.9
Other	(25.3)	3.4	7.5
Total	\$122.8	\$246.6	\$198.1
Capital Expenditures:			
North American Furniture Solutions	\$22.3	\$33.2	\$34.1
Non-North American Furniture Solutions	2.8	5.7	4.8
Other	0.2	1.6	2.4
Total	\$25.3	\$40.5	\$41.3
Total Assets:			
North American Furniture Solutions	\$628.7	\$594.9	\$507.0
Non-North American Furniture Solutions	110.7	159.2	133.1
Other	27.9	29.1	26.1
Total	\$767.3	\$783.2	\$666.2

Notes to the Consolidated Financial Statements

20 Operating Segments *(continued)*

The accounting policies of the reportable operating segments are the same as those of the company, which are disclosed in further detail within Note 1. Additionally, the company employs a methodology for allocating corporate costs and assets to the operating segments. The underlying objective of this methodology is to allocate corporate costs according to the relative “usage” of the underlying resources and to allocate corporate assets according to the relative expected benefit. The company has determined that allocation based on relative net sales is most appropriate for all expenses. The majority of corporate costs are allocated to the operating segments; however, certain costs that are generally considered the result of isolated business decisions are not subject to allocation and are evaluated separately from the rest of the regular ongoing business operations. The restructuring charges of \$28.4 million in fiscal 2009 and \$5.1 million in fiscal 2008 and discussed in Note 21 were allocated to the “Other” category.

The company's product offerings consist primarily of office furniture systems, seating, freestanding furniture, storage and casegoods. These product offerings are marketed, distributed, and managed primarily as a group of similar products on an overall portfolio basis. The following is a summary of net sales by product category for the respective fiscal years indicated. Given that formal product line information is not available for the company as a whole, this summary is intended to represent a reasonable estimate of net sales by product category based on the best information available.

(In millions)	2009	2008	2007
Net sales:			
Systems	\$511.6	\$579.7	\$565.2
Seating	361.1	489.1	481.7
Freestanding and storage	260.3	295.9	288.0
International ⁽¹⁾	365.7	481.0	408.9
Other ⁽²⁾	131.3	166.4	175.1
Total	\$1,630.0	\$2,012.1	\$1,918.9

(1) The company has determined that the disclosure of international product line information is not practicable.

(2) Other⁽²⁾ primarily consists of miscellaneous or otherwise uncategorized product sales and service sales.

Sales by geographic area are based on the location of the customer. Long-lived assets consist of long-term assets of the company, excluding financial instruments and deferred tax assets. The following is a summary of geographic information for the respective fiscal years indicated. Individual foreign country information is not provided as none of the individual foreign countries in which we operate are considered material for separate disclosure based on quantitative and qualitative considerations.

(In millions)	2009	2008	2007
Net Sales:			
United States	\$1,233.6	\$1,531.1	\$1,510.0
International ⁽¹⁾	396.4	481.0	408.9
Total	\$1,630.0	\$2,012.1	\$1,918.9
Long-Lived Assets:			
United States	\$162.4	\$189.3	\$194.2
International ⁽¹⁾	24.9	30.6	28.5
Total	\$187.3	\$219.9	\$222.7

It is estimated that no single dealer accounted for more than 4.0 percent of the company's net sales in the fiscal year ended May 30, 2009. It is also estimated that the largest single end-user customer, the U.S. federal government, accounted for \$167.2 million or approximately 10 percent of the company's fiscal 2009 net sales. The 10 largest customers accounted for approximately 21 percent of net sales.

Approximately 7 percent of the company's employees are covered by collective bargaining agreements, most of whom are employees of its Integrated Metal Technology, Inc., and Herman Miller Limited (U.K.) subsidiaries.

Notes to the Consolidated Financial Statements *(continued)*

21. Restructuring Charges

2008 Action

During the second quarter of fiscal 2008, the company executed a restructuring plan ("the 2008 Plan") that reduced operating expenses in order to improve operating performance, profitability and further enhance productivity and efficiencies. The 2008 Plan eliminated approximately 150 full-time positions, primarily in West Michigan. In connection with the 2008 Plan, the company recorded \$5.2 million of pre-tax charges and \$(0.1) million of adjustments for employee severance and outplacement costs. These charges were reflected separately as restructuring expenses in the Consolidated Statements of Operations.

The following is a summary of changes in restructuring accruals during fiscal 2008.

(In millions)	Severance and Outplacement Costs
Balance as of June 2, 2007	\$—
Restructuring expenses	5.2
Adjustments	(0.1)
Cash payments	(4.5)
Balance as of May 31, 2008	\$0.6
Cash payments	(0.6)
Balance as of May 30, 2009	\$—

2009 Action

During the third quarter of fiscal 2009, the company executed a restructuring plan ("the 2009 Plan") that reduced operating expenses in order to improve operating performance, profitability and further enhance productivity and efficiencies. The 2009 Plan eliminated approximately 1,400 salaried, hourly and temporary positions, primarily in the North American Furniture Solutions segment. A number of these employees were offered one-time termination benefits, including severance and outplacement services. Additionally, the company consolidated facilities and exited leased buildings. In connection with these actions, the company recognized \$28.4 million of pre-tax charges.

In May 2009, the company announced a plan to consolidate manufacturing operations with the closure of its Integrated Metal Technologies (IMT) subsidiary in Spring Lake, Michigan. Under this plan, the company will retain existing production capacity and will enhance operational efficiency, with the majority of work and equipment moving to other newer, larger facilities in the area. Relocation is targeted to begin in August 2009, with the work completed and final closure targeted for spring 2010. The anticipated one-time cost for this action is \$9 million to \$12 million with approximately \$2 million of these costs having been recognized in fiscal 2009. It is anticipated that the remainder of these costs will be incurred in fiscal 2010 and will be paid for with cash generated from operations.

The following is a summary of changes in restructuring accruals during fiscal 2009.

(In millions)	Total Plan Costs	Severance and Outplacement Costs	Leased Building Exit Costs
Balance as of May 31, 2008	\$—	\$—	\$—
Restructuring expenses	28.4	25.0	3.4
Cash payments	(16.8)	(16.0)	(0.8)
Balance as of May 30, 2009	\$11.6	\$9.0	\$2.6

These charges have been reflected separately as restructuring expenses in the Consolidated Statements of Operations. Refer to Note 20 for a discussion of the Plan's impact on the company's reportable operating segments.

Management's Report on Internal Control over Financial Reporting

To the Board of Directors and Shareholders of Herman Miller, Inc.

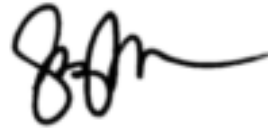
Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). The internal control over financial reporting at Herman Miller, Inc., is designed to provide reasonable assurance to our stakeholders that the financial statements of the company fairly represent its financial condition and results of operations.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of May 30, 2009, based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes the company's internal control over financial reporting was effective as of May 30, 2009.

Ernst & Young LLP has issued an attestation report on the effectiveness of our internal control over financial reporting, which appears on page 82.



Brian C. Walker
Chief Executive Officer



Gregory J. Bylsma
Chief Financial Officer

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

To the Board of Directors and Shareholders of Herman Miller, Inc.

We have audited Herman Miller Inc.'s internal control over financial reporting as of May 30, 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Herman Miller, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Herman Miller, Inc. maintained, in all material respects, effective internal control over financial reporting as of May 30, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the fiscal 2009 consolidated financial statements of Herman Miller, Inc., and our report dated July 20, 2009 expressed an unqualified opinion thereon.

Grand Rapids, Michigan
July 20, 2009

/s/ Ernst & Young LLP

Report of Independent Registered Public Accounting Firm on Financial Statements

To the Board of Directors and Shareholders of Herman Miller, Inc.

We have audited the accompanying consolidated balance sheets of Herman Miller, Inc. and subsidiaries as of May 30, 2009 and May 31, 2008, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three fiscal years in the period ended May 30, 2009. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Herman Miller, Inc. and subsidiaries at May 30, 2009 and May 31, 2008, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended May 30, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 15 to the consolidated financial statements, in fiscal 2008, the company changed its method of accounting for unrecognized tax benefits as a result of the required adoption of Financial Accounting Standards Board Interpretation No. 48.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Herman Miller, Inc.'s internal control over financial reporting as of May 30, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 20, 2009 expressed an unqualified opinion thereon.

Grand Rapids, Michigan
July 20, 2009

/s/ Ernst & Young LLP

Board of Directors

Paget L. Alves⁽¹⁾

President, South Region Sales & Distribution, Sprint Nextel
Global communications company

Mary Vermeer Andringa⁽²⁾

President and Chief Executive Officer, Vermeer Manufacturing Company
Agricultural and industrial equipment manufacturer

Douglas D. French⁽¹⁾

Managing Director, Santé Health Ventures
Healthcare venture capital

Lord Brian Griffiths of Fforestfach⁽⁴⁾

International Advisor, Goldman Sachs International Limited
International investment banking firm and House of Lords, United Kingdom

J. Barry Griswell⁽¹⁾⁽³⁾

Retired Chairman, President and Chief Executive Officer, Principal Financial Group, Inc. and Principal Life
Financial services organization

John R. Hoke III⁽¹⁾

Vice President, Global Footwear, Converse, Inc.
Footwear, apparel, equipment, and accessories

James R. Kackley⁽²⁾⁽³⁾

Director of various companies

Mark S. Nemschoff

Consultant to Herman Miller
Former President and Chief Executive Officer, Nemschoff Chairs, Inc.

C. William Pollard⁽²⁾⁽³⁾

Chairman Emeritus, The ServiceMaster Company
Management and consumer services for healthcare, industrial, and educational facilities

Dorothy A. Terrell⁽³⁾⁽⁴⁾

Venture Partner, First Light Capital

David O. Ulrich⁽⁴⁾

Professor, University of Michigan Business School

Michael A. Volkema⁽³⁾

Chairman of the Board, Herman Miller, Inc.

Brian C. Walker

President and Chief Executive Officer, Herman Miller, Inc.

Daniel C. Molhoek

Secretary to the Board, Partner, Varnum Riddering, Schmidt & Howlett LLP
Attorneys at law

(1) Executive Compensation Committee

(2) Audit Committee

(3) Executive Committee

(4) Nominating and Governance Committee

Leadership Team

Brian Walker
President and Chief Executive Officer

Greg Bylsma
Executive Vice President, Chief Financial Officer

Steve Gane
Senior Vice President
President, Geiger

Don Goeman
Executive Vice President, Research, Design, and Development

Ken Goodson
Executive Vice President, Operations

Kathleen Koch
Senior Vice President, Marketing

Andy Lock
Executive Vice President, Chief Administrative Officer

Beth Nickels
Executive Vice President
President, Herman Miller Healthcare

John Portlock
Executive Vice President
President, Herman Miller International

Curt Pullen
Executive Vice President
President, North American Office and Learning Environments

Shareholder Reference Information

Line of Business

Herman Miller is a 100-year-old-plus company that places great importance on design, the environment, community service, and the health and well-being of our customers and our employees. Innovative ways to improve the performance of our customers' organizations have become our hallmark. Our award-winning furniture, services, and other products are available through retailers and dealers around the world. Whether your world is an office, a school, a home, or a hospital—and whether you are a customer, an employee, a shareholder, or a member of our community—we work hard to create a better world around you.

Common Stock

Herman Miller, Inc., common stock is traded on the NASDAQ-Global Select Market System (Symbol: MLHR). As of July 22, 2009, there were approximately 20,700 record holders, including individual participants in security position listings, of the company's common stock.

Affirmative Action

Herman Miller, Inc., is an equal opportunity employer and supports affirmative action programs for minorities and women, including the recruitment, education and training, and economic development of businesses.

Investor Relations

Questions regarding earnings, releases, financial information, and other investor data should be addressed to:

Investor Relations, Herman Miller, Inc., 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302, USA

Or call: 616 654 3305

Or email: investor@hermanmiller.com

Transfer Agent and Registrar

Computershare Trust Company, N.A., 250 Royall Street, Canton, Massachusetts 02021, Attention: Herman Miller, Inc.

Shareholder Relations

Or call: 866 768 5723

Independent Registered Public Accountants

Ernst & Young LLP, Grand Rapids, Michigan

Contact Herman Miller

Herman Miller has a physical presence through showrooms, dealers, customer centers, retailers, and manufacturing facilities throughout the world. No matter how you would like to do business with us, you can begin connecting with us at:

www.hermanmiller.com

Or call: 616 654 3000

Or write: Herman Miller, Inc., 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302, USA

