

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: February 5, 2018  
(Date of earliest event reported)

HERMAN MILLER, INC.

(Exact name of registrant as specified in its charter)

**Michigan**  
(State or Other Jurisdiction of  
incorporation)

**001-15141**  
(Commission File No.)

**38-0837640**  
(IRS Employer  
Identification no.)

**855 East Main Avenue**  
**Zeeland, Michigan**  
(Address of Principal Executive Offices)

**49464**  
(Zip Code)

**(616) 654-3000**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 5.02. - Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

### ***Brian Walker Retirement***

On February 5, 2018 Herman Miller, Inc. (the "Company") announced that Brian C. Walker plans to retire as President and Chief Executive Officer ("CEO") of the Company and a member of the Board of Directors (the "Board") by August 31, 2018. Mr. Walker will remain the CEO and a member of the Board until the appointment of his successor. The Board has established a CEO Search Committee composed of independent directors and will retain an executive search firm to identify and evaluate internal and external candidates. Mr. Walker will assist the Board in this process. Should the Board appoint a new CEO prior to August 31, 2018, then Mr. Walker has agreed to remain as a special advisor to the Chairman of the Board through that date.

Mr. Walker agreed to extend his post-employment non-compete and non-solicitation covenants from 12 to 18 months and to an unlimited confidential information and non-disparagement covenant. In exchange, the Company agrees to pay Mr. Walker his base salary following his retirement for a period of 18 months and to provide him a lump sum payment equal to eighteen (18) months of the employer portion of the premiums for his health and dental benefits. In the unlikely event Mr. Walker resigns or is terminated for cause prior to August 31, 2018, he will not receive any of these payments.

Mr. Walker also agreed to forego any equity compensation grants for fiscal year 2019 annual incentive opportunity.

### ***Retention Agreements***

On February 3, 2018 the Compensation Committee of the Board of Directors of the Company approved entering into retention agreements with Jeffrey M. Stutz, Gregory J. Bylsma, Andrew J. Lock and B. Ben Watson to ensure their commitment to the Company while the Company searches for a new CEO. The retention agreements provide for the following:

- A retention bonus equal to the executive's actual annual bonus for fiscal year 2018. However, the retention bonus with the actual annual bonus for fiscal year 2018 will in no event exceed 250% of the target annual bonus. The retention bonus will be payable in two equal installments on (a) the date the fiscal year 2018 annual incentives are payable and (b) the last payroll in December 2018, provided he remains employed by the Company on those dates and, in the discretion of the Board, a successful transition of the CEO position from Mr. Walker to the new CEO has occurred.
- A grant of restricted stock units ("RSUs") with a value equal to his base salary, which will be granted in February 2018. Such RSUs will vest on the second anniversary of the grant date provided he remains employed on that date.

However, if the executive's employment is terminated without cause or he quits for good reason prior to payment of the retention bonus or vesting of the RSUs, he will be paid the retention bonus and will vest in the RSUs if he signs and does not revoke a general release of claims.

The foregoing description of the retention agreement does not purport to be complete and is subject to, and qualified in its entirety by, reference to its terms, a form of which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

## **Item 7.01. - Regulation FD Disclosure**

On February 5, 2018, the Company issued a press release announcing that it was reaffirming its guidance for the third quarter fiscal 2018. A copy of the press release is attached as Exhibit 99.1.

This information in this Item 7.01, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

## **Item 9.01. - Financial Statements and Exhibits**

### Exhibits.

10.1 [Form of Retention Agreement](#)

99.1 [Press Release dated February 5, 2018](#)

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: February 5, 2018

HERMAN MILLER, INC.

(Registrant)

/s/ Timothy Lopez

By: Timothy Lopez

Senior Vice President - Legal Services, General  
Counsel and Secretary

February 5, 2018

Dear \_\_\_\_\_ :

As you know, the Board of Directors of Herman Miller, Inc. ("Herman Miller") is currently searching for a new CEO. We understand that this transition creates a period of uncertainty for you, and that your ongoing engagement with the rest of the leadership team has never been more important. In addition, we want you to know that it is our sincere desire that you remain a key executive at the company. In recognition of this desire and the important role you have on the leadership team, we are offering you the following enhanced incentives:

- A cash bonus payment matching ("the match") the actual bonus percentage you achieve for FY18, subject to a maximum payout amount of the 250% (inclusive of the match) of your annual target bonus, which will be paid 50% on the date that FY18 annual bonuses are paid and 50% on the last pay period in December 2018. Your right to this cash bonus award is subject to your being employed by Herman Miller on the dates payments are made and the successful transition of the CEO position from Brian Walker to a new CEO as solely determined by the Herman Miller Board of Directors; and
- A restricted stock unit ("RSU") grant with a value equal to 100% of your base salary in effect on the grant date, which will cliff vest on the second anniversary of the grant date, provided that you are employed by Herman Miller or one of its subsidiaries on such date, except as provided below. The number of units subject to the RSU grant will be determined by dividing your base salary by the closing price of Herman Miller's stock on the grant date, which will occur in February once you accept this letter.

In the event that you would voluntarily leave the Company or the Company would ask you to leave for cause, then you would not be able to receive the above enhancements.

For purposes of this agreement, "cause" means termination of your employment by Herman Miller due to your: (i) commission of a felony; (ii) serious misconduct in the performance or non-performance of your responsibilities to Herman Miller (e.g., gross negligence, willful misconduct, gross insubordination or unethical conduct) or (iii) violation of any material condition of employment with Herman Miller. For purposes of this agreement "good reason" means your termination of employment with Herman Miller after (a) a material reduction in your authority, duties or responsibilities and (b) a material reduction in your total compensation opportunity (sum of base salary, target bonus and grant date fair value of annual target equity grants), but only if you have provided Herman Miller with written notice of such intent to terminate for cause within 30 days after such reductions, and Herman Miller does not cure within 30 days following receipt of such notice. Whether or not your employment has been terminated for cause or may be terminated for good reason shall be determined in the sole discretion of the Board of Directors of Herman Miller, after providing you with an opportunity to be heard by the Board.

Subject to the above conditions and requirements, if you are terminated by the Company without cause or leave the Company for good reason you are entitled to receive (a) the cash bonus payment on the date or dates otherwise set forth above and (b) accelerated vesting of the RSU grant described herein. In the above circumstances, you will be asked to sign a general release within 60 days of the event. If you do not sign the release or you revoke the release, then you would not be entitled to either of the above enhancements.

This letter does not confer upon you any right to continue in the employment of Herman Miller for any period or interfere with or otherwise restrict in any way the rights of Herman Miller, or you to terminate your employment at any time for any reason whatsoever, with or without cause.

This letter does not impact any other agreement, arrangement or plan of Herman Miller which provides for severance to be paid upon termination of employment. You remain eligible for the salary continuation policy in effect at the time of termination.

Please indicate your acceptance of this letter by returning a signed copy of this letter to my attention via .pdf at [mike\\_volkema@hermanmiller.com](mailto:mike_volkema@hermanmiller.com). In addition, I want to, again, thank you for your commitment to the Company and your continued leadership.

Very truly yours,

Michael A. Volkema,  
Chairman of the Board

AGREED TO AND ACCEPTED

I hereby agree and accept the provisions of this letter agreement.

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Name: \_\_\_\_\_

Date: \_\_\_\_\_

## HERMAN MILLER ANNOUNCES CEO SUCCESSION PLAN

*Brian Walker to Retire as President and CEO by August 31, 2018*

*Board Initiates Search Process*

*Company Reaffirms Sales Guidance and Updates EPS Guidance for the Third Quarter Fiscal 2018*

**ZEELAND, Mich., February 5, 2018** - Herman Miller, Inc. (Nasdaq: MLHR) today announced that Brian C. Walker plans to retire as President, Chief Executive Officer and a member of the Board of Directors by August 31, 2018. To ensure an orderly transition, Mr. Walker will remain in those roles until the appointment of his successor.

The Board has established a CEO Search Committee composed of independent directors and will retain a leading executive search firm to help identify and evaluate internal and external candidates to lead Herman Miller. Mr. Walker will assist the Board in this process.

"After a terrific 29-year career at Herman Miller, including 14 years as President and CEO, now is the right time to transition the Company to its next generation of leadership," said Mr. Walker. "Over the past 10 years, we have been relentlessly focused on expanding our addressable market and developing the building blocks necessary to navigate the changes we predicted would impact the core office furniture marketplace. Our Living Office strategy has repositioned the Company to lead in this new workplace era, and we have significantly expanded our potential for long-term growth by developing a strong global footprint and moving beyond the office to help people create inspiring places to heal, learn and live. Our global network of contract dealers, retail studios and e-commerce is unique and provides a significant competitive advantage. Today, Herman Miller comprises a group of leading brands united by our focus on innovation and human centered design."

Mr. Walker continued, "Our focus on relationships and willingness to abandon ourselves to great ideas has enabled us to nurture and expand our network of creative partners. With the help of these partners, we are building on the legacy of innovation and design excellence that is at the heart of Herman Miller. Because of our outstanding work, this past year we were once again named the #1 Brand that Inspires on *Contract Magazine's* Brand Report. The Board of Directors and I are pleased with the progress we have made on the five strategic priorities we outlined last year, and we remain committed to these priorities as we focus on maintaining our momentum."

Michael Volkema, Executive Chairman of Herman Miller, said, "On behalf of the entire Board, I thank Brian for his countless contributions to Herman Miller over the past 29 years. His deep commitment and remarkable leadership have enabled Herman Miller to become the global industry leader it is today. During Brian's tenure, Herman Miller has become a lean enterprise that keeps its promises and strives to improve each and every day. With Brian's assistance, the Board will conduct a comprehensive search to identify the next President and CEO, and we are committed to ensuring a smooth transition. We wish Brian all the best in his retirement, and look forward to his continued involvement with the Company during this leadership transition period."

Mr. Walker concluded, "I want to thank our talented Executive Leadership Team and the 8,000 employees who make Herman Miller great. We are fortunate to have a deep bench of leaders and some of the best employees in the industry throughout the organization, and I am confident that Herman Miller is well-positioned for continued growth. It has been an honor to serve this company, and I look forward to working closely with the Board and my successor to ensure a seamless transition for all of our stakeholders."

Herman Miller also today reaffirmed its sales guidance and updated its earnings per share guidance for the third quarter of fiscal 2018. The updated earnings guidance now reflects the impact of new U.S. income tax legislation as well as transition expenses and other special charges expected to be recognized in the quarter. Net sales are expected to be in the range of \$565 million to \$585 million. On a GAAP basis, diluted earnings per share in the quarter is expected to range between \$0.38 and \$0.42. This estimate includes pre-tax transition expenses and other special charges in the quarter of approximately \$4 million. It also reflects initial transition and re-measurement impacts of the new tax legislation. Excluding these items, adjusted diluted earnings per share are estimated to range between \$0.48 and \$0.52. This range reflects an update to the Company's previous tax rate guidance, which was prepared prior to the enactment of the new U.S. tax legislation signed into law in December 2017. The Company expects to report a GAAP effective tax rate for the third quarter of between 33% and 35%. On an adjusted basis, excluding the initial transition and re-measurement impacts of the new tax legislation, the effective tax rate for the quarter is expected to range between 25% and 27%. This legislation is new and it is possible that there will be further guidance from the U.S. Treasury and others regarding its interpretation and/or application, which could result in adjustments to our estimated income tax rates.

### **About Herman Miller, Inc.**

Herman Miller is a globally recognized provider of furnishings and related technologies and services. Headquartered in West Michigan, the 112-year-old company has relied on innovative design to solve problems wherever people work, live, learn, and heal. With recognizable designs as part of museum collections worldwide, Herman Miller is a past recipient of the Smithsonian Institution's Cooper Hewitt National

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Design Award and has been ranked number one on Contract Magazine's list of "Brands that Inspire" for four straight years. Known and respected for its leadership in corporate social responsibility, Herman Miller has earned numerous global sustainability and inclusivity awards including the Human Rights Foundation's top rating in its Corporate Equality Index for 11 years in a row. In fiscal 2017, the Company generated \$2.28 billion in revenue and employed nearly 8,000 people worldwide. Herman Miller trades on the NASDAQ Global Select Market under the symbol MLHR.

#### Non-GAAP Measures

This press release contains a reference to Adjusted Earnings per Share - Diluted, which is considered a non-GAAP financial measure. The company believes this non-GAAP measure is useful for investors for comparative purposes.

Adjusted Earnings per Share - Diluted is not a measurement of our financial performance under GAAP and should not be considered an alternative to the related GAAP measurement. This non-GAAP measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of non-GAAP measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing equal prominence of our GAAP results.

*Earnings Guidance Reconciliation: Earnings per Share to Adjusted Earnings per Share - Diluted*

	Q3 FY18	
	Low End	High End
<b>Earnings Per Share - Diluted</b>	<b>\$0.38</b>	<b>\$0.42</b>
<b>Add: Non-recurring tax impact</b>	<b>\$0.05</b>	<b>\$0.05</b>
<b>Add: Transition expenses and other special charges</b>	<b>\$0.05</b>	<b>\$0.05</b>
<b>Adjusted Earnings Per Share - Diluted</b>	<b>\$0.48</b>	<b>\$0.52</b>

#### Forward Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates, and projections about the office furniture industry, the economy, and the Company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," and "should," variations of such words, and similar expressions identify such 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, extent, likelihood, and degree of occurrence. These risks include, without limitation, the success of our growth strategy, our success in initiatives aimed at achieving long-term cost saving goals, employment and general economic conditions, the pace of economic recovery 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, competitive-pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, our ability to expand globally given the risks associated with regulatory and legal compliance challenges and accompanying currency fluctuations, changes in future tax legislation or interpretation of current tax legislation, the ability to increase prices to absorb the additional costs of raw materials, the financial strength of our dealers and the financial strength of our customers, our ability to locate new DWR studios, negotiate favorable lease terms for new and existing locations and implement our studio portfolio transformation, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the success of newly-introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, and other risks identified in our 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., undertakes no obligation to update, amend or clarify forward-looking statements.

#### CONTACT

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