

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q/A

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 2, 1995

Commission File No. 0-5813

HERMAN MILLER, INC.

A Michigan Corporation

ID No. 38-0837640

855 East Main Avenue, Zeeland, MI 49464-0302

Phone (616) 654 3000

Herman Miller, Inc.

- (1) has filed all reports required to be filed by Section 13 or 15(d)
of the Securities Exchange Act of 1934 during the preceding 12
months

Yes ☒ No ☐

- (2) has been subject to such filing requirements for the past 90
days.

Yes ☒ No ☐

Common Stock Outstanding at September 30, 1995--24,893,409 shares.

The Exhibit Index appears at page 14.

HERMAN MILLER, INC. FORM 10-Q
FOR THE QUARTER ENDED SEPTEMBER 2, 1995
INDEX

Pursuant to Rule 12b-15 under the Securities Act of 1934, as amended, the Registrant is filing this amendment to its Quarterly Report on Form 10-Q, which amendment contains restated financial information as of and for the three-month period ended September 2, 1995. There have been no changes or restatements of the financial information as of and for the three-month period ended September 3, 1994.

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HERMAN MILLER, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	Sept. 2, 1995 ----- (unaudited)	June 3, 1995 ----- (audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,193	\$ 16,488
Accounts receivable, net	173,310	165,107
Inventories--		
Finished goods	29,177	26,260
Work in process	11,463	8,074
Raw materials	35,605	36,742
	-----	-----
Total inventories	76,245	71,706
	-----	-----
Prepaid expenses and other	44,114	44,445
	-----	-----
Total current assets	310,862	297,116
	-----	-----
PROPERTY AND EQUIPMENT, AT COST:	523,965	513,455
Less-accumulated depreciation	253,641	243,271
	-----	-----
Net property and equipment	270,324	270,184
	-----	-----
OTHER ASSETS:		
Notes receivable, net	41,370	43,734
Other noncurrent assets	42,501	47,978
	-----	-----
Total assets	\$665,057	\$659,012
	=====	=====
	Sept. 2, 1995 ----- (unaudited)	June 3, 1995 ----- (audited)
LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 477	\$ 452
Notes payable	28,957	83,591
Accounts payable	54,089	51,819
Accruals	128,343	121,679
	-----	-----
Total current liabilities	211,866	257,541
	-----	-----
LONG-TERM DEBT, less current portion	97,505	60,145
OTHER LIABILITIES	58,882	54,411
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock \$.20 par value	4,973	4,967
Additional paid-in capital	22,255	21,564
Retained earnings	279,415	270,631
Cumulative translation adjustment	(7,804)	(6,985)
Key executive stock programs	(2,035)	(3,262)
	-----	-----
Total shareholders' equity	296,804	286,915
	-----	-----
Total liabilities and shareholders' equity	\$665,057	\$659,012
	=====	=====

See accompanying notes to condensed consolidated financial statements.

HERMAN MILLER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)

	Three Months Ended	
	Sept. 2, 1995(1) (as amended)	Sept. 3, 1994(2)
NET SALES	\$301,088	\$252,831
COST AND EXPENSES:		
Cost of goods sold	198,209	161,820
Operating expenses	83,336	77,813
Interest expense	2,101	990
Other income, net	(1,472)	(929)
	274,264	239,694
INCOME BEFORE TAXES ON INCOME	18,914	13,137
PROVISION FOR TAXES ON INCOME	6,900	5,200
NET INCOME	\$12,014	\$ 7,937
	=====	=====
NET INCOME PER SHARE	\$.48	\$.32
	=====	=====
DIVIDENDS PER SHARE OF COMMON STOCK	\$.13	\$.13
	=====	=====

See accompanying notes to condensed consolidated financial statements.

(1) Represents 13 weeks

(2) Represents 14 weeks

HERMAN MILLER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF
CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

	Three Months Ended	
	Sept. 2, 1995(1)	Sept. 3, 1994(2)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$12,014	\$ 7,937
Depreciation and amortization	11,867	9,325
Other, net	(760)	(14,514)
	-----	-----
Net cash provided by operating activities	23,121	2,748
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes receivable repayments	119,569	93,548
Notes receivable issued	(117,509)	(93,863)
Capital expenditures	(11,371)	(11,744)
Other, net	2,798	(9,976)
	-----	-----
Net cash used for investing activities	(6,513)	(22,035)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net common stock issued	3,038	842
Net long-term debt borrowings (repayments)	37,436	(58)
Net short-term debt borrowings (repayments)	(53,955)	15,663
Dividends paid	(3,231)	(3,197)
Common stock purchased and retired	--	(253)
Other, net	(51)	(72)
	-----	-----
Net cash provided by (used for) financing activities	(16,763)	12,925
	-----	-----
EFFECT OF EXCHANGE RATE CHANGES ON CASH	860	198
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	705	(6,164)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	16,488	22,701
	-----	-----
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	\$17,193	\$ 16,537
	=====	=====

See accompanying notes to condensed consolidated financial statements.

- (1) Represents 13 weeks
(2) Represents 14 weeks

HERMAN MILLER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AMENDMENT

The 10Q as originally filed contained an understatement of net sales and cost of goods sold. This understatement did not impact the dollars of gross margin, operating expenses, or net income as previously reported.

FOOTNOTE DISCLOSURES

The condensed consolidated financial statements have been prepared by the company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The company believes that the disclosures made in this document are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the company's Annual Report on Form 10-K for the year ended June 3, 1995.

FISCAL YEAR

The company's fiscal year ends on the Saturday closest to May 31. Accordingly, the year ended June 3, 1995, contained 53 weeks, and the year ending June 1, 1996, contains 52 weeks.

RESTRUCTURING CHARGES

In the fiscal year ended June 3, 1995, the company recorded \$31.9 million in pretax restructuring charges, which reduced net income by \$20.3 million, or \$.82 per share. A charge of \$15.5 million was taken in the second quarter of fiscal 1995, to account for the closure of certain of the company's manufacturing and logistics facilities prior to the relocation of their production activities to other U.S. Herman Miller facilities. In addition, the charge also included the costs associated with the closure of and discontinuance of wood casegoods manufacturing in the Sanford, North Carolina, facility and the transfer of products produced there to Geiger International of Atlanta, Georgia, a respected contract provider of quality wood casegoods.

The \$16.4 million charge recorded in the fourth quarter of fiscal 1995 included charges in the United States for reductions in employment and the discontinuation of a product development program at the company's healthcare subsidiary, Milcare.

The \$31.9 million total pretax restructuring charge consisted of facilities and equipment write-offs (\$15.5 million), termination benefits (\$14.1 million), and other exit costs associated with the restructuring (\$2.3 million). Approximately 535 employees were terminated or took voluntary early retirement as a result of the facility closings and job elimination process. The closure of the manufacturing and logistics facilities was substantially complete at the end of fiscal 1995. The job elimination process was completed in July 1995.

Amounts paid or charged against these reserves during the first quarter of fiscal 1996 were as follows:

In Thousands	June 3, 1995 Balance	Costs paid or charged	Ending Balance
	-----	-----	-----
Facilities and equipment	\$10,829	\$1,559	\$9,270
Termination benefits	12,279	7,388	4,891
Other exit costs	1,310	413	897
	-----	-----	-----
	\$24,418	\$9,360	\$15,058
	=====	=====	=====

SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include all highly liquid debt instruments purchased as part of the company's cash management function. Due to the short maturities of these items, the carrying amount approximates fair value.

Cash payments for income taxes and interest (in thousands) were as follows:

	Three Months Ended	
	Sept. 2, 1995	Sept. 3, 1994
	-----	-----
Interest paid	\$2,510	\$ 964
Income taxes paid	\$2,531	\$3,808

CONTINGENCIES

On January 7, 1992, Haworth, Inc. ("Haworth") filed a lawsuit against the company, alleging that the electrical systems used in certain of the company's products infringe one or more of Haworth's patents. Discovery in this proceeding, which is pending in the U.S. District Court for the Western District of Michigan (Southern Division), is substantially complete. The company has requested a jury trial; however, no date has been set. Based on the prevailing facts and the nature of the proceedings, the company believes that it is more likely than not that the litigation will proceed to trial.

All the patents which are the source of controversy expired prior to December 1, 1994. Since 1991, the company has sold a system of enhanced electrical components on the majority of its product lines, both by number and dollar volume. Haworth has admitted the enhanced electrical components do not infringe the patents in suit. If Haworth were to be successful on its claims, the statute of limitations would bar recovery of any damages arising prior to January 1986. In November 1985, Haworth filed a lawsuit against Steelcase, Inc., ("Steelcase") the industry's leader in market share, alleging violations of the same patents, and has prevailed on the issue of liability. The litigation between Haworth and Steelcase currently is continuing on the issue of damages. The company's defenses are substantially different from those relied upon by Steelcase.

The company continues to defend its position vigorously and has established a reserve of \$12.0 million as of September 2, 1995, that management believes will be adequate to defray the costs of litigation. The company believes, based upon written opinion of counsel, that its products do not infringe Haworth's patents and that the company is more likely than not to prevail on the merits.

At this time, management does not expect the ultimate resolution of this matter to have a material adverse effect on the company's consolidated financial position. However, the outcome of this matter is not subject to prediction with certainty.

REPORT OF MANAGEMENT

In the opinion of the company, the accompanying unaudited condensed consolidated financial statements taken as a whole contain all adjustments, which are of a normal recurring nature, necessary to present fairly the financial position of the company as of September 2, 1995, and the results of its operations and cash flows for the three months then ended. Interim results are not necessarily indicative of results for a full year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of certain significant factors which have affected the company's financial condition and earnings during the periods included in the accompanying condensed consolidated financial statements.

A. Financial Summary

A summary of the period-to-period changes is shown below. It should be noted that the three months ended September 2, 1995, contained 13 weeks versus the three months ended September 3, 1994, which contained 14 weeks. All amounts are increases (decreases) unless otherwise noted. Dollars are shown in thousands.

	\$ -----	% -----
NET SALES	48,257	19.1
COST OF GOODS SOLD	36,389	22.5
OPERATING EXPENSES	5,523	7.1
INTEREST EXPENSE	1,111	112.2
OTHER INCOME NET*	(543)	(58.4)
INCOME BEFORE TAXES ON INCOME	5,777	44.0
PROVISION FOR TAXES ON INCOME	1,700	32.7
NET INCOME	4,077	51.4

* Represents an increase in other income

B. Results of Operations

First Quarter FY 1996 versus First Quarter FY 1995

Net sales increased \$48.3 million, or 19.1 percent, for the three months (13 weeks) ended September 2, 1995, over the first quarter (14 weeks) results a year ago. For the first three months of fiscal 1996, the company had net sales of \$301.1 million, compared with net sales of \$252.8 million in the first three months last year. Net sales of \$301.1 million were the highest ever recorded in a quarter. The increase primarily was due to unit volume increases and acquisitions during the past year.

New orders increased 9.6 percent, to \$316.9 million. The backlog of unfilled orders at September 2, 1995, was \$177.9 million, compared with \$151.0 million a year earlier, and \$169.8 million at June 3, 1995.

Gross margin decreased to 34.2 percent during the first quarter of 1996, compared to a gross margin of 36.0 percent in the first quarter of 1995. The decrease from the prior year first quarter is primarily attributable to increased raw material costs experienced throughout fiscal 1995.

Operating expenses, as a percent of sales, decreased to 27.7 percent compared with 30.8 percent in the first quarter of last year. This improvement is the result of the restructuring implemented in the fourth quarter of last year which included: early retirement, employment reductions, and discontinuing noncritical consulting contracts, coupled with increased net sales. Total operating expenses increased \$5.5 million from \$77.8 million in the first quarter of last year to \$83.3 million. Operating expenses attributable to acquisitions and new ventures were \$7.0 million. Additional factors contributing to the increase were a 3.5 percent year-over-year increase in compensation and benefits, increased depreciation and amortization, and costs which are variable with sales.

Interest expense increased \$1.1 million over first quarter fiscal 1995. Total interest-bearing debt was \$126.9 million at the end of the first quarter of fiscal 1996, compared with \$144.2 million at June 3, 1995, and \$86.1 million at September 3, 1994.

The effective tax rate for the first quarter was 36.5 percent compared with 39.6 percent in the same period of last year. The lower rate is the result of increased profitability in the UK which has net operating loss carryforwards to offset pretax income.

Net income increased 51.4 percent to \$12.0 million in the first quarter (13 weeks) compared to \$7.9 million for the same period last year (14 weeks).

United States net sales were up 13.7 percent for the first quarter, after being up 16.0 percent in the fourth quarter of fiscal 1995. These increases reflect sales of our new seating product lines, and strong growth in our domestic subsidiaries--Meridian and Phoenix Designs.

Net sales of international operations and export sales from the United States in the first quarter ended September 2, 1995, totaled \$55.0 million compared with \$36.5 million last year. Net loss from the company's international operations and export sales from the United States for the first quarter increased \$.2 million to a \$1.1 million loss, compared with net loss of \$.9 million for the same period last year.

Net sales from international operations and exports from the United States increased 50.9 percent over the first quarter of last year. The first quarter increase primarily was due to a stronger performance in our core European operations and the inclusion of Herman Miller Italia, which was acquired in the fourth quarter of last year. European net sales, including Herman Miller Italia, more than doubled and new orders increased 84 percent compared to the same period of last year.

While we have had consistent growth in the net sales of our international operations, we have not been able to improve the profitability to an acceptable level. This is due to negative operating profits in our Mexican and German operations and the cost of integrating Herman Miller Italia. Poor results in Europe and Mexico reflect the poor economic conditions existing in those market.

C. Financial Condition, Liquidity, and Capital Resources

First Quarter FY 1996 versus First Quarter FY 1995

1. Cash flow from operating activities increased to \$23.1 million versus \$2.8 million in the first quarter of 1995. The \$20.3 million increase in cash provided by operating activities was due to the improved profitability and a reduction in cash used for working capital items.
2. Days sales in accounts receivable plus days sales in inventory decreased to 86.4 days versus 91.2 days on June 3, 1995.
3. Total interest-bearing debt decreased to \$126.9 million compared to \$144.2 million at June 3, 1995. Debt-to-total capital now stands at 29.9 percent versus 33.5 percent on June 3, 1995. We expect interest bearing debt to remain in the range of \$125 to \$145 million for the remainder of the year.
4. Capital expenditures for the quarter were \$11.4 million versus \$11.7 million in the first quarter of 1995. The expenditures were primarily for new facilities at our fastest growing subsidiaries and new or improved internal processes. Capital expenditures for the year are expected to be in the range of \$75 to \$80 million.

Part II

Item 4: Submission of Matters to Vote of Security Holders

At the Annual Shareholders Meeting held October 5, 1995, the shareholders voted on various proposals presented in the company's 1995 definitive proxy statement. The results of the votes follow:

1. Proposal to elect four directors to serve a term of three years and one director for a term of one year:

	For ---	Against -----	Withheld -----	Broker Non-vote -----
a. Terms expiring in 1998				
Dr. E. David Crockett	22,504,146	0	332,792	0
David L. Nelson	22,522,017	0	314,921	0
Charles D. Ray, M.D.	22,481,148	0	355,790	0
Michael A. Volkema	22,532,207	0	304,731	0
b. Term expiring in 1996				
J. Harold Chandler	22,483,164	0	353,774	0

2. Proposal to approve the Herman Miller, Inc., 1995 Employee Stock Purchase Plan

For ---	Against -----	Withheld -----	Broker Non-vote -----
21,977,996	263,432	443,177	152,333

3. Proposal to ratify the appointment of Arthur Andersen LLP as the independent public accountants for the company for the fiscal year ending June 1, 1996.

For ---	Against -----	Withheld -----	Broker Non-vote -----
22,783,099	24,175	29,664	0

Part II

Item 6: Exhibits and Reports on Form 8-K

1. Exhibits

See Exhibit Index

2. Reports on Form 8-K

No reports on Form 8-K were filed during the three months ended September 2, 1995.

SIGNATURES

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

HERMAN MILLER, INC.

January 5, 1996

/s/ Michael A. Volkema

Michael A. Volkema
(President and Chief
Executive Officer)

January 5, 1996

/s/ Brian C. Walker

Brian C. Walker
(Vice President, Finance)

Exhibit Index

- (11) Computations of earnings per common share.
- (27) Financial Data Schedule (Exhibit available upon request)

HERMAN MILLER, INC.
 COMPUTATIONS OF EARNINGS PER COMMON SHARE
 (DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
 (UNAUDITED)

	Three Months Ended	
	Sept. 2, 1995(1)	Sept. 3, 1994(2)
NET INCOME APPLICABLE TO COMMON SHARES	\$12,014 =====	\$ 7.937 =====
Weighted Average Common Shares Outstanding	24,879,050	24,602,613
Net Common Shares Issuable Upon Exercise of Certain Stock Options	58,556 -----	123,478 -----
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING AS ADJUSTED	24,937,606 =====	24,726,091 =====
NET INCOME PER SHARE	\$.48 =====	\$.32 =====

(1) Represents 13 weeks

(2) Represents 14 weeks

3-MOS
JUN-01-1996
JUN-04-1996
SEP-02-1995
17,193
0
181,312
8,002
76,245
310,862
523,965
253,641
665,057
211,866
0
0
4,973
291,831
665,057
301,088
301,088
198,209
198,209
80,784
1,080
2,101
18,914
6,900
12,014
0
0
0
12,014
.48
.48