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UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

FORM 10-K/A

☒ **ANNUAL 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 Fiscal Year Ended June 2, 2001
Commission File Number 0-5813
Herman Miller, Inc.
(Exact name of registrant as specified in its charter)
Michigan
(State or other jurisdiction of incorporation or organization)
38-0837640
(I.R.S. Employer Identification Number)
855 East Main Avenue, PO Box 302, Zeeland, MI 49464-0302
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code:	**616 654 3000**
Securities registered pursuant to Section 12(b) of the Act:	**None**
Securities registered pursuant to Section 12(g) of the Act:	**Common Stock, $.20 Par Value** (Title of Class)

Indicate by check mark whether the registrant (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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The aggregate market value of the voting stock held by "nonaffiliates" of the registrant (for this purpose only, the affiliates of the registrant have been assumed to be the executive officers and directors of the registrant and their associates) as of August 3, 2001, was $1,883,208,669 (based on $25.49 per share which was the closing sale price as reported by NASDAQ).

The number of shares outstanding of the registrant's common stock, as of August 3, 2001:
Common stock, $.20 par value—75,678,661 shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on October 1, 2001, are incorporated into Part III of this report.

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PART 1
BUSINESS

ITEM 1 BUSINESS

(A) GENERAL DEVELOPMENT OF BUSINESS

The company researches, designs, manufactures and distributes interior furnishings and provides related services that support companies all over the world. The company's products are sold primarily to or through independent contract office furniture dealers. Through research, the company seeks to define and clarify customer needs and problems existing in its markets and to design, through innovation where appropriate and feasible, products, systems, and services as solutions to such problems. Ultimately, the company seeks to assist its customers in creating great places to work.

Herman Miller, Inc., was incorporated in Michigan in 1905. One of the company's major plants and its corporate offices are located at 855 East Main Avenue, PO Box 302, Zeeland, Michigan, 49464-0302, and its telephone number is (616) 654-3000. Unless otherwise noted or indicated by the context, the term "company" includes Herman Miller, Inc., its predecessors and subsidiaries.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The company's operations are in a single industry segment—the design, manufacture, and sale of office furniture systems and furniture, and related products and services. Accordingly, no separate industry segment information is presented.

(C) NARRATIVE DESCRIPTION OF BUSINESS

The company's principal business consists of the research, design, development, manufacture, and sale of office systems, products and related services. Most of these systems and products are coordinated in design so that they may be used both together and interchangeably.

The company is a leader in design and development of furniture and furniture systems. This leadership is exemplified by the innovative concepts introduced by the company in its modular systems known as Action Office®, Q™ System, Ethospace®, and Resolve®. Action Office, the company's series of three freestanding office partition and furnishing systems, is believed to be the first such system to be introduced and nationally marketed and, as such, popularized the "open plan" approach to office space utilization. Ethospace interiors is a system of movable full- and partial-height walls, with panels and individual wall segments that interchangeably attach to wall framework. It includes wall-attached work surfaces and storage/display units, electrical distribution, lighting, organizing tools, and freestanding components. Resolve, the company's newest product line, is a more flexible systems solution that is based on 120 degree angles around a steel pole and uses fabric screens and canopies for office definition. The company also offers a broad array of seating (including Aeron®, Equa®, Ergon®, Ambi®, and Reaction® office chairs), storage (including Meridian® filing products), wooden casegoods (including Geiger products), and freestanding furniture products (including Passage®).

The company's products are marketed worldwide by its own sales staff, its owned dealer network and via the Internet. These sales persons work with dealers, the design and architectural community, as well as directly with end-users. Seeking and strengthening the various distribution channels within the marketplace is a major focus of the company. Independent dealerships concentrate on the sale of Herman Miller products and some complementary product lines of other manufacturers. Approximately 70 percent of the company's sales in the fiscal year ended June 2, 2001, were made to or through independent dealers. The remaining sales (30

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percent) were made directly to end-users, including federal, state, and local governments, and several major corporations, by either the company's own sales staff or its owned dealer network.

The company is also a recognized leader within its industry for the use, development and integration of customer-centered technologies that enhance the reliability, speed, and efficiency of its operations. This includes proprietary sales tools, interior design and product specification software, order entry and manufacturing scheduling and production systems, and direct connectivity to the company's suppliers.

The company's furniture systems, seating, storage, casegoods and freestanding furniture products, and related services are used in (1) office/institution environments including offices and related conference, lobby and lounge areas, and general public areas including transportation terminals; (2) health/science environments including hospitals and other healthcare facilities; (3) clinical, industrial, and educational laboratories; and (4) residential and other environments.

New Product and Industry Segment Information During the past 12 months, the company has not made any public announcement of, or otherwise made public information about, a new product or a new industry segment which would require the investment of a material amount of the company's assets or which would otherwise result in a material cost.

Raw Materials The company's manufacturing materials are available from a significant number of sources within the United States, Canada, Europe, and Asia. To date, the company has not experienced any difficulties in obtaining its raw materials. The raw materials used are not unique to the industry nor are they rare.

Patents, Trademarks, Licenses, Etc. The company has approximately 138 active United States utility patents on various components used in its products and approximately 100 active United States design patents. Many of the inventions covered by the United States patents also have been patented in a number of foreign countries. Various trademarks, including the name and style "Herman Miller," and the "Herman Miller Symbol" trademark, are registered in the United States and many foreign countries. The company does not believe that any material part of its business is dependent on the continued availability of any one or all of its patents or trademarks, or that its business would be materially adversely affected by the loss of any thereof, except the "Herman Miller," "Action Office," "Aeron," "Ergon," "Equa," "Ethospace," "Q," "Resolve," "SQA," "Geiger", and "Herman Miller Symbol" trademarks.

Working Capital Practices The company does not believe that it or the industry in general has any special practices or special conditions affecting working capital items that are significant for an understanding of the company's business.

Customer Base No single dealer accounted for more than 5 percent of the company's net sales in the fiscal year ended June 2, 2001. For fiscal 2001, the largest single end-user customer accounted for approximately 5 percent of the company's net sales with the 10 largest of such customers accounting for approximately 12 percent of net sales. The company does not believe that its business is dependent on any single or small number of customers, the loss of which would have a materially adverse effect upon the company.

Backlog of Orders As of June 2, 2001, the company's backlog of unfilled orders was $224.0 million. At June 3, 2000, the company's backlog totaled $283.7 million. It is expected that substantially all the orders forming the backlog at June 2, 2001, will be filled during the current fiscal year. Many orders received by the company are reflected in the backlog for only a short period while other orders specify delayed shipments and are carried in the backlog for up to one year. Accordingly, the amount of the backlog at any particular time is not necessarily indicative of the level of net sales for a particular succeeding period.

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Government Contracts Other than standard price reduction and other provisions contained in contracts with the United States government, the company does not believe that any significant portion of its business is subject to material renegotiation of profits or termination of contracts or subcontracts at the election of various government entities.

Competition All aspects of the company's business are highly competitive. The principal methods of competition utilized by the company include design, product and service quality, speed of delivery, and product pricing. The company is one of the largest office furniture manufacturers in the world. However, in several of the markets served by the company, it competes with over 400 smaller companies and with several manufacturers that have significantly greater resources and sales. Price competition remained relatively stable from 1997 through 2001.

Research, Design and Development One of the competitive strengths of the company is its research, design and development programs. Accordingly, the company believes that its research and design activities are of significant importance. Through research, the company seeks to define and clarify customer needs and problems and to design, through innovation where feasible and appropriate, products and services as solutions to these customer needs and problems. The company utilizes both internal and independent research and design resources. Exclusive of royalty payments, approximately $37.2 million, $35.1 million, and $33.4 million was spent by the company on design and research activities in 2001, 2000, and 1999, respectively. Royalties are paid to designers of the company's products as the products are sold and are not included in research and development costs as they are variable based on product sales.

Environmental Matters The company does not believe, based on current facts known to management, that existing environmental laws and regulations have had or will have any material effects upon the capital expenditures, earnings, or competitive position of the company. Further, the company continues to rigorously reduce, recycle, and reuse the solid wastes generated by its manufacturing processes. Its accomplishments and these efforts have been widely recognized.

Human Resources The company considers another of its major competitive strengths to be its human resources. The company stresses individual employee participation and incentives, and believes that this emphasis has helped to attract and retain a capable work force. The company has a human resources group to provide employee recruitment, education and development, and compensation planning and counseling. There have been no work stoppages or labor disputes in the company's history, and its relations with its employees are considered good. Approximately 589 of the company's employees are represented by collective bargaining agents, most of whom are employees of its Integrated Metal Technology, Inc., and Herman Miller Limited (U.K.) subsidiaries. As such, these subsidiaries are parties to collective bargaining agreements with these employees.

As of June 2, 2001, the company employed 9,951 full-time and 314 part-time employees, representing a .8 percent increase in full-time employees and an 18.0 percent decrease in part-time employees compared with June 3, 2000. In addition to its employee work force, the company uses purchased labor to meet uneven demand in its manufacturing operations.

(D) INFORMATION ABOUT INTERNATIONAL OPERATIONS

The company's sales in international markets primarily are made to office/institutional customers. Foreign sales mostly consist of office furniture products such as Ethospace and Action Office systems, seating, and storage products. The company is in the following major markets: Canada, Europe, Latin America, and the Asia/Pacific region. In certain other foreign markets, the company's products are offered through licensing of foreign manufacturers on a royalty basis.

At the present time, the company's products sold in international markets are manufactured by wholly owned subsidiaries in the United States, United Kingdom, and Mexico. Sales are made through wholly owned subsidiaries in Australia, Canada, France, Germany, Italy, Japan, Mexico, the Netherlands, and the United Kingdom. The company's products are offered in the Middle East, South America, and Asia through dealers.

In several other countries, the company licenses manufacturing and selling rights. Historically, these licensing arrangements have not required a significant investment of funds or personnel by the company, and, in the aggregate, have not produced material net income for the company.

Additional information with respect to operations by geographic area appears in the note "Operating Segments" of the Notes to the Consolidated Financial Statements set forth on page 40. Fluctuating exchange rates and factors beyond the control of the company, such as tariff and foreign economic policies, may affect future results of international operations.

ITEM 2 PROPERTIES

The company owns or leases facilities which are located throughout the United States and several foreign countries, including Australia, Canada, France, Germany, Italy, Japan, Mexico, and the United Kingdom. The location, square footage, and use of the most significant facilities at June 2, 2001, were as follows:

Owned Locations	**Square Footage**	**Use**
Spring Lake, Michigan	921,700	Manufacturing, Warehouse, and Office
Holland, Michigan	850,500	Manufacturing, Distribution, Warehouse, and Office
Zeeland, Michigan	749,000	Manufacturing, Warehouse, and Office
Rocklin, California	338,100	Manufacturing and Warehouse
Holland, Michigan	238,300	Design Center and Office
Leased Locations		
Holland, Michigan	369,900	Manufacturing, Distribution, and Warehouse
Canton, Georgia	327,800	Manufacturing and Warehouse
Zeeland, Michigan	303,700	Manufacturing, Warehouse, and Office
Fulton, Georgia	176,700	Manufacturing, Warehouse, and Office
England, U.K	168,900	Manufacturing and Warehouse
Atlanta, Georgia	115,000	Warehouse and Distribution
Mexico	68,100	Manufacturing, Warehouse, and Office

The company also maintains showrooms or sales offices near most major metropolitan areas throughout North America, Europe, the Middle East, Asia/Pacific, and South America. The company considers its existing facilities to be in excellent condition, efficiently utilized, well suited, and adequate for its design, production, distribution, and selling requirements.

ITEM 3 PENDING LEGAL PROCEEDINGS

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. The GSA is permitted to audit the company's compliance with the GSA contracts. At any point in time, a number of GSA audits are either

scheduled or in progress. Management does not expect resolution of the 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.

ITEM 4 SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the year ended June 2, 2001.

ADDITIONAL ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT

Certain information relating to Executive Officers of the company is as follows:

Name	**Age**	**Year Elected**	**Position with the Company**

		an Executive Officer	
James E. Christenson	54	1989	Senior Vice President, Legal Services, and Secretary
Robert Frey	58	1996	President, Herman Miller International
David M. Knibbe	46	1997	Executive Vice President, Sales and Distribution
Gary S. Miller	51	1984	Chief Development Officer
Elizabeth A. Nickels	39	2000	Chief Financial Officer
Gary VanSpronsen	45	1998	Executive Vice President, eBusiness
Michael A. Volkema	45	1995	Chairman, President and Chief Executive Officer
Brian C. Walker	39	1996	President, Herman Miller North America

Except as discussed in this paragraph, each of the named officers has served the company in an executive capacity for more than five years. Mr. Frey joined Herman Miller, Inc., in November 1996, and prior to 1996 was chairman of the board and chief executive officer of Asian operations and an elected executive vice president at Whirlpool Corporation. Mr. Knibbe was the vice president of sales and distribution for Herman Miller, Inc., from March 1996 to May 1997; president of Workplace Resource, Inc., from March 1995 to April 1996; and vice president of sales and distribution for Meridian, Inc., from April 1990 to March 1995. Ms. Nickels joined Herman Miller, Inc., in February 2000, and prior to 2000 was chief financial officer of Universal Forest Products, Inc., for seven years. Mr. VanSpronsen was the president of Miller SQA from January 1998 to September 1998, and vice president and general manager of Miller SQA from June 1992 to December 1997. Mr. Walker was the Chief Financial Officer of Herman Miller, Inc. from March 1996 to February 2000, and before that he served in various finance roles with the company.

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PART II
MARKET FOR THE REGISTRANT’S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

ITEM 5 MARKET FOR THE REGISTRANT’S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

SHARE PRICE, EARNINGS, AND DIVIDENDS SUMMARY

Herman Miller, Inc., common stock is quoted in the NASDAQ-National Market System (NASDAQ-NMS Symbol: MLHR). As of August 3, 2001, there were approximately 24,000 shareholders of record of the company’s common stock.

Per Share and Unaudited	Market Price High	Market Price Low	Market Price Close	Earnings Per Share–Diluted	Dividends Per Share
YEAR ENDED JUNE 2, 2001					
First quarter(1)	$ 32.813	$ 25.875	$ 32.000	$ .41	$ .03625
Second quarter	32.250	23.625	24.000	.54	.03625
Third quarter	29.375	22.625	25.938	.43	.03625
Fourth quarter	28.050	23.000	26.900	.43	.03625
Year	$ 32.813	$ 22.625	$ 26.900	$ 1.81	$ .14500
YEAR ENDED JUNE 3, 2000					
First quarter	$ 26.250	$ 20.125	$ 24.438	$ .43	$ .03625
Second quarter	25.500	20.938	23.250	.41	.03625
Third quarter	24.125	20.125	20.688	.40	.03625
Fourth quarter	29.750	19.875	29.750	.50	.03625
Year	$ 29.750	$ 19.875	$ 29.750	$ 1.74	$ .14500

(1) The first quarter of 2001 includes a pre-tax charge of $5.4 million ($3.5 million after tax, or $.05 per diluted share) for the cumulative effect of a change in accounting principle for pensions. Previous to the restatement, diluted earnings per share for the first quarter were $.46.

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SELECTED FINANCIAL DATA
REVIEW OF OPERATIONS

ITEM 6 SELECTED FINANCIAL DATA
REVIEW OF OPERATIONS

(In Millions, Except Per Share Data)	2001	2000	1999	1998
OPERATING RESULTS				
Net Sales(3)	$ 2,236.2	$ 2,010.2	$ 1,828.4	$ 1,773.0

Gross Margin(3)	755.7	680.4	641.6	613.0
Selling, General, and Administrative(3)	475.4	404.4	379.3	370.9
Design and Research Expense	44.3	41.3	38.0	33.8
Operating Income	236.0	234.7	224.3	208.3
Income (Loss) Before Income Taxes	225.1	221.8	229.9	209.5
Net Income (Loss)	140.6	139.7	141.8	128.3
Cash Flow from Operating Activities	211.8	202.1	205.6	268.7
Depreciation and Amortization	92.6	77.1	62.1	50.7
Capital Expenditures	105.0	135.7	103.4	73.6
Common Stock Repurchased plus Cash Dividends Paid	$ 105.3	$ 101.6	$ 179.7	$ 215.5
KEY RATIOS				
Sales Growth(3)	11.2	9.9	3.1	14.8
Gross Margin(1,3)	33.8	33.8	35.1	34.6
Selling, General, and Administrative(1,3)	21.3	20.1	20.7	20.9
Design and Research Expense(1,3)	2.0	2.1	2.1	1.9
Operating Income(1,3)	10.6	11.7	12.3	11.7
Net Income Growth (Decline)	0.6	(1.5)	10.5	72.4
After-Tax Return on Net Sales(3)	6.3	6.9	7.8	7.2
After-Tax Return on Average Assets	14.5	16.5	18.5	16.7
After-Tax Return on Average Equity	43.5	55.5	64.4	49.5
SHARE AND PER SHARE DATA(2)				
Earnings per Share-Diluted	$ 1.81	$ 1.74	$ 1.67	$ 1.39
Cash Dividends Declared per Share	.15	.15	.15	.15
Book Value per Share at Year End	4.63	3.76	2.63	2.66
Market Price per Share at Year End	$ 26.90	$ 29.75	$ 20.19	$ 27.69
Weighted Average Shares Outstanding-Diluted	77.6	80.5	84.8	92.0
FINANCIAL CONDITION				
Total Assets	$ 996.5	$ 941.2	$ 751.5	$ 784.3
Working Capital(4)	191.6	99.1	55.5	77.2
Current Ratio	1.5	.9	1.0	1.1
Interest-Bearing Debt	259.3	225.6	147.6	130.7
Shareholders' Equity	351.5	294.5	209.1	231.0
Total Capital	610.8	520.1	356.7	361.7
EBITDA	$ 334.5	$ 312.3	$ 299.3	$ 268.5
Debt-to-EBITDA Ratio	.8	.7	.5	.5
EBITDA-to-Interest Expense Ratio	19.9	23.3	41.0	32.3

(1) Shown as a percent of net sales. (2) Retroactively adjusted to reflect two-for-one stock splits occurring in 1998 and 1997. (3) Amounts restated to reflect reclassification of certain expenses to conform to 2001 presentation. (4) Calculated using current assets less non-interest bearing current liabilities.

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1997	1996	1995	1994	1993	1992	1991
$ 1,543.8	$ 1,325.0	$ 1,117.8	$ 983.7	$ 883.1	$ 830.5	$ 906.8
509.5	418.4	362.0	322.9	285.7	265.0	300.9
335.2	299.5	287.4	230.9	217.4	217.3	219.9
29.1	27.5	33.7	30.2	24.5	20.7	23.2
130.7	74.9	9.1	61.8	43.8	2.0	39.2
125.9	70.1	4.0	63.5	42.4	(1.0)	33.2
74.4	45.9	4.3	40.4	22.1	(14.1)	14.1
218.2	124.5	29.9	69.8	82.6	77.0	86.4
48.0	45.0	39.7	33.2	31.6	30.5	32.8
54.5	54.4	63.4	40.3	43.4	32.0	32.6
$ 110.4	$ 38.1	$ 13.6	$ 38.5	$ 21.2	$ 23.6	$ 18.0
16.5	18.5	13.6	11.4	6.3	(8.4)	0.3
33.0	31.6	32.4	32.8	32.4	31.9	33.2
21.7	22.6	25.7	23.5	24.6	26.2	24.3
1.9	2.1	3.0	3.1	2.8	2.5	2.6
8.5	5.7	0.8	6.3	5.0	0.2	4.3
62.1	967.4	(89.4)	82.8	256.7	(200.0)	(69.7)
4.8	3.5	0.4	4.1	2.5	(1.7)	1.6
10.3	6.8	0.7	7.9	4.6	(2.9)	2.7
25.0	15.4	1.5	13.9	7.8	(4.7)	4.5

$ .77	$ .46	$ .04	$ .40	$ .22	$ (.14)	$ .14
.13	.13	.13	.13	.13	.13	.13
3.12	3.12	2.89	3.01	2.84	2.78	3.08
$ 17.88	$ 7.72	$ 5.42	$ 6.22	$ 6.41	$ 4.75	$ 5.03
96.1	100.5	99.2	101.0	100.0	100.7	102.7
$ 755.6	$ 694.9	$ 659.0	$ 533.7	$ 484.3	$ 471.3	$ 492.9
135.7	151.8	133.7	106.6	87.8	93.4	135.0
1.4	1.6	1.2	1.3	1.5	1.5	2.1
127.4	131.7	144.2	70.0	39.9	54.0	75.7
287.1	308.1	286.9	296.3	283.9	280.1	314.8
414.5	439.8	431.1	366.3	323.8	334.1	390.5
$ 182.7	$ 123.0	$ 50.1	$ 98.5	$ 76.0	$ 36.4	$ 76.2
.7	1.1	2.9	.7	.5	1.5	1.0
20.7	15.6	7.9	54.7	38.0	5.3	7.5

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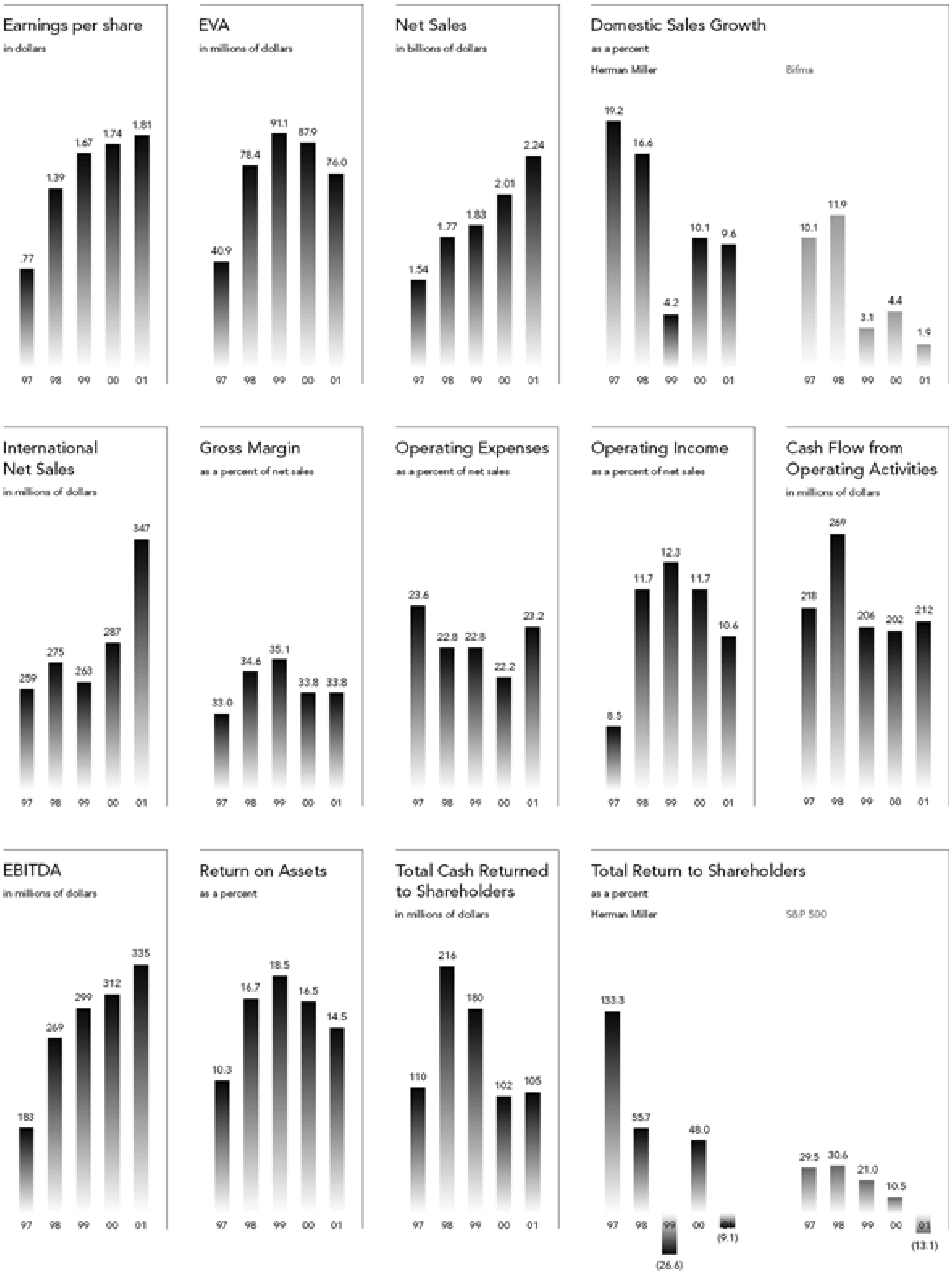
GRAPHIC REVIEW OF OPERATIONS



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

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 the company's Form 10-K.

In the following financial statements and management discussion, all amounts are restated to reflect the following changes related to accounting classification and methods.

First, to comply with a recent Emerging Issues Task Force ruling, we were required to change the classification for certain shipping and handling costs. This change had the effect of increasing net sales, increasing cost of sales, and decreasing operating expenses. This change is purely a reclassification of expense and does not change net income. Financial statements and referenced amounts throughout this discussion have been restated to reflect this change.

Second, the company changed the method of accounting for its pension plan. This change resulted in an after-tax charge to income of $3.5 million or $.05 per share, which retroactively affected the first quarter of fiscal 2001. The new method of accounting uses a calculated value method over five years to determine the market-related value of the plan assets. This new method provides for better matching of the value of plan assets and liabilities under our cash balance retirement plan. Additionally, this method is consistent with that being used by many other manufacturing companies.

OVERVIEW

We had another record-setting year at Herman Miller in a number of categories, including sales, orders, and earnings per share. The overall economic downturn split the year into two distinct six-month periods. The first six months saw significant growth, exceeding a 23 percent increase in revenues. This pace was more than double the industry growth level and provided another indication of our ability to gain market share through new strategic initiatives. Some of the gain in revenue was attributable to high levels of orders placed toward the end of fiscal 2000. As the general economy weakened, the office furniture industry began to rapidly experience an overall delay in capital goods purchasing, leading to an abrupt slowdown in orders. Our ability to respond to the resulting business climate through cost structure changes, variable incentive programs, and focused spending, enabled us to meet the difficult challenge of balancing short- and long-term objectives.

When order levels fell sharply during the third quarter, we moved to manage production labor, accelerate efficiency gains in production facilities, and improve material usage. Despite the continuing slowdown in the economy, we continue to believe in our long-term strategic initiatives and are proceeding with a prioritized approach to investments. Industry sales levels in fiscal 2002 are difficult to project. Our plan is to continue adjusting costs and investments while positioning the company for even greater market share gains once the economy recovers.

We are still confident that our strategy will enable us to attain our long-term growth goals. The foundation of this growth will come from

- our core markets and expansion of our market share
- reaching customers we have not formerly served
- expanding our international presence
- seeking new business opportunities tangential to, but outside of, the office furniture industry

Throughout this discussion we will highlight what we believe are keys to the success of this growth strategy

- innovative products and services
- reliability driven by process excellence
- thought leadership
- a strong distribution network, new market channels, and alliances

As in the past, we continue to strengthen the commitment to our customers, our suppliers, our business partners, and our employee owners. Financial investments to fulfill our vision require time, persistence, and the dedicated focus of all our stakeholders. We have realized many rewards from our investments, including continued market share improvements, increased ability to rapidly adjust for short-term declines, and significant gains in serving strategically targeted customers. Although our initial plans did not anticipate the challenges of the second half of fiscal 2001 and the upcoming year, our objectives for long-term growth continue on track. We believe the difficult short-term outlook will provide the opportunity to focus and balance those investments that support our value propositions. We define value propositions as comprising large groups of customers, which have common buying needs and attitudes.

KEY MEASUREMENT

At Herman Miller, we use Economic Value Added (EVA) to determine whether we are creating value for our employee-owners and shareholders. We evaluate all our business decisions in this manner to ensure we are investing resources in opportunities that create the highest return for the long term. We also use EVA as the basis for calculating our incentive compensation. Making EVA such an important part of our overall compensation structure has driven a higher level of business literacy and decision-making capabilities throughout our work force.

EVA generation outpaced last year for the first three quarters of fiscal 2001. Even though we implemented cost-containment programs during the second half, the slowdown in orders proved too heavy a burden, resulting in lower EVA for the full fiscal year. Our compensation programs are tied to achieving EVA growth targets, and because the second half decline in business was so abrupt, we made no variable quarterly compensation payments in the fourth quarter. We continue to believe that EVA is the best method of rewarding our employees in a manner consistent with the rewards we provide to our shareholders, and market research validates this perspective. Our belief in the future potential of our strategic initiatives continues to drive us toward investments that create long-term value, even if EVA results suffer in the short run.

While EVA has not predicted short-term swings in our stock price, since its implementation our stock price has increased 386.3 percent while EVA grew 637.9 percent since 1996. Therefore, again this year, we have presented a summarized calculation of our EVA for fiscal 2001, 2000, and 1999.

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Calculation of Economic Value Added

(In Millions)	2001	2000	1999
Operating income	$ 236.0	$ 234.7	$ 224.3
Interest expense on noncapitalized leases(1)	7.6	5.3	4.1
Goodwill amortization	3.6	2.9	3.0
Other	9.2	3.3	4.6
Increase (decrease) in reserves	(6.7)	1.1	(4.3)
Capitalized design and research	3.1	4.4	3.7
Adjusted operating profit	252.8	251.7	235.4
Cash taxes(2)	(91.7)	(91.7)	(83.6)
Net operating profit after taxes (NOPAT)	161.1	160.0	151.8
Weighted-average capital employed(3)	818.4	693.3	551.8
Weighted-average cost of capital(4)	10.4%	10.4%	11.0%
Cost of capital	85.1	72.1	60.7
Economic Value Added	$ 76.0	$ 87.9	$ 91.1

(1) Imputed interest as if the total noncancelable lease payments were capitalized. (2) The reported current tax provision is adjusted for the statutory tax impact of interest expense. (3) Total assets less noninterest-bearing liabilities plus the LIFO, doubtful accounts and notes receivable reserves, warranty reserve, amortized goodwill, deferred taxes, and capitalized design and research expense. Design and research expense is capitalized and amortized over five years.
(4) Management's estimate of the weighted average of the minimum equity and debt returns required by the providers of capital. Reevaluated every year and adjusted when necessary to reflect the current rate environment and capital structure.

We generated $76.0 million of EVA this year, compared to $87.9 million last year, an $11.9 million or 13.5 percent decrease. The primary driver of this decline was a higher capital charge. Net operating profit after taxes ended $1.1 million higher with flat cash operating taxes. The major components of the increase in capital charges came from investment in technology infrastructure, production facility enhancements, new products, and working capital requirements during the high-growth period.

KEY DRIVERS

Consolidated Net Sales In fiscal 2001, our sales reached a new record totaling $2.2 billion, an increase of 11.2 percent over fiscal 2000. Fiscal 2000 included 53 weeks, so excluding the effect of the extra week our sales grew 13.1 percent. New products and growth from developing value propositions, coupled with new methods to serve our customers, drove the increase of the past year. The current state of the economy, which is fueling delays in many customers' capital expansion and hiring plans, will undoubtedly place more pressure on achieving revenue growth experienced in recent years.

As we mentioned above, the year was split into two distinct periods. The first half started with a significant backlog carried over from fiscal 2000, in addition to record numbers of new orders. During the fourth quarter we faced perhaps the most abrupt slowdown in industry history. Working off the backlog built up earlier in the year, we posted respectable sales levels. While the following may not be reflected in current order rates, we are glad to note that customer activity and interest in our products and processes has stayed strong domestically and abroad. The position we are establishing in the marketplace, with continued focused spending on innovative development, will enable us to deliver our growth objectives when the economy recovers.

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Domestic Operations Our domestic sales grew 9.6 percent this year, after growing 10.1 percent in 2000, and 4.2 percent in 1999. In fiscal 2000, we acquired Geiger, a wood casegoods manufacturer, to complement our product offerings. Geiger sales accounted for 10.6 percent of the total domestic increase and produced positive EVA growth. Our core domestic growth has been primarily driven by unit volume increases. Growth across our new value propositions produced an 80.9 percent revenue increase over the prior year. Stated another way, the new value propositions represented nearly 20 percent of the company's total dollar revenue growth. As shown in the graph on page 10, our revenue increases continue to significantly outpace the industry. Exceeding industry growth is yet another indication that our strategic direction is building momentum.

During 2001, incremental discounts given to customers reduced our net sales by approximately $7.9 million. Changes in discounts reduced net sales in 2000 by $16.5 million and $11.0 million in 1999. Pressures on revenue and margin from discounting are expected to continue. We believe our product and service offering, together with our variable cost structure, will provide a competitive advantage that enables us to maximize and protect our place in the industry.

The Business and Institutional Furniture Manufacturers Association (BIFMA) reported that U.S. sales grew approximately 1.9 percent in the 12 months ended May 2001, after increasing 4.4 percent in 2000 and 3.1 percent in 1999.

We believe demand for office furniture in the U.S. is driven by three primary factors in the macro economy: corporate profits, service-sector employment, and nonresidential fixed investments. During the last three fiscal years, each of these factors improved year over year. The economic surge, an increased deployment of technology into work environments, and changing work styles have positively influenced demand in recent years. BIFMA is currently estimating that industry shipments will decline over 4 percent in calendar 2001, but the anticipated turnaround will produce 1.8 percent growth in calendar 2002. Given the current state of the economy, this forecast may be overly optimistic.

International Operations and Exports from the United States We continue to be pleased with the results of our International operations. Strategic global initiatives have continued to increase our revenue and profitability during the past four years. Positive EVA was produced for the past two years. Significant gains in Europe have provided the funds to strengthen other targeted customer opportunities in Asia and Latin America. Our Asian operations posted large gains and established a great demand for some new product offerings. We continue to streamline our locally based operations while leveraging our domestically based support team.

For the entire year, International sales levels increased 21.1 percent, surpassing $347 million. International revenue now comprises 15.5 percent of consolidated sales. During the second half of fiscal 2001, our International operations remained strong and continued the record setting pace by again increasing shipments over 21 percent compared to the same period of fiscal 2000. Once again, stable economic environments in the geographic areas where we have a significant presence, especially the United Kingdom and Japan, have helped our International business. However, orders across all regions began to decrease during the latter part of the year. We expect economic factors influencing the U.S. economy to spread globally during the upcoming months.

International net income for 2001 was $12.5 million, versus $11.8 million last year and $8.1 million in 1999. These positive results are primarily attributable to increased sales growth and cost-containment efforts.

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Gross Margin Gross margin, as a percent of net sales, remained even with fiscal 2000 at 33.8 percent. As we mentioned earlier, certain expenses related to shipping and handling costs were reclassified from net revenue and operating expenses. We have restated all years in order for expense classification to be comparative.

Several factors influenced our ability to hold the line on margins during the second half of the year. Factors negatively influencing margin included a higher level of discounting, lower volume to leverage overhead costs, continued growth in newer products with less production, and incremental compensation payments. Offsetting the negative, we gained on material costs, managed production labor, reduced variable overhead, and re-paced some capital expenditures. Some of the factors are discussed in more detail below. We do want to point out that cost reductions can be stepped in relation to production volumes.

Our employee-owners' ability to execute our business model and maintain pressure on continued process improvements prepared Manufacturing operations for the sudden sales decline during the fourth quarter. Although the production associated with newer product lines is typically less efficient during the initial launch period, we realized significant improvements during the second half of the year. Investments in improved production capabilities over the past two years have shown positive effects on our margin. Ongoing implementation of the Herman Miller Production System, which promotes effective manufacturing techniques, added directly to these improvements.

We initiated programs to extend our efficient manufacturing techniques to our suppliers, providing the basis for strengthened relationships and cost reductions for all parties involved. We continued to utilize the capabilities of our supply base to their fullest extent, providing greater flexibility in selecting new materials and processes in the research, design, and development of new products. Our Purchasing and Manufacturing teams partnered with key suppliers to produce roughly $26 million of incremental price and usage savings. Our Supplier Qualification Program, which ranks suppliers, is providing a sound basis for purchasing more materials from the top performers, leading to improved quality and reliability. We increased the focus and use of Internet-based technology designed to provide continuous and accurate material requirements, so that the most reliable and efficient flow occurs through the entire supply chain. As our customers' expectations for speed and reliability increase, we feel our investments in this platform are returning great rewards in costs, service, and helping to differentiate our brand.

Labor costs were managed during the second half, mainly through reductions in temporary labor. We have purposely designed part of our production work force as temporary to assist us in varying the labor force as volume requirements fluctuate. Variable overhead costs were scrutinized and avoided if possible. We continue to analyze our capacity requirements. During the high-volume levels of the first half, our capacity was employed at highly profitable levels. As volume dropped abruptly, we were, and will continue to be, challenged to find new methods of reducing overhead while maintaining a balance for the expected economic recovery.

As we said, during the first half of our fiscal year, industry demand was very strong. Competition remained at a high level, but discounting appeared consistent with the prior year. As the economy slowed and pressures on revenue targets and capacity utilization heated up, discounting activity rose and placed more pressure on margin during our fourth quarter. As noted above, the increased discounting reduced sales and gross margin $7.9 million, which resulted in a .2 percent decrease in gross margin. We expect this discount pressure to

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continue into the next year, placing greater emphasis on cost-containment measures. We believe our accomplishments toward increased productivity during the past year and our variable business model and service differentiation will provide a solid defense while we further advance longer-term strategies.

Going forward, our continued productivity improvements and material cost reductions will be offset, to some degree, by additional discounting and pressure from overhead leveraging in the short run.

Operating Expenses During the past two years, we continued our investments in two primary areas: technology and new products. We believe that leadership in the office furniture industry will go to those organizations that provide high-speed, seamless, on-demand communications throughout the value chain. Further, these tools must be customized to fit the individual customer's needs, not "one size fits all." We have developed four distinct value propositions, which are tailored to groups of customers based on how they perceive value. In each of these value propositions, customization opportunities are available to further enhance the customer experience.

We place a great deal of importance on understanding a customer's needs, and we strive to provide easy access to tools that help design the best workplace solution. Our value propositions target specific customer needs by offering the appropriate products and capabilities. However, if needed, all of our capabilities are available. Essentially, customers can identify the means by which they communicate best with us across a spectrum of interaction levels and contact points. These range from placing orders through our on-line store at www.hermanmiller.com, to utilizing custom-designed Web sites, to engaging our design team to fully implement a workplace environment.

Creating real value for customers also relies heavily on the product offering. Over the years, Herman Miller has continually led the office furniture industry in product and business design innovation. We continued to make targeted investments to further strengthen our products and services. New innovations and market opportunities are in development. Our goal is to continue strengthening our brand position and market share. The short-term challenges of today's economy will not alter our belief in proven successful strategic initiatives. We will continue to protect and maximize the investments of our stakeholders in the short run; however, full realization of an investment should be viewed over a period of time. We believe the path we are taking will lead us to significant gains as the economy improves.

Herman Miller built its place in the market through innovation. Our history holds numerous examples of improvements to the workplace through extensive research, while providing revolutionary design changes. Research and design costs, excluding royalty payments, were $37.2 million in 2001, compared to $35.1 million in 2000, and $33.4 million in 1999. Royalty payments made to designers of the company's products as the products are sold are not included in research and development costs, since they are considered to be a variable cost of the product. As a percentage of net sales, research and development costs were 1.7 percent in 2001, 1.7 percent in 2000, and 1.8 percent in 1999. As discussed earlier, new product design and development has been, and continues to be, a key business strategy. The increased expenditures are directly related to the increased number of new products introduced and currently in development.

The market responded very well to our new products over the past year. In particular, our award-winning Resolve system has made a significant impact on customers' perceptions of their work environment's image, establishing new paradigms in alternative workplaces. We introduced Resolve at the industry's annual trade

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show, NeoCon, in June 1999, where it won a Best-of-Show Gold Award. In June 2000, the Resolve system became available for unrestricted order entry. To date we are very pleased with the levels of orders and customer interest in the opportunities Resolve provides for changing the workplace environment. Many international markets have also displayed a high acceptance and demand for Resolve. Several installations were completed during the second half of the year in both Europe and the Pacific Rim. We believe Resolve establishes yet another option across a large market base searching for improved style, space utilization, flexibility, approach to privacy, and cost.

Overall, operating expenses increased 16.5 percent or $74.0 million. Once again, we restated all years for reclassification of certain expenses to cost of sales. Higher volume in the first half produced EVA sufficient to pay an incremental $9.5 million in compensation incentives. The second half results produced much lower EVA incentive payments. Certain direct-sales costs followed the strong upward revenue growth during the first half. Additional incremental expenses occurred from acquisitions completed during fiscal 2000, startup costs for our RED business unit, increased warranty reserves, bad debts, and depreciation related to prior-period capital purchases. With the exception of the expenses from acquired subsidiaries and depreciation, we do not anticipate the other incremental costs to occur in the near future.

Our commitment to long-term initiatives, coupled with slowing sales volume, will place greater pressure on the operating expense percentage. Although expense reductions have and will continue to be a priority, the plan to improve this ratio is primarily driven by increasing sales at a higher rate than costs. As sales outpaced our targets during the first half, we saw the opportunity to accelerate many of our strategic initiatives. As the downturn in the economy became deeper with an extended forecast for recovery, we began implementing cost reduction and containment steps. We acted to lower or hold expenses until the volume outlook became clearer. We froze hiring and wages, eliminated our temporary production work force, repaced capital spending, and prioritized the timing of initiative program spending. As the outlook for the upcoming year continues to be soft with expected declines in revenue, we are currently putting contingency plans in place to address further steps to maximize near-term performance with long-term growth and return objectives.

Our operating expense improvement trend has slowed over the past two years. As we have discussed throughout this report, the deployment of technology and product innovation has been and will continue to be a key focus for us. Historically, capital investments were amortized over an extended period of time. In the new technology-driven business model, however, capital investments impact the income statement much more quickly, driving higher expense levels and greater needs for renewed assets.

Operating Income Operating income totaled $236.0 million, a slight increase over the prior year. The decline in percentage points to revenue resulted from higher operating expenses and reinvestment into growth initiatives. Dollar increases in operating income expected during the second half of fiscal 2001 were limited by the abrupt downturn in the marketplace. As a percent of sales, operating income declined to 10.6 percent in 2001 from 11.7 percent in 2000 and 12.3 percent in 1999.

Other Expenses and Income Other expense was $10.9 million in fiscal 2001, while in 2000 we incurred other expense of $12.9 million. The change is primarily attributable to losses on the disposal of nonproductive assets in fiscal 2000, offset in part by higher interest expense in fiscal 2001. To fund future investments, attain capital structure objectives, and provide for financial flexibility, interest-bearing debt has increased through the

issuance of our long-term public debt offering executed during the fourth quarter. An expanded explanation of our improved debt structure appears in the Liquidity and Capital Resources section of this report. Interest expense increased to $16.8 million, as compared to $13.4 million last year. At the end of fiscal 2001, interest-bearing debt was $259.3 million, an increase of $33.7 million from fiscal 2000.

Fiscal 1999 results included gains on the sale of our Grandville, Michigan, and Roswell, Georgia, sites, as well as excess land in Chippenham, U.K. In total, these disposals contributed a net $6.9 million pretax gain.

Income Taxes Our effective tax rate was 36.0 percent in 2001, compared to 37.0 percent and 38.3 percent in 2000 and 1999, respectively. The lower tax rate is due to lower state taxes, international tax benefits, and other initiatives. We expect the effective tax rate for fiscal 2002 to be approximately equal to the past year.

Liquidity and Capital Resources The table below shows certain key cash flow and capital highlights:

(In Millions)	2001	2000	1999
Cash and cash equivalents	$ 151.8	$ 95.8	$ 80.0
Cash from operating activities	$ 211.8	$ 202.1	$ 205.6
Capital expenditures	$ 105.0	$ 135.7	$ 103.4
Debt-to-EBITDA ratio	.8	.7	.5
EBITDA-to-interest expense ratio	19.9	23.3	41.0
EVA capital	$ 879.8	$ 751.8	$ 577.1
NOPAT to EVA capital	18.3%	21.3%	26.3%

Our cash flow from operations increased 4.8 percent in 2001, to $211.8 million, from last year’s $202.1 million. Higher volume and depreciation, offset by increased working capital investment of $26.1 million, drove the change. The change in working capital was caused by a favorable decline in receivables that was more than offset by the combination of lower trade payables and accrued taxes.

Fiscal 2001 capital expenditures were primarily for investments in our customer-centered selling technology platform, equipment for operational enhancements, and new product commercialization. The $30.7 million dollar decrease in cash outlay resulted from the completion of many projects related to initial sales tool technology, reprioritization or delayed spending, and our ERP implementation. At the end of the fiscal year, $60.1 million of capital was committed for future expenditures to continue strengthening our strategic position.

We expect capital expenditures to be between $110 million and $130 million in 2002. The largest planned expenditures will be for expanded customer-development tools, manufacturing improvements, and new product manufacturing support.

During the fourth quarter of fiscal 2001, we completed an initial public debt offering, raising $175 million through 10-year notes with a 7.125 percent coupon rate. There remains $125 million available on the shelf registration filed in May 2000. The proceeds from the debt offering were used primarily to repay borrowings on the $300 million revolving credit facility. Our available credit, combined with our existing cash and expected cash flow, is adequate to fund our day-to-day operations, strategic investments, and share repurchases. Going forward, we will manage our capital structure according to one overriding tenet: We will ensure the financial strength and flexibility necessary to maintain an investment-grade rating on our debt, including the

maintenance of a minimum EBITDA-to-interest expense ratio and a maximum debt-to-EBITDA ratio. (EBITDA stands for Earnings Before Interest Expense, Taxes, Depreciation, and Amortization.)

During the past year, we increased our owned dealer network through one acquisition and established two alliances that will capitalize on our SQA dealers and contribute to earnings. In 2000, we acquired Geiger, a manufacturer of wood casegood products; this acquisition included a sales office in the United Kingdom. We also acquired a privately owned North American dealer as part of our service strategy. We will continue to investigate acquisitions and alliances to fill strategically identified gaps in our product offering.

Common Stock Transactions

(In Millions, Except Share and Per Share Data)	2001	2000	1999
Shares acquired	3,322,174	3,734,623	8,379,444
Cost of shares acquired	$ 94.2	$ 90.1	$ 167.5
Weighted average cost per share acquired	$ 28.35	$ 24.12	$ 19.99
Shares issued	1,283,358	2,227,154	958,347
Weighted average cost per share issued	$ 17.92	$ 21.75	$ 16.18
Cash dividends	$ 11.1	$ 11.5	$ 12.0
Dividends per share	$ .15	$ .15	$ .15

The Board of Directors first authorized the company to repurchase its common stock in 1984 and has periodically renewed its authorization. In fiscal 2001, repurchases of common stock totaled 3.3 million shares for $94.2 million, compared to 3.7 million shares for $90.1 million during fiscal 2000. Management and the Board of Directors believe the share repurchase program is an excellent means of returning value to our shareholders and preventing dilution from employee-ownership programs and shares issued in acquisitions. In September 1999, our Board of Directors approved an additional $50 million, and in July 2000, they approved an additional $100 million for share repurchases. At the end of fiscal 2001, $32.9 million remained on our authorization. In July 2001, our Board authorized a new $100 million share repurchase plan, bringing the total outstanding to $132.9 million.

CONTINGENCIES

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. The GSA is permitted to audit the company's compliance with the GSA contracts. At any point in time, a number of GSA audits are either scheduled or in progress. Management does not expect resolution of the audits to have a material adverse effect on the company's consolidated financial statements.

We are not aware of any other litigation or threatened litigation that would have a material impact on the company's consolidated financial statements.

CONCLUSION

We are in a period of rapid, fundamental change in the office furniture industry, and we are determined to lead the way. As we have described our strategic intent to you throughout this document, we hope that you have a

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better understanding of how we are creating new value for our shareholders and employee-owners. Leading the way is always a higher-risk approach than following the pack, but we believe our methodology safeguards the company's existing value while it also allows us to pursue a higher-return business model. While we did not achieve all of our objectives last year, significant progress was made toward fully realizing our goals. We believe fiscal 2001 allowed us to build a winning platform for successes yet to come. We are more optimistic than ever about our long-term future. While fiscal 2002 will hold many challenges, Herman Miller will continue to lead in design-focused innovation, expanding and establishing new reference points for the industry.

BASIS OF PRESENTATION

The condensed consolidated financial statements included in this report do not conform to financial statement standards under accounting principles generally accepted in the United States largely because they are summaries and omit footnotes to the statements. Audited financial statements, prepared in conformity with accounting principles generally accepted in the United States, appear in the company's Form 10-K.

When considering year-over-year growth statistics, keep in mind that Herman Miller's fiscal year 2001 contained 52 weeks, compared to 53 weeks in fiscal 2000 and 52 weeks in fiscal 1999.

FORWARD-LOOKING STATEMENTS

This discussion and other sections of our Summary Annual Report contain 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," "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. 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.

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The company has no material financial exposure to the various financial instrument market risks covered under this item. Foreign currency exchange rate fluctuations related to the company's international operations did not have a material impact on the financial results of the company during fiscal 2001. The company has no material sensitivity to changes in foreign currency exchange rates. For fixed rate debt, changes in interest rates generally affect the fair market value, but not earnings or cash flows. The company does not have an obligation to prepay fixed rate debt prior to maturity, and as a result, interest rate risk and changes in fair market value should not have a significant impact on such debt until the company would be required to refinance it. For further information, refer to the Fair Value of Financial Instruments and Financial Instruments with Off-Balance-Sheet Risk disclosures in the Notes to the Consolidated Financial Statements filed as part of this report.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

QUARTERLY FINANCIAL DATA

Summary of the quarterly operating results on a consolidated basis:

(In Millions, Except Per Share Data)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
JUNE 2, 2001				
Net Sales(1)	$ 547.9	$ 616.3	$ 561.0	$ 511.0
Gross margin(1)	182.0	210.0	184.8	178.9
Net income(2)	32.5	42.3	33.0	32.8
Earnings per share-diluted(2)	$ .41	$ .54	$ .43	$ .43
JUNE 3, 2000				
Net sales(1)	$ 490.0	$ 481.4	$ 497.9	$ 540.9
Gross margin(1)	169.7	165.3	162.0	183.4
Net income	35.2	33.0	31.8	39.7
Earnings per share-diluted	$ .43	$ .41	$ .40	$ .50
MAY 29, 1999				
Net sales(1)	$ 462.9	$ 479.8	$ 438.1	$ 447.6
Gross margin(1)	162.7	169.3	148.1	161.5
Net income	34.0	38.9	29.9	39.0
Earnings per share-diluted	$ .39	$ .45	$ .35	$ .48

(1) Amounts have been restated as a result of adopting Emerging Issues Task Force Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs" ("EITF 00-10"). Adoption of EITF 00-10 took place in the fourth quarter of fiscal 2001 and involved the reclassification to cost of sales of certain shipping and handling related costs which were previously reported as components of net sales and operating expenses. (2) The first quarter of 2001 includes a pre-tax charge of $5.4 million ($3.5 million after tax, or $.05 per diluted share) for the cumulative effect of a change in accounting principle for pensions. Previously reported net income and diluted earnings per share for the first quarter were $36.0 million and $.46, respectively.

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CONSOLIDATED STATEMENTS OF INCOME

(In Millions, Except Per Share Data)	June 2, 2001	June 3, 2000	May 29, 1999
Net Sales	$ 2,236.2	$ 2,010.2	$ 1,828.4
Cost of Sales	1,480.5	1,329.8	1,186.8
Gross Margin	**755.7**	**680.4**	**641.6**
Operating Expenses:			
Selling, general, and administrative	475.4	404.4	379.3
Design and research	44.3	41.3	38.0
Total Operating Expenses	519.7	445.7	417.3
Operating Income	236.0	234.7	224.3
Other Expenses (Income):			
Interest expense	16.8	13.4	7.3
Interest income	(7.0)	(6.4)	(7.1)
Other, net	1.1	5.9	(5.8)

Net Other Expenses (Income)	10.9	12.9	(5.6)
Income from Continuing Operations Before Income Taxes	225.1	221.8	229.9
Income Taxes on Income from Continuing Operations	81.0	82.1	88.1
Income Before Cumulative Effect of a Change In Accounting Principle	144.1	139.7	141.8
Cumulative Effect of a Change in Accounting Principle for Pensions, net of tax of $1.9	3.5	—	—
Net Income	**$ 140.6**	**$ 139.7**	**$ 141.8**
Earnings Per Share—Basic:			
Earnings Before Cumulative Effect of a Change In Accounting Principle	$ 1.88	$ 1.76	$ 1.69
Cumulative Effect of a Change in Accounting Principle, net of tax	(.05)	—	—
Earnings Per Share—Basic	$ 1.83	$ 1.76	$ 1.69
Earnings Per Share—Diluted:			
Earnings Before Cumulative Effect of a Change In Accounting Principle	$ 1.86	$ 1.74	$ 1.67
Cumulative Effect of a Change in Accounting Principle, net of tax	(.05)	—	—
Earnings Per Share—Diluted	$ 1.81	$ 1.74	$ 1.67
Pro Forma Amounts Assuming Retroactive Application of a Change in Accounting Principle for Pensions:			
Net Income	$ 144.1	$ 138.1	$ 139.9
Earnings Per Share—Basic	$ 1.88	$ 1.74	$ 1.67
Earnings Per Share—Diluted	$ 1.86	$ 1.71	$ 1.65

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(In Millions, Except Share and Per Share Data)	**June 2, 2001**	**June 3, 2000**
Assets		
Current Assets:		
Cash and cash equivalents	$ 151.8	$ 95.8
Accounts receivable, less allowances of $19.1 in 2001, and $17.7 in 2000	212.6	227.2
Inventories	55.9	53.7
Prepaid expenses and other	54.5	48.6
Total Current Assets	**474.8**	**425.3**
Property and Equipment:		
Land and improvements	28.8	28.0
Buildings and improvements	163.2	152.3
Machinery and equipment	615.6	540.1
Construction in progress	32.3	50.8
	839.9	771.2
Less: accumulated depreciation	430.9	372.5
Net Property and Equipment	**409.0**	**398.7**
Notes Receivable, less allowances of $2.6 in 2001, and $4.2 in 2000	13.3	22.6
Other Assets	99.4	94.6
Total Assets	**$ 996.5**	**$ 941.2**
Liabilities and Shareholders' Equity		
Current Liabilities:		
Unfunded checks	$ 21.2	$ 26.5
Current portion of long-term debt	23.3	25.1

Notes payable	3.1	122.7
Accounts payable	95.6	114.2
Accrued liabilities	166.4	185.5
Total Current Liabilities	**309.6**	**474.0**
Long-Term Debt, less current portion above	232.9	77.8
Other Liabilities	102.5	94.9
Total Liabilities	**645.0**	**646.7**
Shareholders' Equity:		
Preferred stock, no par value (10,000,000 shares authorized, none issued)	—	—
Common stock, $.20 par value (240,000,000 shares authorized, 76,019,575 and 78,298,392 shares issued and outstanding in 2001 and 2000)	15.2	15.6
Additional paid-in capital	—	—
Retained earnings	365.6	301.5
Accumulated other comprehensive loss	(17.4)	(13.5)
Key executive stock programs	(11.9)	(9.1)
Total Shareholders' Equity	**351.5**	**294.5**
Total Liabilities and Shareholders' Equity	**$ 996.5**	**$ 941.2**

The accompanying notes are an integral part of these statements.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Millions, Except Share) and Per Share Data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Key Executive Stock Programs	Total Shareholders' Equity
Balance May 30, 1998	**$ 17.4**	**$ —**	**$ 227.5**	**$ (9.4)**	**$ (4.5)**	**$ 231.0**
Net income	—	—	141.8	—	—	141.8
Current year translation adjustment	—	—	—	(1.3)	—	(1.3)
Total comprehensive income						140.5
Cash dividends ($.145 per share)	—	—	(12.0)	—	—	(12.0)
Exercise of stock options	.1	6.7	—	—	—	6.8
Employee stock purchase plan	.1	6.3	—	—	—	6.4
Tax benefit relating to stock options	—	2.0	—	—	—	2.0
Repurchase and retirement of 8,379,444 shares of common stock	(1.7)	(18.6)	(147.2)	—	—	(167.5)
Directors' fees	—	.3	—	—	—	.3
Stock grants earned	—	—	—	—	1.2	1.2
Stock grants issued	—	.4	—	—	(.4)	—
Deferred compensation plan	—	2.9	—	—	(2.9)	—
Stock purchase assistance plan	—	—	—	—	.4	.4
Balance May 29, 1999	**$ 15.9**	**$ —**	**$ 210.1**	**$ (10.7)**	**$ (6.2)**	**$ 209.1**
Net income	—	—	139.7	—	—	139.7
Current year translation adjustment	—	—	—	(2.8)	—	(2.8)
Total comprehensive income						136.9
Cash dividends ($.145 per share)	—	—	(11.5)	—	—	(11.5)
Issuance of 1,312,187 shares of common stock for Geiger Brickel, Inc., acquisition	.3	32.3	—	—	—	32.6
Exercise of stock options	.1	10.9	—	—	—	11.0
Employee stock purchase plan	—	4.4	—	—	—	4.4
Tax benefit relating to stock options	—	1.5	—	—	—	1.5
Repurchase and retirement of 3,734,623 shares of common stock	(.7)	(52.6)	(36.8)	—	—	(90.1)
Directors' fees	—	.1	—	—	—	.1
Stock grants earned	—	—	—	—	.7	.7

Stock grants issued	—	.2	—	—	(.3)	(.1)
Deferred compensation plan	—	3.2	—	—	(3.2)	—
Stock purchase assistance plan	—	—	—	—	(.1)	(.1)
Balance June 3, 2000	**$ 15.6**	**$ —**	**$ 301.5**	**$ (13.5)**	**$ (9.1)**	**$ 294.5**
Net income	—	—	140.6	—	—	140.6
Current year translation adjustment	—	—	—	(3.9)	—	(3.9)
Total comprehensive income						136.7
Cash dividends ($.145 per share)	—	—	(11.1)	—	—	(11.1)
Exercise of stock options	.3	16.1	—	—	—	16.4
Employee stock purchase plan	—	4.5	—	—	—	4.5
Tax benefit relating to stock options	—	3.6	—	—	—	3.6
Repurchase and retirement of 3,322,174 shares of common stock	(0.7)	(28.1)	(65.4)	—	—	(94.2)
Directors' fees	—	.2	—	—	—	.2
Stock grants earned					1.1	1.1
Stock grants issued	—	1.5	—	—	(1.7)	(.2)
Deferred compensation plan	—	2.2	—	—	(2.2)	—
Balance June 2, 2001	**$ 15.2**	**$ —**	**$ 365.6**	**$ (17.4)**	**$ (11.9)**	**$ 351.5**

The accompanying notes are an integral part of these statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)	June 2, 2001	June 3, 2000	May 29, 1999
Cash Flows from Operating Activities:			
Net Income	$ 140.6	$ 139.7	$ 141.8
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of a change in accounting principle for pensions, net of tax	3.5	—	—
Other	67.7	62.4	63.8
Net Cash Provided by Operating Activities	**211.8**	**202.1**	**205.6**
Cash Flows from Investing Activities:			
Notes receivable repayments	639.4	486.7	491.0
Notes receivable issued	(628.4)	(490.6)	(486.5)
Property and equipment additions	(105.0)	(135.7)	(103.4)
Proceeds from sales of property and equipment	.1	.4	28.9
Net cash paid for acquisitions	—	(5.9)	(4.7)
Other, net	(5.5)	(5.8)	(15.9)
Net Cash Used for Investing Activities	**(99.4)**	**(150.9)**	**(90.6)**
Cash Flows from Financing Activities:			
Short-term debt borrowings	499.9	782.3	65.6
Short-term debt repayments	(618.9)	(710.8)	(38.6)
Long-term debt borrowings	175.0	—	.1
Long-term debt repayments	(25.0)	(17.9)	(10.1)
Dividends paid	(11.1)	(11.5)	(12.2)
Common stock issued	20.9	15.4	13.5
Common stock repurchased and retired	(94.2)	(90.1)	(167.5)
Net Cash Used for Financing Activities	**(53.4)**	**(32.6)**	**(149.2)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3.0)	(2.8)	(1.1)
Net Increase (Decrease) in Cash and Cash Equivalents	56.0	15.8	(35.3)
Cash and Cash Equivalents, Beginning of Year	95.8	80.0	115.3
Cash and Cash Equivalents, End of Year	**$ 151.8**	**$ 95.8**	**$ 80.0**

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 wholly owned domestic and foreign subsidiaries (the company). All significant intercompany accounts and transactions have been eliminated.

Description of Business The company researches, designs, manufactures and distributes interior furnishings and provides related services that support companies all over the world. The company’s products are sold primarily to or through independent contract office furniture dealers. Accordingly, accounts and notes receivable in the accompanying balance sheets principally are amounts due from the dealers.

Fiscal Year The company’s fiscal year ends on the Saturday closest to May 31. The year ended June 2, 2001, contained 52 weeks, whereas the year ended June 3, 2000, contained 53 weeks. The year ended May 29, 1999, contained 52 weeks.

Foreign Currency Translation The functional currency for most foreign subsidiaries is the local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the United States dollar at current exchange rates and revenue and expense accounts using average exchange rates for the period are included as a separate component of shareholders’ equity. Gains or losses arising from remeasuring all foreign currency transactions into the appropriate currency are included in determining net income.

Cash Equivalents The company invests in certain debt and equity securities as part of its cash management function. Due to the relative short-term maturities and high liquidity of these securities (consisting primarily of money market investments and time deposits), they are included in the accompanying consolidated balance sheets as cash equivalents at market value and totaled $117.9 million and $67.5 million as of June 2, 2001, and June 3, 2000, respectively. The company’s cash equivalents are considered “available for sale.” As of June 2, 2001, and June 3, 2000, the market value approximated the securities’ cost. 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.

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 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 of 5 years or less.

Notes Receivable The notes receivable are primarily from certain independent contract office furniture dealers. The notes are collateralized by the assets of the dealers and bear interest based on the prevailing

prime rate. Interest income relating to these notes was $2.2, $1.9, and $3.0 million in 2001, 2000, and 1999, respectively.

Long-Lived Assets The company assesses the recoverability of its long-lived assets 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 cash flows (undiscounted and 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. If the assets being tested for recoverability were acquired in a purchase business combination, the goodwill that arose in that transaction is included in the asset group’s carrying values on a pro-rata basis using the relative fair values.

In situations where goodwill and intangible balances remain after applying the impairment measurements to business unit asset groupings under Statement of Financial Accounting Standards (SFAS) No. 121, the company assesses the recoverability of the remaining balances at the enterprise level under the provisions of Accounting Principles Board (APB) Opinion 17. Applying these provisions, when the estimated undiscounted future operating income (before interest and amortization) for individual business units is not sufficient to recover the remaining carrying value over the remaining amortization period, the company recognizes an impairment loss for the excess.

No significant impairments were provided for in 2001, 2000, or 1999.

Intangible assets included in other assets consist mainly of goodwill, patents, and other acquired intangibles, and are carried at cost, less applicable amortization of $24.9 and $21.8 million in 2001 and 2000, respectively. These assets are amortized using the straight-line method over periods of 5 to 20 years.

In June 2001, the Financial Accounting Standards Board finalized Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." This statement is effective for the company's fiscal year beginning June 2, 2002, however; early adoption is permitted if the election is made in the first quarter of fiscal 2002. Upon adoption of this standard, pre-existing goodwill is no longer subject to amortization; however companies will be required to perform an annual fair-value-based analysis to determine whether the value of goodwill has been impaired. The company's pre-tax goodwill amortization expense in fiscal 2001 totaled $3.6 million. The company is currently evaluating the timing of adoption and its effects on the company's financial statements.

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. The resulting book overdraft position is included in current liabilities as unfunded checks.

Self-Insurance The company is partially self-insured for general liability, workers' compensation, and certain employee health benefits. The general and workers' compensation liabilities are managed through a wholly owned insurance captive; the related liabilities are included in the accompanying consolidated financial statements. The company's policy is to accrue amounts equal to the actuarially determined liabilities. 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 in the near term.

Research, Development, Advertising, and Other Related Costs Research, development, advertising materials, preproduction and start-up costs are expensed as incurred. Research and development costs consist of expenditures incurred during the course of planned search and investigation aimed at discovery of new knowledge that will be useful in developing new products or processes, or significantly enhancing 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 statements of income, were $37.2, $35.1, and $33.4 million in 2001, 2000, and 1999, 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.

Earnings per Share Basic earnings per share (EPS) exclude the dilutive effect of common shares that could potentially be issued, due to the exercise of stock options, and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed by dividing net income by the weighted-average number of shares outstanding plus all dilutive shares that could potentially be issued.

Revenue Recognition Revenues are recorded when product is shipped and invoiced and performance of services is complete.

Comprehensive Income The company's comprehensive income consists of net income and foreign currency translation adjustments.

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.

New Accounting Standards In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability, measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. SFAS 133, as amended by SFAS Nos. 137 and 138, is effective for the company's fiscal year 2002. The company adopted this Statement for its fiscal year beginning June 3, 2001. Adoption of this Statement did not have a material impact on the company's financial statements.

In September 2000, the Emerging Issues Task Force released its final consensus on Issue No. 00-10, "Accounting for Shipping and Handling Fees and Costs" ("EITF 00-10"). This consensus provides guidance on

the classification of revenues and expenses related to shipping and handling activities. The company adopted EITF 00-10 effective with the fourth quarter 2001 and has restated prior periods to reflect the reclassification to cost of sales of certain shipping and handling related costs which were previously reported as components of net sales and operating expenses.

Reclassifications Certain prior year information has been reclassified to conform to the current year presentation.

ACQUISITIONS AND DIVESTITURES

The company made several acquisitions during the past three years, all of which were recorded using the purchase method of accounting. Accordingly, the purchase price of these acquisitions has been allocated to the assets acquired and liabilities assumed based on the estimated fair values at the date of the acquisition. The cost of the acquisitions in excess of net identifiable assets acquired has been recorded as goodwill.

Effective July 30, 1999, the company acquired Geiger Group, Inc. ("Geiger"), a manufacturer of high-quality wood furnishings for the contract furniture industry, including casegoods, freestanding furniture, and seating. The acquisition was completed for $5.0 million in cash and the issuance of 1,312,187 shares of Herman Miller, Inc., stock to Geiger's shareholders. The excess of purchase price over the estimated fair market value of net assets acquired of approximately $24.8 million was recorded as goodwill. Additional purchase price may be paid based on Geiger's operating results over the three-year period ending on July 18, 2002. The operating results of Geiger have been included in the consolidated financial statements of the company since the date of acquisition. If this purchase had been effective May 31, 1998, there would have been no material effect on the company's results of operations and financial condition for fiscal 2000 or 1999.

During 2001, 2000 and 1999, the company purchased various privately owned North American dealers. The results of the acquisitions were not material to the company's consolidated operating results.

INVENTORIES

(In Millions)	2001	2000
Finished products	$ 22.5	$ 20.5
Work in process	11.1	13.2
Raw materials	22.3	20.0
	$ 55.9	$ 53.7

Inventories are valued at the lower of cost or market and include material, labor, and overhead. The inventories of certain subsidiaries are valued using the last-in, first-out (LIFO) method. The inventories of all other subsidiaries are valued using the first-in, first-out method. Inventories valued using the LIFO method amounted to $16.7 and $18.0 million at June 2, 2001, and June 3, 2000, respectively.

If all inventories had been valued using the first-in, first-out method, inventories would have been $12.5 and $12.7 million higher than reported at June 2, 2001, and June 3, 2000, respectively.

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PREPAID EXPENSES AND OTHER

(In Millions)	2001	2000
Current deferred income taxes	$ 21.5	$ 21.3
Other	33.0	27.3
	$ 54.5	$ 48.6

ACCRUED LIABILITIES

(In Millions)	2001	2000
Compensation and employee benefits	$ 51.7	$ 60.1
Income taxes	33.2	41.7
Unearned revenue	19.1	19.8
Warranty reserves	23.3	23.9
Other	39.1	40.0
	$ 166.4	$ 185.5

OTHER LIABILITIES

(In Millions)	2001	2000
Pension benefits	$ 47.9	$ 40.9
Postretirement benefits	9.3	9.3
Other	45.3	44.7
	$ 102.5	$ 94.9

NOTES PAYABLE

(In Millions)	2001	2000
U.S. dollar currencies	$ —	$ 114.0
Non-U.S. dollar currencies	3.1	8.7
	$ 3.1	$ 122.7

The following information relates to short-term borrowings in 2001:

(In Millions)	Domestic	Foreign
Weighted-average interest rate at June 2, 2001	N/A	5.9%
Weighted-average interest rate at June 3, 2000	6.9%	5.5%
Weighted-average interest rate during 2001	6.8%	6.7%
Unused short-term credit lines	$ 200.0	$ —

The company has available an unsecured revolving credit loan that provides for $200.0 million. The loan permits borrowings in multiple currencies and matures on April 16, 2005. Outstanding borrowings bear interest, at the option of the company, at rates based on the prime rate, certificates of deposit, LIBOR, or negotiated rates. Interest is payable periodically throughout the period a borrowing is outstanding. During 2001 and 2000, the company borrowed at the LIBOR contractual rate or other negotiated rates.

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In addition to the company's formal short-term credit lines shown above, the company has available informal lines of credit totaling $20.0 million.

LONG-TERM DEBT

(In Millions)	2001	2000
Series A senior notes, 6.37%, due March 5, 2006	$ 50.0	$ 60.0
Series B senior notes, 6.08%, due March 5, 2001	—	15.0
Series C senior notes, 6.52%, due March 5, 2008	15.0	15.0
Debt securities, 7.13%, due March 15, 2011	175.0	—
Other	16.2	12.9
	256.2	102.9
Less current portion	23.3	25.1
	$ 232.9	$ 77.8

The company has a private placement of $100.0 million of senior notes with seven insurance companies of which $65.0 million was outstanding at June 2, 2001. The Series C notes have interest-only payments until March 5, 2004.

Provisions of the senior notes and the unsecured senior revolving credit loan restrict, without prior consent, the company's borrowings, long-term leases, and 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 June 2, 2001, the company was in compliance with all of these provisions.

On May 5, 2000, the company filed a shelf registration on a form S-3 registration statement with the Securities and Exchange Commission (SEC), under file number 333-36442, for the sale of up to $300 million in debt securities. The form S-3 registration statement was declared effective on June 2, 2000. On March 6, 2001, debt securities totaling $175 million, of the $300 million registered, were sold. These Notes mature on March 15, 2011, and bear an annual interest rate of 7.125 percent, with interest payments due semi-annually. The net proceeds from the sale of these securities were used for the repayment of outstanding domestic borrowings under the company's revolving credit facility and for general corporate purposes.

Annual maturities of long-term debt for the five years subsequent to June 2, 2001 (in millions), are as follows: 2002–$23.3; 2003–$10.7; 2004–$13.7; 2005–$13.7; 2006–$13.7; thereafter–$181.1.

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 initial or remaining noncancellable lease terms in excess of one year as of June 2, 2001, are as follows (in millions): 2002–$26.7; 2003–$21.0; 2004–$16.8; 2005–$12.3; 2006–$8.2; thereafter–$1.7.

Total rental expense charged to operations was $32.4, $28.3, and $17.6 million in 2001, 2000, and 1999, respectively. Substantially all such rental expense represented the minimum rental payments under operating leases.

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EMPLOYEE BENEFIT PLANS

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

Pension Plans The principal domestic 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.

In addition to the domestic plan and the retiree healthcare and life insurance plan, one of Herman Miller, Inc.'s wholly owned foreign subsidiaries has a defined-benefit pension plan which is based upon an average final pay benefit calculation. The plan has not been amended and is included in the following information.

During the fourth quarter of 2001, the company changed its method of determining the market-related value of its plan assets from the fair-value method to a calculated-value method, which recognizes the changes in the fair value of the plan assets on a systematic basis over a five-year period. This new method provides for better matching of the value of plan assets and liabilities under the cash balance retirement plan. Additionally, this method is consistent with that being used by many other manufacturing companies. The impact of this change is reported as a change in accounting principle for pensions, with a cumulative, pre-tax charge of $5.4 million, recorded retroactively, to the beginning of fiscal year 2001.

(In Millions)	**Pension Benefits**		**Postretirement Benefits**	
	2001	**2000**	**2001**	**2000**
Change in benefit obligations				
Benefit obligations at beginning of year	$ 231.0	$ 217.4	$ 10.4	$ 10.8
Service cost	12.4	10.8	—	—
Interest cost	16.6	15.8	.8	.7
Actuarial (gain) loss	(8.1)	(2.1)	1.5	(.1)
Benefits paid	(11.7)	(10.9)	(1.1)	(1.0)
Benefit obligations at end of year	240.2	231.0	11.6	10.4
Change in plan assets				
Fair value of plan assets at beginning of year	288.5	252.1	—	—
Actual return on plan assets	(58.1)	45.6	—	—
Employer contribution	2.3	1.7	1.1	1.0
Benefits paid	(11.7)	(10.9)	(1.1)	(1.0)
Fair value of plan assets at end of year	221.0	288.5	—	—
Funded status	(20.6)	57.5	(11.6)	(10.4)
Unrecognized transition amount	(.4)	(.9)	—	—
Change in unrecognized net loss from revaluation of market-related value of assets	5.4	—	—	—
Unrecognized net actuarial (gain) loss	5.5	(59.3)	1.9	.4
Unrecognized prior service cost	(35.2)	(38.2)	.6	.7
Accrued benefit cost	$ (45.3)	$ (40.9)	$ (9.1)	$ (9.3)
Weighted average assumptions				
Discount rate	7.25%	7.75%	7.25%	7.75%
Expected return on plan assets	9.50%	9.00%	N/A	N/A
Rate of compensation increase	4.50%	5.00%	N/A	N/A

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For measurement purposes, a 10.0 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2001. The rate was assumed to decrease gradually to 5.5 percent by 2010 and remain at that level thereafter.

(In Millions)	**Pension Benefits**			**Postretirement Benefits**		
	2001	**2000**	**1999**	**2001**	**2000**	**1999**

Components of net periodic benefit cost:						
Service cost	$ 12.4	$ 10.8	$ 11.5	$ —	$ —	$ —
Interest cost	16.6	15.8	14.3	.8	.7	.7
Expected return on plan assets	(22.9)	(23.1)	(20.9)	—	—	—
Net amortization	(4.4)	(3.0)	(4.2)	.1	.1	.1
Net periodic benefit cost	$ 1.7	$ .5	$ .7	$ .9	$ .8	$ .8

A one-percentage-point increase in assumed healthcare cost trend rates would have increased the accumulated postretirement benefit obligation at June 2, 2001 by $.7 million. A one-percentage-point decrease would have decreased the accumulated postretirement benefit obligation at June 2, 2001 by $.6 million.

Plan assets consist primarily of listed common stocks, mutual funds, and corporate obligations. Plan assets at both June 2, 2001 and June 3, 2000 included 1,043,619 shares of Herman Miller, Inc., common stock.

Profit Sharing and 401(k) Plan Domestically, Herman Miller, Inc. has a trusteed profit sharing plan that includes substantially all employees. These employees are eligible to begin participating at the beginning of the quarter following 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 EVA performance. The cost of the plan charged against operations was $5.4, $5.6, and $14.0 million in 2001, 2000, and 1999, respectively.

Effective December 1, 1998, the company began to match the employees' contributions to their 401(k) accounts. The amount matched is equal to half of the employees' contribution up to the first 6.0 percent of the employees' pay. The company's contributions charged against operations were $2.9, $3.2, and $2.9 million in fiscal 2001, 2000, and 1999, respectively.

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 years:

(In Millions, Except Shares)	2001	2000	1999
Numerators:			
Numerators for both basic and diluted EPS, net income	$ 140.6	$ 139.7	$ 141.8
Denominators:			
Denominators for basic EPS, weighted-average common shares outstanding	76,663,746	79,526,026	83,734,707
Potentially dilutive shares resulting from stock option plans	983,565	1,005,257	1,096,375
Denominator for diluted EPS	77,647,311	80,531,283	84,831,082

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Certain exercisable stock options were not included in the computations of diluted EPS because the option prices were greater than average quarterly market prices for the periods presented. The number of stock options outstanding at the end of each year presented which were not included in the calculation of diluted EPS and the ranges of exercise prices were: 2,406,140 at $25.81—$32.50 in 2001; 1,368,832 at $26.75—$32.50 in 2000; and 3,346,421 at $19.88—$32.50 in 1999.

STOCK PLANS

Under the terms of the company's 1995 Employee Stock Purchase Plan, 4.1 million shares of authorized common stock were reserved for purchase by plan participants at 85.0 percent of the market price. At June 2, 2001, 2,740,062 shares remained available for purchase through the plan, and there were 9,823 employees eligible to participate in the plan, of which 2,880, or 29.3 percent, were participants. During 2001, 2000, and 1999, employees purchased 204,223 shares for the weighted-average fair value of $22.84; 214,307 shares for the weighted-average fair value of $20.51; and 253,076 shares for the weighted-average fair value of $17.37, respectively.

The company has stock option plans under which options are granted to employees and nonemployee officers and directors at a price not less than the market price of the company's common stock on the date of grant. All options become exercisable between one year and four years from date of grant and expire 10 years from date of grant. At June 2, 2001, there were 166 employees and 10 nonemployee officers and directors eligible. At June 2, 2001, there were 3,366,863 shares available for future options.

The company's Long-Term Incentive Plan, along with the Nonemployee Officer and Director Stock Option Plan, authorizes reload options. Reload options provide for the purchase of shares equal to the number of shares delivered upon exercise of the original options plus the number of shares delivered to satisfy the tax liability incurred in the exercise. The reload options retain the expiration date of the original options; however, the exercise price must equal the fair market value on the date the reload options are granted. During fiscal 2001, 2000, and 1999, 357,517, 260,018, and 252,998 reload options, respectively, were automatically granted.

A summary of shares subject to options follows:

	2001 Shares	2001 Weighted-Average Exercise Prices	2000 Shares	2000 Weighted-Average Exercise Prices	1999 Shares	1999 Weighted-Average Exercise Prices
Outstanding at beginning of year:	5,238,504	$ 20.89	4,899,767	$ 19.67	3,463,814	$ 14.19
Granted	1,910,206	$ 26.17	1,344,900	$ 23.98	2,174,247	$ 26.50
Exercised	(782,357)	$ 17.95	(685,983)	$ 16.11	(676,584)	$ 13.01
Terminated	(101,333)	$ 26.10	(320,180)	$ 25.47	(61,710)	$ 25.86
Outstanding at end of year:	6,265,020	$ 22.78	5,238,504	$ 20.89	4,899,767	$ 19.67
Exercisable at end of year:	3,685,579	$ 21.11	3,279,665	$ 19.35	2,744,960	$ 14.33
Weighted-average fair-market value of options granted		$ 9.96		$ 8.86		$ 8.71

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A summary of stock options outstanding at June 2, 2001, follows:

	Outstanding Stock Options			Exercisable Stock Options	
	Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Prices	Shares	Weighted-Average Exercise Prices
$4.66—$22.50	2,134,160	5.49 years	$ 15.17	1,481,660	$ 12.02
$23.19—$27.36	2,879,622	8.32 years	$ 25.46	962,281	$ 24.16
$27.50—$32.50	1,251,238	6.62 years	$ 29.61	1,241,638	$ 29.61
Total	6,265,020	7.02 years	$ 22.78	3,685,579	$ 21.11

The company accounts for its employee stock purchase plan and its stock option plans under APB Opinion 25; therefore, no compensation costs are recognized when employees purchase stock or when stock options are granted or exercised. If compensation costs had been computed under SFAS No. 123, “Accounting for Stock-Based Compensation,” the company’s net income and earnings per share would have been reduced by approximately $12.2 million, or $.16 per share in 2001, $7.5 million, or $.09 per share in 2000, and $12.8 million, or $.15 per share in 1999.

For purposes of computing compensation costs of stock options granted, the fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	2001	2000	1999
Risk-free interest rates	4.46%—6.26%	5.50%–6.71%	4.39%–5.48%
Expected term of options	3 years	3–4 years	3–5 years
Expected volatility	49%—50%	46%–50%	37%–46%
Dividend yield	.5%	.5%	.5%

Black-Scholes is a widely accepted stock option pricing model; however, the ultimate value of stock options granted will be determined by the actual lives of options granted and future price levels of the company’s common stock.

KEY EXECUTIVE AND DIRECTOR STOCK PROGRAMS

Restricted Stock Grants The company grants restricted common stock to certain key employees. Shares are awarded 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 forfeiture provisions on the awards expire annually, over a period not to exceed six years, as certain financial goals are achieved. During fiscal 2001, 49,841 shares were granted under the company’s long-term incentive plan, no shares were forfeited, and the forfeiture provisions expired on 18,848 shares. As of June 2, 2001, 41,531 shares remained subject to forfeiture provisions and restrictions on transferability. During fiscal 2000, 10,513 shares were granted, 1,980 shares were forfeited, and the forfeiture provisions expired on 63,894 shares. During fiscal 1999, 8,100 shares were granted, none were forfeited, and the forfeiture provisions expired on 72,174 shares.

The remaining shares subject to forfeiture provisions have been recorded as unearned stock grant compensation and are included as a separate component of shareholders' equity under the caption Key Executive Stock Programs. The unearned compensation is being charged to selling, general, and administrative

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expense over the five-year vesting period and was $1.1, $.7, and $1.2 million in 2001, 2000, and 1999, respectively.

Key Executive Deferred Compensation Plan The company established the Herman Miller, Inc., Key Executive Deferred Compensation Plan, which allows certain executives to defer receipt of all or a portion of their EVA cash incentive. The company may make a matching contribution of 30 percent of the executive's contribution up to 50 percent of the deferred EVA cash incentive. The company matching contribution vests at the rate of 33 1/3 percent annually. In accordance with the terms of the plan, the executive deferral and company matching contribution have been placed in a "Rabbi" trust, which invests solely in the company's common stock. These 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 Stock Programs.

Key Executive Stock Purchase Assistance Plan The company adopted a key executive stock purchase assistance plan whereby the company may extend credit to officers and key executives to purchase the company's stock through the exercise of options or on the open market. These loans are secured by the shares acquired and are repayable under full recourse promissory notes. The sale or transfer of shares is restricted for five years after the loan is fully paid. The plan provides for the key executives to earn repayment of a portion of the notes, including interest, based on meeting annual performance objectives as set forth by the Executive Compensation Committee of the Board of Directors. The notes bear interest at 7.0 percent per annum. Interest is payable annually and principal is due on various dates through September 1, 2008. As of June 2, 2001, the notes outstanding relating to the exercise of options were $.1 million. Notes outstanding related to open-market purchases were $2.3 million and are recorded in other assets. Compensation expense related to earned repayment was $.2 million in 2001, $.4 million in 2000, and $1.7 million in 1999.

Director Fees During fiscal 2000, the Board of Directors approved a plan that allows the Board members to 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 stock options are granted at a price not less than the market price of the company's common stock on the date of grant. Under the plan, the Board members received 42,150 options, 7,710 unrestricted shares, and 11,243 shares through the deferred compensation program during fiscal 2001. In fiscal 2000, Board members received 20,530 options, 6,144 unrestricted shares, and 55,070 shares through the deferred compensation program.

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INCOME TAXES

The components of income from continuing operations before income taxes and cumulative effect of change in accounting are as follows:

(In Millions)	**2001**	**2000**	**1999**
Domestic	$ 204.8	$ 198.7	$ 206.0
Foreign	20.3	23.1	23.9
	$ 225.1	**$ 221.8**	**$ 229.9**

The provision for income taxes consisted of the following:

(In Millions)	**2001**	**2000**	**1999**
Current: Domestic—Federal	$ 68.0	$ 67.6	$ 62.5
Domestic—State	4.5	3.6	4.2
Foreign	7.2	8.9	7.9
	79.7	80.1	74.6
Deferred: Domestic—Federal	.7	1.9	13.7
Domestic—State	.3	.2	(.3)
Foreign	.3	(.1)	.1
	1.3	2.0	13.5
Total income tax provision	**$ 81.0**	**$ 82.1**	**$ 88.1**

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

(In Millions)	2001	2000	1999
Income taxes computed at the United States statutory rate of 35%	$ 78.8	$ 77.6	$ 80.5
Increase (decrease) in taxes resulting from:			
Corporate-owned life insurance	—	—	7.6
State taxes, net	3.1	2.5	2.5
Other	(.9)	2.0	(2.5)
	$ 81.0	**$ 82.1**	**$ 88.1**

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The tax effects and types of temporary differences that give rise to significant components of the deferred tax assets and liabilities at June 2, 2001, and June 3, 2000, are presented below:

(In Millions)	2001	2000
Deferred tax assets:		
Foreign net operating loss carryforwards	$ —	$ .8
Book over tax loss on sale of fixed assets	6.6	6.1
Compensation-related accruals	12.6	11.6
Accrued pension and postretirement benefit obligations	20.2	18.6
Reserves for inventory	3.3	5.0
Reserves for uncollectible accounts and notes receivable	5.4	3.4
Other	25.4	29.2
Valuation allowance	—	(.8)
	$ 73.5	$ 73.9
Deferred tax liabilities:		
Book basis in property in excess of tax basis	$ (12.5)	$ (13.7)
Capitalized software costs	(23.0)	(22.1)
Prepaid employee benefits	(3.4)	(2.9)
Other	(9.4)	(8.7)
	$ (48.3)	$ (47.4)

The company has not provided for United States income taxes on undistributed earnings of foreign subsidiaries totaling $65.4 million. Recording of deferred income taxes on these undistributed earnings is not required, since these earnings have been 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.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the company's financial instruments included in current assets and current liabilities approximates their fair value due to their short-term nature. The fair value of the notes receivable is estimated by discounting expected future cash flows using current interest rates at which similar loans would be made to borrowers with similar credit ratings and remaining maturities. As of June 2, 2001, and June 3, 2000, the fair value of the notes receivable approximated the carrying value. The company intends to hold these notes to maturity and has recorded allowances to reflect the terms negotiated for carrying value purposes. As of June 2, 2001, the carrying value of the company's long-term debt including current maturities was $256.2 million with a corresponding fair market value of $252.2 million. At June 3, 2000, the carrying value and fair market value was $102.9 million and $99.9 million, respectively.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The company utilizes derivative financial instruments to manage its exposure to foreign currency volatility at the transactional level. The majority of these contracts relate to major currencies such as the Japanese yen, the Australian dollar, and the British pound. The exposure to credit risk is minimal, since the counterparties are major financial institutions. The market risk exposure is essentially limited to currency rate movements. The

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gains or losses arising from these financial instruments are applied to offset exchange gains or losses on related hedged exposures. Realized gains or losses in 2000, 1999, and 1998 were not material to the company's results of operations. At June 2, 2001, and June 3, 2000, the company had no outstanding derivative financial instruments.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

The following table presents the adjustments to reconcile net income to net cash provided by operating activities:

(In Millions)	**2001**	**2000**	**1999**
Depreciation and amortization	$ 92.6	$ 77.1	$ 62.1
Provision for losses on accounts and notes receivable	6.6	3.2	4.4
Loss (gain) on sales of property and equipment	5.4	5.0	(6.9)
Deferred taxes	1.3	2.0	13.5
Other liabilities	4.9	(5.7)	4.5
Stock grants earned	1.1	.7	1.2
Changes in current assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	10.6	(24.6)	5.4
Inventories	(2.0)	(14.8)	15.2
Prepaid expenses and other	(5.7)	(2.3)	(6.5)
Increase (decrease) in liabilities:			
Accounts payable	(19.3)	25.4	(11.7)
Accrued liabilities	(27.8)	(3.6)	(17.4)
Total changes in current assets and liabilities	**(44.2)**	**(19.9)**	**(15.0)**
Total adjustments	**$ 67.7**	**$ 62.4**	**$ 63.8**

Cash payments for interest and income taxes were as follows:

(In Millions)	**2001**	**2000**	**1999**
Interest paid	$ 13.5	$ 12.0	$ 8.1
Income taxes paid	$ 80.1	$ 75.8	$ 78.7

CONTINGENCIES

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. The GSA is permitted to audit the company's compliance with the GSA contracts. At any point in time, a number of GSA audits are either scheduled or in progress. Management does not expect resolution of the 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.

OPERATING SEGMENTS

The company is engaged worldwide in the design, manufacture, and sale of office furniture systems, products, and related services through its wholly owned subsidiaries. Throughout the world the product offerings, the production processes, the methods of distribution, and the customers serviced are consistent. The product lines consist primarily of office furniture systems, seating, storage solutions, and casegoods. Management evaluates the company as one operating segment in the office furniture industry.

Sales to customers are attributed to the geographic areas based on the location of the customer. Long-lived assets consist of property and equipment. Geographic information is as follows:

(In Millions)	**2001**	**2000**	**1999**
Net sales:			
United States	$ 1,889.2	$ 1,723.6	$ 1,565.1
International	347.0	286.6	263.3

	$ 2,236.2	**$ 2,010.2**	**$ 1,828.4**
Long-lived assets:			
United States	$ 396.8	$ 386.9	$ 305.4
International	12.2	11.8	11.3
	$ 409.0	**$ 398.7**	**$ 316.7**

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Herman Miller, Inc., (a Michigan Corporation) and subsidiaries as of June 2, 2001, and June 3, 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended June 2, 2001. 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 auditing standards generally accepted in the 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 financial position of Herman Miller, Inc., and subsidiaries as of June 2, 2001 and June 3, 2000, and the results of their operations and their cash flows for each of the three years in the period ended June 2, 2001, in conformity with accounting principles generally accepted in the United States.

As explained in the Employee Benefit Plans note to the consolidated financial statements, effective June 4, 2000, Herman Miller, Inc. changed its method of accounting for pensions.

Arthur Andersen LLP   Grand Rapids, Michigan   June 25, 2001

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MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS
DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS

The consolidated financial statements of Herman Miller, Inc., and subsidiaries were prepared by, and are the responsibility of, management. The statements have been prepared in conformity with accounting principles generally accepted in the United States appropriate in the circumstances and include amounts that are based on management's best estimates and judgments.

The company maintains systems of internal accounting controls designed to provide reasonable assurance that all transactions are properly recorded in the company's books and records, that policies and procedures are adhered to, and that assets are protected from unauthorized use. The systems of internal accounting controls are supported by written policies and guidelines and are complemented by a staff of internal auditors and by the selection, training, and development of professional financial managers.

The consolidated financial statements have been audited by the independent public accounting firm Arthur Andersen LLP, whose appointment is ratified annually by shareholders at the annual shareholders' meeting. The independent public accountants conduct a review of internal accounting controls to the extent required by auditing standards generally accepted in the United States and perform such tests and related procedures as they deem necessary to arrive at an opinion on the fairness of the financial statements.

The Audit Committee of the Board of Directors, composed solely of directors from outside the company, regularly meets with the independent public accountants, management, and the internal auditors to satisfy itself that they are properly discharging their responsibilities. The independent public accountants have unrestricted access to the Audit Committee, without management present, to discuss the results of their audit and the quality of financial reporting and internal accounting control.

Michael A. Volkema, Chairman, President, and Chief Executive Officer   June 25, 2001
Elizabeth A. Nickels, Chief Financial Officer   June 25, 2001

ITEM 9   DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No changes in, or disagreements with, accountants referenced in Item 304 of Regulation S-K occurred during the 24-month period ended June 2, 2001.

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PART III

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

EXECUTIVE COMPENSATION

ITEM 10 DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors of Registrant Information relating to directors and director nominees of the registrant is contained under the caption “Director and Executive Officer Information,” in the company’s definitive Proxy Statement, dated August 23, 2001, relating to the company’s 2001 Annual Meeting of Shareholders and the information within that section is incorporated by reference. Information relating to Executive Officers of the company is included in Part I hereof entitled “Executive Officers of the Registrant.”

There are no family relationships between or among the above-named executive officers. There are no arrangements or understandings between any of the above-named officers pursuant to which any of them was named an officer.

ITEM 11 EXECUTIVE COMPENSATION

Information relating to management remuneration is contained under the tables and discussions on page 15 in the company’s definitive Proxy Statement, dated August 23, 2001, relating to the company’s 2001 Annual Meeting of Shareholders, and the information within those sections is incorporated by reference, however, the information under the captions, “Executive Compensation Committee Report” and the “Shareholder Return Performance Graph” are specifically excluded.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The sections entitled “Voting Securities and Principal Shareholders” and “Director and Executive Officer Information” in the definitive Proxy Statement, dated August 23, 2001, relating to the company’s 2001 Annual Meeting of Shareholders and the information within those sections is incorporated by reference.

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions contained under the captions “Director and Executive Officer Information” and “Compensation of Board Members and Non-Employee Officers” in the definitive Proxy Statement, dated August 23, 2001, relating to the company’s 2001 Annual Meeting of Shareholders is incorporated by reference.

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PART IV

EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

(A) 1. FINANCIAL STATEMENTS

The following consolidated financial statements of the company are included in this Form 10-K on the pages noted:

(A) 2. FINANCIAL STATEMENT SCHEDULE

The following financial statement schedule and related Report of Independent Public Accountants on the Financial Statement Schedule are included in this Form 10-K on the pages noted:

All other schedules required by Form 10-K Annual Report have been omitted because they were inapplicable, included in the notes to consolidated financial statements, or otherwise not required under instructions contained in Regulation S-X.

(A) 3. EXHIBITS

Reference is made to the Exhibit Index which is included in this Form 10-K Annual Report.

(B) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the fourth quarter of the year ended June 2, 2001.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE

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

We have audited in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Herman Miller, Inc., and subsidiaries included in this Form 10-K, and have issued our report thereon dated June 25, 2001. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed at Item 14(a)2 above is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP
Grand Rapids, Michigan
June 25, 2001

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HERMAN MILLER, INC

/s/	Michael A. Volkema	/s/	Elizabeth A. Nickels
By	Michael A. Volkema (Chairman, President, and Chief Executive Officer)		Elizabeth A. Nickels (Chief Financial Officer)

Date: August 20, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on August 20, 2001, by the following persons on behalf of the Registrant in the capacities indicated. Each Director of the Registrant, whose signature appears below, hereby appoints Michael A. Volkema as his attorney-in-fact, to sign in his name and on his behalf, as a Director of the Registrant, and to file with the Commission any and all amendments to this Report on Form 10-K.

/s/ Michael A. Volkema	/s/ Thomas C. Pratt
Michael A. Volkema (Chairman, President, and Chief Executive Officer)	Thomas C. Pratt (Director)
/s/ David O. Ulrich	/s/ E. David Crockett
David O. Ulrich (Director)	E. David Crockett (Director)
/s/ Dorothy A. Terrell	/s/ Lord Griffiths of Fforestfach
Dorothy A. Terrell (Director)	Lord Griffiths of Fforestfach (Director)
/s/ J. Harold Chandler	/s/ C. William Pollard
J. Harold Chandler (Director)	C. William Pollard (Director)
/s/ Mary Vermeer Andringa	/s/ Ruth A. Reister
Mary Vermeer Andringa (Director)	Ruth A. Reister (Director)

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SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

HERMAN MILLER, INC., AND SUBSIDIARIES

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Column A	Column B	Column C		
Description (In Millions)	Balance at beginning of period	Additions charged to costs and expenses	Acquired reserves	Increased net operating losses
Year ended June 2, 2001:				
Allowance for possible losses on accounts receivable	$ 17.7	$ 6.6	$ .1	$ —
Allowance for possible losses on notes receivable	$ 4.2	$ —	$ —	$ —
Valuation allowance for deferred tax asset	$ .8	$ —	$ —	$ —
Year ended June 3, 2000:				
Allowance for possible losses on accounts receivable	$ 14.1	$ 3.2	$ .7	$ —
Allowance for possible losses on notes receivable	$ 5.5	$ —	$ —	$ —
Valuation allowance for deferred tax asset	$ 1.1	$ —	$ —	$ —
Year ended May 29, 1999:				
Allowance for possible losses on accounts receivable	$ 13.8	$ 3.2	$ —	$ —
Allowance for possible losses on notes receivable	$ 8.5	$ 1.2	$ —	$ —
Valuation allowance for deferred tax asset	$ 8.1	$ —	$ —	$ .2

[Additional columns below]

[Continued from above table, first column(s) repeated]

Column A	Column D			Column E
Description (In Millions)	Uncollectible accounts written off, net(1)	Deducted from costs and expenses	Losses utilized(2)	Balance at end of period
Year ended June 2, 2001:				
Allowance for possible losses on accounts receivable	$ 5.3	$ —	$ —	$ 19.1
Allowance for possible losses on notes receivable	$ —	$ 1.6	$ —	$ 2.6
Valuation allowance for deferred tax asset	$ —	$ —	$ .8	$ —
Year ended June 3, 2000:				
Allowance for possible losses on accounts receivable	$ .3	$ —	$ —	$ 17.7
Allowance for possible losses on notes receivable	$ —	$ 1.3	$ —	$ 4.2
Valuation allowance for deferred tax asset	$ —	$ —	$ .3	$ .8
Year ended May 29, 1999:				
Allowance for possible losses on accounts receivable	$ 2.9	$ —	$ —	$ 14.1
Allowance for possible losses on notes receivable	$ 4.2	$ —	$ —	$ 5.5
Valuation allowance for deferred tax asset	$ —	$ —	$ 7.2	$ 1.1

(1) Includes effects of foreign currency translation. (2) Includes utilization of capital and net operating losses. In 1999, this includes write-off of net operating loss carryforwards that cannot be utilized.

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EXHIBIT INDEX

HERMAN MILLER, INC., AND SUBSIDIARIES
EXHIBIT INDEX

(3) Articles of Incorporation and Bylaws
- (a) Articles of Incorporation are incorporated by reference to Exhibit 3(a) and 3(b) of the Registrant’s 1986 Form 10-K Annual Report.
- (b) Certificate of Amendment to the Articles of Incorporation, dated October 15, 1987, are incorporated by reference to Exhibit 3(b) of the Registrant’s 1988 Form 10-K Annual Report.
- (c) Certificate of Amendment to the Articles of Incorporation, dated May 10, 1988, are incorporated by reference to Exhibit 3(c) of the Registrant’s 1988 Form 10-K Annual Report.
- (d) Amended and Restated Bylaws, dated January 6, 1997, are incorporated by reference to Exhibit 3(d) of the Registrant’s 1997 Form 10-K Annual Report.

(4) Instruments Defining the Rights of Security Holders
- (a) Specimen copy of Herman Miller, Inc., common stock is incorporated by reference to Exhibit 4(a) of Registrant’s 1981 Form 10-K Annual Report.
- (b) Note Purchase Agreement dated March 1, 1996, is incorporated by reference to Exhibit 4(b) of the Registrant’s 1996 Form 10-K Annual Report.
- (c) First Amendment to the Note Purchase Agreement dated February 11, 1999, is incorporated by reference to Exhibit 4(c) of the Registrant’s 1999 Form 10-K Annual Report.
- (d) Other instruments which define the rights of holders of long-term debt individually represent debt of less than 10% of total assets. In accordance with item 601(b)(4)(iii)(A) of regulation S-K, the Registrant agrees to furnish to the Commission copies of such agreements upon request.
- (e) Dividend Reinvestment Plan for Shareholders of Herman Miller, Inc., dated January 6, 1997, is incorporated by reference to Exhibit 4(d) of the Registrant’s 1997 Form 10-K Annual Report.
- (f) Form of indenture for registration of debt securities, incorporated by reference to exhibit 4.1 of the company’s registration statement on form S-3, file number 333-36442.

(10) Material Contracts
- (a) Officers’ Supplemental Retirement Income Plan is incorporated by reference to Exhibit 10(f) of the Registrant’s 1986 Form 10-K Annual Report. *
- (b) Officers’ Salary Continuation Plan is incorporated by reference to Exhibit 10(g) of the Registrant’s 1982 Form 10-K Annual Report. *

(c) Herman Miller, Inc., Plan for Severance Compensation after Hostile Takeover is incorporated by reference to Exhibit 10(f) of the Registrant’s 1986 Form 10-K Annual Report. *

(d) Amended Herman Miller, Inc., Plan for Severance Compensation after Hostile Takeover, dated January 17, 1990, is incorporated by reference to Exhibit 10(n) of the Registrant’s 1990 Form 10-K Annual Report. *

(e) Herman Miller, Inc., 1994 Key Executive Stock Purchase Assistant Plan, dated October 6, 1994, is incorporated by reference to Appendix C of the Registrant’s 1994 Proxy Statement. *

(f) First Amendment to the Herman Miller, Inc., 1994 Key Executive Stock Purchase Assistant Plan, dated April 28, 1998, is incorporated by reference to Exhibit 10(g) of the Registrant’s 1998 Form 10-K Annual Report. *

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(g) Incentive Share Grant Agreement, dated October 4, 1995, between the company and Michael A. Volkema is incorporated by reference to Exhibit 10(g) of the Registrant’s 1996 Form 10-K Annual Report. *

(h) Incentive Share Grant Agreement, dated May 15, 1996, between the company and Michael A. Volkema is incorporated by reference to Exhibit 10(h) of the Registrant’s 1996 Form 10-K Annual Report. *

(i) Herman Miller, Inc., Long-Term Incentive Plan, dated October 6, 1994, is incorporated by reference to Exhibit 4 of the Registrant’s May 22, 1996, Form S-8 Registration No. 33-04369.*

(j) Herman Miller, Inc., 1994 Nonemployee Officer and Director Stock Option Plan, dated October 6, 1994, is incorporated by reference to Exhibit 4 of the Registrant’s May 22, 1996, Form S-8 Registration No. 33-04367. *

(k) First Amendment to Herman Miller, Inc., 1994 Nonemployee Officer and Director Stock Option Plan, dated January 7, 1997, is incorporated by reference to Exhibit 10(m) of the Registrant’s 1998 Form 10-K Annual Report. *

(l) Herman Miller, Inc., Key Executive Deferred Compensation Plan and form of Deferred Compensation Agreement, dated February 28, 1997, is incorporated by reference to Exhibit 10(l) of the Registrant’s 1997 Form 10-K Annual Report.

(m) First Amendment to the Herman Miller, Inc., Key Executive Deferred Compensation Plan, dated January 20, 1998, is incorporated by reference to Exhibit 10(o) of the Registrant’s 1998 Form 10-K Annual Report.

(n) Herman Miller, Inc., Incentive Cash Bonus Plan, dated September 29, 1998, is incorporated by reference to Appendix A of the Registrant’s 1998 Proxy Statement.*

(o) Credit Agreement dated April 16, 1999, is incorporated by reference to Exhibit 10(o) of the Registrant’s 1999 Form 10-K Annual Report.

(p) Form of Change in Control Agreement.

(q) Change in Control Agreement for Michael A. Volkema.

(18) Letter Regarding Change in Accounting Principles.

(21) Subsidiaries.

(23) Consent of Independent Public Accountants

(27) Financial Data Schedule (exhibit available upon request)

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* Denotes compensatory plan or arrangement.

FORM OF CHANGE IN CONTROL AGREEMENT

EXHIBIT 10(p)
FORM OF CHANGE IN CONTROL AGREEMENT

SEVERANCE AGREEMENT

THIS AGREEMENT is entered into as of ____________________, 2001, by and between Herman Miller, Inc., a Michigan corporation, and ________________________________ (the "Executive").

WHEREAS, the Executive currently serves as a key employee of the Company (as defined in Section 1) and his services and knowledge are valuable to the Company in connection with the management of one or more of the Company's principal operating facilities, divisions, departments or subsidiaries; and

WHEREAS, the Board (as defined in Section 1) has determined that it is in the best interests of the Company and its stockholders to secure the Executive's continued services and to ensure the Executive's continued dedication and objectivity in the event of any threat or occurrence of, or negotiation or other action that could lead to, or create the possibility of, a Change in Control (as defined in Section 1) of the Company, without concern as to whether the Executive might be hindered or distracted by personal uncertainties and risks created by any such possible Change in Control, and to encourage the Executive's full attention and dedication to the Company, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Bonus Reserve Account" has the meaning stated in the Incentive Cash Bonus Plan.

(c) "Cause" means (1) a material breach by the Executive of those duties and responsibilities of the Executive which do not differ in any material respect from the duties and responsibilities of the Executive during the ninety (90) day period immediately prior to a Change in Control (other than as a result of incapacity due to physical or mental illness) which is demonstrably willful and deliberate on the Executive's part, which is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and which is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach or (2) the commission by the Executive of a felony involving moral turpitude.

(d) "Change in Control" means:

(1) the acquisition by any Person of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 20 percent or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the

Company or (D) any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving the Company, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (i), (ii) and (iii) of subsection (3) of this Section (1)(c) shall be satisfied; and *provided further* that, for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 20 percent or more of the Outstanding Company Common Stock or 20 percent or more of the Outstanding Company Voting Securities by reason of an acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Company Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; *provided, however,* that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board; and *provided further,* that no individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to have been a member of the Incumbent Board;

(3) consummation of a reorganization, merger or consolidation unless, in any such case, immediately after such reorganization, merger or consolidation, (i) more than 60 percent of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and more than 60 percent of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation and in substantially the same proportions relative to each other as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan [or related trust] sponsored or maintained by the Company or the corporation resulting from such reorganization, merger or

consolidation [or any corporation controlled by the Company] and any Person which beneficially owned, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20 percent or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20 percent or more of the then outstanding shares of common stock of such corporation or 20 percent or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of

directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

(4) consummation of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (A) more than 60 percent of the then outstanding shares of common stock thereof and more than 60 percent of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan [or related trust] sponsored or maintained by the Company or such corporation [or any corporation controlled by the Company] and any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, 20 percent or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20 percent or more of the then outstanding shares of common stock thereof or 20 percent or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale of other disposition.

(e) "Company" means Herman Miller, Inc., a Michigan corporation.

(f) "Date of Termination" means (1) the effective date on which the Executive's employment by the Company terminates as specified in a prior written notice by the Company or the Executive, as the case may be, to the other, delivered pursuant to Section 11 or (2) if the Executive's employment by the Company terminates by reason of death, the date of death of the Executive.

(g) "Deferred Compensation Plan" means the Herman Miller, Inc. Key Executive Deferred Compensation Plan.

(h) "Earned Bonus" has the meaning stated in the Incentive Cash Bonus Plan.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(j) "Good Reason" means, without the Executive's express written consent, the occurrence of any of the following events after a Change in Control:

(1) any of (i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position(s), duties, responsibilities or status with the Company immediately prior to such Change in Control, (ii) a change in the Executive's reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change in Control or (iii) any removal or involuntary termination of the Executive from the Company otherwise than as expressly permitted by this Agreement or any failure to re-elect the Executive to any position with the Company held by the Executive immediately prior to such Change in Control;

(2) a reduction by the Company in the Executive's rate of annual base salary or annual Target Bonus as in effect immediately prior to such Change in Control or as the same may be increased from time to time thereafter;

(3) any requirement of the Company that the Executive be based at a location in excess of 50 miles from the facility which is the Executive's principal business office at the time of the Change in Control;

(4) the failure of the Company to (i) continue in effect any employee benefit plan or compensation plan in which the Executive is participating immediately prior to such Change in Control, unless the Executive is permitted to participate in other plans providing the Executive with substantially comparable benefits, or the taking of any action by the Company which would adversely affect the Executive's participation in or materially reduce the Executive's benefits under any such plan, or (ii) provide the Executive and the Executive's dependents welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive immediately prior to such Change in Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies; or

(5) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 10(b).

For purposes of this Agreement, an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not constitute Good Reason.

(k) "Incentive Cash Bonus Plan" means the Herman Miller, Inc. Incentive Cash Bonus Plan which became effective September 29, 1998.

(l) "Nonqualifying Termination" means a termination of the Executive's employment (1) by the Company for Cause, (2) by the Executive during the first 180 days following a Change in Control for any reason other than the Good Reason specified in Section 1(j)(2); (3) by the Executive after the first 180 days following a Change in Control for any reason other than any Good Reason, (4) as a result of the Executive's death or (5) by the Company due to the Executive's absence from his duties with the Company on a full-time basis for at least 180 consecutive days as a result of the Executive's incapacity due to physical or mental illness.

(m) "Person" means any individual, entity or group including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

(n) "Silver Parachute Plan" means the Herman Miller, Inc. Plan for Severance Compensation After Hostile Takeover.

(o) "Target Bonus" has the meaning stated in the Incentive Cash Bonus Plan.

(p) "Termination Period" means the period of time beginning with a Change in Control and ending on the earlier to occur of (1) 24 months following such Change in Control and (2) the Executive's death.

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2. Obligations of the Executive.

(a) The Executive agrees that in the event any Person attempts a Change in Control, he shall not voluntarily leave the employ of the Company without the Good Reason specified in Section 1(j)(2) until (1) such attempted Change in Control terminates or (2) if a Change in Control shall occur, 180 days following such Change in Control. For purposes of clause (1) of the preceding sentence, Good Reason shall be determined as if a Change in Control had occurred when such attempted Change in Control became known to the Board.

(b) The following definitions apply to the remainder of this Section 2:

(1) "Affiliate" means and includes any person or entity which controls a party, which such party controls or which is under common control with such party.

(2) "Competing Business" means a business which engages or is making plans to engage, in whole or in part, in the manufacturing, marketing, distribution or sale of products which are competitive with any products manufactured, distributed, marketed or sold by the Company during the Restricted Period.

(3) "Competing Products" means products manufactured by a Competing Business.

(4) "Control" means the power, direct or indirect, to direct or cause the direction of the management and policies of a person or entity through voting securities, contract or otherwise.

(5) "Restricted Period" means the period of the Executive's employment with the Company and a period of two years after the Date of Termination.

(c) Executive acknowledges and agrees that (i) through his continuing services to the Company, he will learn valuable trade secrets and other proprietary information relating to the Company's business, (ii) the Executive's services to the Company are unique in nature, (iii) the Company's business is international in scope and (iv) the Company would be irreparably damaged if the Executive were to provide services to any person or entity in violation of the restrictions contained in this Section 2(c). Accordingly, as an inducement to the Company to enter into this Agreement, Executive agrees that if the Executive is entitled to and does receive a payment pursuant to Section 3(a)(2) of this Agreement, neither Executive nor any Affiliate of the Executive shall during the Restricted Period, directly or indirectly, either for himself or for any other person or entity:

(1) anywhere in the world in which the Company is then doing business, engage or participate in, or assist, advise or be connected with (including as an employee, owner, partner, shareholder, officer, director, advisor, consultant, agent or [without limitation by the specific enumeration of the foregoing] otherwise), or permit his name to be used by or render services for, any person or entity engaged in a Competing Business; provided, however, that nothing in this Agreement shall prevent Executive from acquiring or owning, as a passive investment, up to two percent (2%) of the outstanding voting securities of an entity engaged in a Competing Business which are publicly traded in any recognized national securities market;

(2) take any action, in connection with a Competing Business, which might divert from the Company or an Affiliate of the Company any opportunity which would be within the scope of the Company's or such Affiliate's then business;

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(3) solicit or attempt to solicit any person or entity who is or has been (A) a customer of the Company at any time during the Restricted Period to purchase Competing Products from any person or entity (other than the Company) or (B) a customer, supplier, licensor, licensee or other business relation of the Company at any time during the Restricted Period to cease doing business with the Company; or

(4) solicit or hire any person or entity who is a director, officer, employee or agent of the Company or any Affiliate of the Company to perform services for any entity other than the Company and its Affiliates.

(d) Executive agrees that any violation by the Executive of Section 2(c) of this Agreement would be highly injurious to the Company and would cause irreparable harm to the Company. By reason of the foregoing, Executive consents and agrees that if the Executive violates any provision of Section 2(c) of this Agreement, the Company shall be entitled, in addition to any other rights and remedies that it may have, to apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any continuing violation of, the provisions of such section. In the event Executive breaches a covenant contained in Section 2(c) of this Agreement, the Restricted Period applicable to Executive with respect to such breached covenant shall be extended for the period of such breach. Executive also recognizes that the territorial, time and scope limitations set forth in Sections 2(c), are reasonable and are properly required for the protection of the Company and in the event that any such territorial, time or scope limitation is deemed to be unreasonable, by a court of competent jurisdiction, the Company and Executive agree, and Executive submits, to the reduction of any or all of said territorial, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances.

(e) Termination of the Executive's employment shall have no effect on the continuing operation and enforceability of Sections 2(b), 2(c) or 2(d) and each such section shall continue to be fully effective and enforceable after any such termination.

3. Obligations of the Company Upon Termination of Employment.

(a) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, then the Company shall pay to the Executive (or the Executive's beneficiary or estate) within thirty (30) days following the Date of Termination, as compensation for services to the Company;

(1) a cash amount equal to the sum of (i) the Executive's base salary from the Company and its affiliated companies through the Date of Termination, to the extent not theretofore paid, (ii) the Executive's Target Bonus for the Company's fiscal year in which the Date of Termination occurs multiplied by a fraction, the numerator of which is the number of days in that fiscal year through the Date of Termination and the denominator of which is 365 or 366, as applicable, (iii) any positive balance in the Executive's Bonus Reserve Account; and (iv) any compensation previously deferred by the Executive other than pursuant to the Deferred Compensation Plan or any tax qualified plan (together with any interest and earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid; plus

(2) a lump-sum cash amount (subject to any applicable payroll or other taxes required to be withheld pursuant to Section 5) in an amount equal to (i) two times the Executive's highest annual base salary from the Company and its affiliated companies in effect during the twelve (12) month period

prior to the Date of Termination, plus (ii) two times the higher of (a) the average of the Executive's Earned Bonus for the three fiscal years of the Company preceding the fiscal year in which the Change in Control occurs, or (b) the Executive's Target Bonus for the fiscal year of the Company in which the Change in Control occurs; *provided, however,* that any amount to be paid pursuant to this Section 3(a)(2) shall be reduced by any other amount of severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under the Silver Parachute Plan or any other severance plan, policy or arrangement of the Company and any severance payments the Company is required to make pursuant to the requirements of any U.S. or foreign law or regulation.

(b) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination:

(1) In addition to the payments to be made pursuant to Section 3(a), for a period of three years commencing on the Date of Termination, the Company shall continue to keep in full force and effect all policies of medical, accident, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent as such policies shall have been in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as provided generally with respect to other peer executives of the Company and its affiliated companies, and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the Date of Termination; provided that, if the Executive cannot continue to participate in the Company plans providing such benefits, the Company shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted. Notwithstanding the foregoing, in the event the Executive becomes reemployed with another employer and becomes eligible to receive welfare benefits from such employer, the welfare benefits described herein shall be secondary to such benefits during the period of the Executive's eligibility, but only to the extent that the Company reimburses the Executive for any increased cost and provides additional benefits necessary to give the Executive the benefits provided hereunder.

(2) All stock options, restricted awards, other equity based awards and all stock units credited to the Executive's account under the Deferred Compensation Plan shall be fully vested. All stock options shall remain exercisable for a period of ninety days from the Date of Termination or the earlier expiration of their initial term; provided, that, if the Executive would be prohibited from exercising any stock option due to pooling of interests or other restraints imposed under applicable accounting rules or securities laws, such option shall remain exercisable for thirty days after such restriction ceases to apply.

(3) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies through the Date of Termination (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(c) If during the Termination Period the employment of the Executive shall terminate by reason of a Nonqualifying Termination, then the Company shall pay to the Executive within thirty (30) days following the Date of Termination, a cash amount equal to the sum of (1) the Executive's full annual base salary from the Company through the Date of Termination, to the extent not theretofore paid, and (2) the Other Benefits.

4. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement of otherwise, but determined without regard to any additional payments required under this Section 4) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 4(c), all determinations required to be made under this Section 4, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's public accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Person effecting the Change in Control, the Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 4, shall be paid by the Company to the Executive within five (5) days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 4(c) and the Executive thereafter is required to make a payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the

benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30) days period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(1) give the Company any information reasonably requested by the Company relating to such claim,

(2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(3) cooperate with the Company in good faith in order effectively to contest such claim, and

(4) permit the Company to participate in any proceedings relating to such claim;
provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 4(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided, however,* that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *provided further,* that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c), the Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 4(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon

after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

5. Withholding Taxes. The Company may withhold from all payments due to the Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

6. Reimbursement of Expenses. If any contest or dispute shall arise under this Agreement involving termination of the Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse the

Executive, on a current basis, for all legal fees and expenses, if any, incurred by the Executive in connection with such contest or dispute, together with interest thereon at a rate equal to the prime rate, as published under "Money Rates" in The Wall Street Journal from time to time, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives the Executive's statement for such fees and expenses through the date of payment thereof; *provided, however,* that in the event the resolution of any such contest or dispute includes a finding denying, in total, the Executive's claims in such contest or dispute, the Executive shall be required to reimburse the Company, over a period of twelve (12) months from the date of such resolution, for all sums advanced to the Executive pursuant to this Section 6.

7. Operative Event. Notwithstanding any provision herein to the contrary, no amounts shall be payable hereunder unless and until there is a Change in Control at a time when the Executive is employed by the Company.

8. Termination of Agreement.

(a) This Agreement shall be effective on the date hereof and shall continue until terminated by the Company as provided in Section 8(b); *provided, however,* that this Agreement shall terminate in any event upon the earlier to occur of (i) termination of the Executive's employment with the Company prior to a Change in Control and (ii) the Executive's death.

(b) The Company shall have the right prior to a Change in Control, in its sole discretion, pursuant to action by the Board, to approve the termination of this Agreement, which termination shall not become effective until the date fixed by the Board for such termination, which date shall be at least 120 days after notice thereof is given by the Company to the Executive in accordance with Section 11; *provided, however,* that no such action shall be taken by the Board during any period of time when the Board has knowledge that any Person has taken steps reasonably calculated to effect a Change in Control until, in the opinion of the Board, such Person has abandoned or terminated its efforts to effect a Change in Control; and *provided further,* that in no event shall this Agreement be terminated in the event of a Change in Control.

9. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company or its subsidiaries and, if the Executive's employment with the Company shall terminate prior to a Change in Control, then the Executive shall have no further rights under this

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Agreement; *provided, however,* that any termination of the Executive's employment following a Change in Control shall be subject to all of the provisions of this Agreement.

10. Successors; Binding Agreement.

(a) This Agreement shall not be terminated by any merger or consolidation of the Company whether the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

(b) The Company agrees that concurrently with any merger, consolidation or transfer of assets referred to in Section 10(a), it will cause any successor or transferee unconditionally to assume, by written instrument delivered to the Executive (or his beneficiary or estate), all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such merger, consolidation or transfer of assets shall be a breach of this Agreement and shall entitle the Executive to compensation and other benefits from the Company in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive's employment were terminated following a Change in Control other than by reason of a Nonqualifying Termination. For purposes of implementing the foregoing, the date on which any such merger, consolidation or transfer becomes effective shall be deemed the Date of Termination.

(c) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amounts would be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the Executive's estate.

11. Notices.

(a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed (1) if to the Executive, to ______________________, and if to the Company, to 855 East Main Avenue, Zeeland, MI 49464, attention General Counsel, with a copy to the Secretary, or (2) to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of the Executive's Date of Termination by the Company or the Executive, as the case may be, to the other shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specify the termination date (which date shall be not less than fifteen (15) days after the giving of such notice). The failure by the Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

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12. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment except to the extent provided in Section 3(b)(1).

(b) If there shall be any dispute between the Company and the Executive in the event of any termination of the Executive's employment, then, unless and until there is a final, nonappealable judgment by a court of competent jurisdiction declaring that such termination was for Cause, that the Executive terminated his employment without Good Reason, or that the Company is not otherwise obligated to pay any amount or provide any benefit to the Executive and his dependents or other beneficiaries, as the case may be, under Sections 3(a), 3(b) and 4, the Company shall pay all amounts, and provide all benefits, to the Executive and his dependents or other beneficiaries, as the case may be, that the Company would be required to pay or provide pursuant to Sections 3(a), 3(b) and 4 as though such termination were by the Company without Cause or by the Executive with Good Reason; *provided, however,* that the Company shall not be required to pay any disputed amounts pursuant to this Section 12(b) except upon receipt of an undertaking by or on behalf of the Executive to repay all such amounts to which the Executive is ultimately adjudged by such court not to be entitled.

13. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any corporation or other entity in which the Company has a direct or indirect ownership interest of 50 percent or more of the total combined voting power of the then outstanding securities of such corporation or other entity entitled to vote generally in the election of directors.

14. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Michigan without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which other provisions shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed to be an original and both of which together shall constitute one and the same instrument.

16. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by the Executive and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Executive or the Company to insist upon strict compliance with any provisions of this Agreement or to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement. Except as otherwise expressly set forth in this Agreement, the rights of, and benefits payable to, the Executive, his estate or his beneficiaries pursuant to this Agreement are in addition to any rights of, or

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benefits payable to, the Executive, his estate or his beneficiaries under any other employee benefit plan or compensation plan, policy practice or program of the Company or any other contract or agreement with the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and the Executive has executed this Agreement as of the day and year first above written.

HERMAN MILLER, INC.
By:
EXECUTIVE
Executive's Name

CHANGE IN CONTROL AGREEMENT FOR

MICHAEL A. VOLKEMA

EXHIBIT 10(q)

CHANGE IN CONTROL AGREEMENT FOR MICHAEL A. VOLKEMA

SEVERANCE AGREEMENT

THIS AGREEMENT is entered into as of March 30, 2001, by and between Herman Miller, Inc., a Michigan corporation, and Michael A. Volkema (the "Executive").

WHEREAS, the Executive currently serves as a key employee of the Company (as defined in Section 1) and his services and knowledge are valuable to the Company in connection with the management of one or more of the Company's principal operating facilities, divisions, departments or subsidiaries; and

WHEREAS, the Board (as defined in Section 1) has determined that it is in the best interests of the Company and its stockholders to secure the Executive's continued services and to ensure the Executive's continued dedication and objectivity in the event of any threat or occurrence of, or negotiation or other action that could lead to, or create the possibility of, a Change in Control (as defined in Section 1) of the Company, without concern as to whether the Executive might be hindered or distracted by personal uncertainties and risks created by any such possible Change in Control, and to encourage the Executive's full attention and dedication to the Company, the Board has authorized the Company to enter into this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Board" means the Board of Directors of the Company.

(b) "Bonus Reserve Account" has the meaning stated in the Incentive Cash Bonus Plan.

(c) "Cause" means (1) a material breach by the Executive of those duties and responsibilities of the Executive which do not differ in any material respect from the duties and responsibilities of the Executive during the ninety (90) day period immediately prior to a Change in Control (other than as a result of incapacity due to physical or mental illness) which is demonstrably willful and deliberate on the Executive's part, which is committed in bad faith or without reasonable belief that such breach is in the best interests of the Company and which is not remedied in a reasonable period of time after receipt of written notice from the Company specifying such breach or (2) the commission by the Executive of a felony involving moral turpitude.

(d) "Change in Control" means:

(1) the acquisition by any Person of beneficial ownership within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 20 percent or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); *provided, however,* that the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of a conversion or exchange privilege in respect of outstanding convertible or exchangeable securities unless such outstanding convertible or exchangeable securities were acquired directly from the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the

Company or (D) any acquisition by any corporation pursuant to a reorganization, merger or consolidation involving the Company, if, immediately after such reorganization, merger or consolidation, each of the conditions described in clauses (i), (ii) and (iii) of subsection (3) of this Section (1)(c) shall be satisfied; and *provided further* that, for purposes of clause (B), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) shall become the beneficial owner of 20 percent or more of the Outstanding Company Common Stock or 20 percent or more of the Outstanding Company Voting Securities by reason of an acquisition by the Company and such Person shall, after such acquisition by the Company, become the beneficial owner of any additional shares of the Outstanding Company Common Stock or any additional Outstanding Company Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(2) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of such Board; *provided, however,* that any individual who becomes a director of the Company subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed to have been a member of the Incumbent Board; and *provided further,* that no individual who was initially elected as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall be deemed to have been a member of the Incumbent Board;

(3) consummation of a reorganization, merger or consolidation unless, in any such case, immediately after such reorganization, merger or consolidation, (i) more than 60 percent of the then outstanding shares of common stock of the corporation resulting from such reorganization, merger or consolidation and more than 60 percent of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals or entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation and in substantially the same proportions

relative to each other as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (ii) no Person (other than the Company, any employee benefit plan [or related trust] sponsored or maintained by the Company or the corporation resulting from such reorganization, merger or consolidation [or any corporation controlled by the Company] and any Person which beneficially owned, immediately prior to such reorganization, merger or consolidation, directly or indirectly, 20 percent or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20 percent or more of the then outstanding shares of common stock of such corporation or 20 percent or more of the combined voting power of the then outstanding securities of such corporation entitled to vote generally in the election of directors and (iii) at least a majority of the members of the board of

directors of the corporation resulting from such reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such reorganization, merger or consolidation; or

(4) consummation of (i) a plan of complete liquidation or dissolution of the Company or (ii) the sale or other disposition of all or substantially all of the assets of the Company other than to a corporation with respect to which, immediately after such sale or other disposition, (A) more than 60 percent of the then outstanding shares of common stock thereof and more than 60 percent of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such sale or other disposition and in substantially the same proportions relative to each other as their ownership, immediately prior to such sale or other disposition, of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan [or related trust] sponsored or maintained by the Company or such corporation [or any corporation controlled by the Company] and any Person which beneficially owned, immediately prior to such sale or other disposition, directly or indirectly, 20 percent or more of the Outstanding Company Common Stock or the Outstanding Company Voting Securities, as the case may be) beneficially owns, directly or indirectly, 20 percent or more of the then outstanding shares of common stock thereof or 20 percent or more of the combined voting power of the then outstanding securities thereof entitled to vote generally in the election of directors and (C) at least a majority of the members of the board of directors thereof were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for such sale of other disposition.

(e) “Company” means Herman Miller, Inc., a Michigan corporation.

(f) “Date of Termination” means (1) the effective date on which the Executive’s employment by the Company terminates as specified in a prior written notice by the Company or the Executive, as the case may be, to the other, delivered pursuant to Section 11 or (2) if the Executive’s employment by the Company terminates by reason of death, the date of death of the Executive.

(g) “Deferred Compensation Plan” means the Herman Miller, Inc. Key Executive Deferred Compensation Plan.

(h) “Earned Bonus” has the meaning stated in the Incentive Cash Bonus Plan.

(i) “Exchange Act” means the Securities Exchange Act of 1934, as amended.

(j) “Good Reason” means, without the Executive’s express written consent, the occurrence of any of the following events after a Change in Control:

(1) any of (i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive’s position(s), duties, responsibilities or status with the Company immediately prior to such Change in Control, (ii) a change in the Executive’s reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change in Control or (iii) any removal or involuntary termination of the Executive from the Company otherwise than as expressly permitted by this Agreement or any failure to re-elect the Executive to any position with the Company held by the Executive immediately prior to such Change in Control;

(2) a reduction by the Company in the Executive’s rate of annual base salary or annual Target Bonus as in effect immediately prior to such Change in Control or as the same may be increased from time to time thereafter;

(3) any requirement of the Company that the Executive be based at a location in excess of 50 miles from the facility which is the Executive’s principal business office at the time of the Change in Control;

(4) the failure of the Company to (i) continue in effect any employee benefit plan or compensation plan in which the Executive is participating immediately prior to such Change in Control, unless the Executive is permitted to participate in other plans providing the Executive with substantially comparable benefits, or the taking of any action by the Company which would adversely affect the Executive’s participation in or materially reduce the Executive’s benefits under any such plan, or (ii) provide the Executive and the Executive’s dependents welfare benefits (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive immediately prior to such Change in Control or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies; or

(5) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 10(b).

For purposes of this Agreement, an isolated, insubstantial and inadvertent action taken in good faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not constitute Good Reason.

(k) “Incentive Cash Bonus Plan” means the Herman Miller, Inc. Incentive Cash Bonus Plan which became effective September 29, 1998.

(l) “Nonqualifying Termination” means a termination of the Executive’s employment (1) by the Company for Cause, (2) as a result of the Executive’s death or (3) by the Company due to the Executive’s absence from his duties with the Company on a full-time basis for at least 180 consecutive days as a result of the Executive’s incapacity due to physical or mental illness. The term “Nonqualifying Termination” does not include a termination of the Executive’s employment by the Executive for any reason or no reason following a Change of Control.

(m) “Person” means any individual, entity or group including any “person” within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act.

(n) “Silver Parachute Plan” means the Herman Miller, Inc. Plan for Severance Compensation After Hostile Takeover.

(o) “Target Bonus” has the meaning stated in the Incentive Cash Bonus Plan.

(p) “Termination Period” means the period of time beginning with a Change in Control and ending on the earlier to occur of (1) 24 months following such Change in Control and (2) the Executive’s death.

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2. Obligations of the Executive.

(a) The Executive agrees that in the event any Person attempts a Change in Control, he shall not voluntarily leave the employ of the Company without the Good Reason specified in Section 1(j)(2) until (1) such attempted Change in Control terminates or (2) if a Change in Control shall occur, 180 days following such Change in Control. For purposes of clause (1) of the preceding sentence, Good Reason shall be determined as if a Change in Control had occurred when such attempted Change in Control became known to the Board.

(b) The following definitions apply to the remainder of this Section 2:

(1) “Affiliate” means and includes any person or entity which controls a party, which such party controls or which is under common control with such party.

(2) “Competing Business” means a business which engages or is making plans to engage, in whole or in part, in the manufacturing, marketing, distribution or sale of products which are competitive with any products manufactured, distributed, marketed or sold by the Company during the Restricted Period.

(3) “Competing Products” means products manufactured by a Competing Business.

(4) “Control” means the power, direct or indirect, to direct or cause the direction of the management and policies of a person or entity through voting securities, contract or otherwise.

(5) “Restricted Period” means the period of the Executive’s employment with the Company and a period of three years after the Date of Termination.

(c) Executive acknowledges and agrees that (i) through his continuing services to the Company, he will learn valuable trade secrets and other proprietary information relating to the Company’s business, (ii) the Executive’s services to the Company are unique in nature, (iii) the Company’s business is international in scope and (iv) the Company would be irreparably damaged if the Executive were to provide services to any person or entity in violation of the restrictions contained in this Section 2(c). Accordingly, as an inducement to the Company to enter into this Agreement, Executive agrees that if the Executive is entitled to and does receive a payment pursuant to Section 3(a)(2) of this Agreement, neither Executive nor any Affiliate of the Executive shall during the Restricted Period, directly or indirectly, either for himself or for any other person or entity:

(1) anywhere in the world in which the Company is then doing business, engage or participate in, or assist, advise or be connected with (including as an employee, owner, partner, shareholder, officer, director, advisor, consultant, agent or [without limitation by the specific enumeration of the foregoing] otherwise), or permit his name to be used by or render services for, any person or entity engaged in a Competing Business; provided, however, that nothing in this Agreement shall prevent Executive from acquiring or owning, as a passive investment, up to two percent (2%) of the outstanding voting securities of an entity engaged in a Competing Business which are publicly traded in any recognized national securities market;

(2) take any action, in connection with a Competing Business, which might divert from the Company or an Affiliate of the Company any opportunity which would be within the scope of the Company’s or such Affiliate’s then business;

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(3) solicit or attempt to solicit any person or entity who is or has been (A) a customer of the Company at any time during the Restricted Period to purchase Competing Products from any person or entity (other than the Company) or (B) a customer, supplier, licensor, licensee or other business relation of the Company at any time during the Restricted Period to cease doing business with the Company; or

(4) solicit or hire any person or entity who is a director, officer, employee or agent of the Company or any Affiliate of the Company to perform services for any entity other than the Company and its Affiliates.

(d) Executive agrees that any violation by the Executive of Section 2(c) of this Agreement would be highly injurious to the Company and would cause irreparable harm to the Company. By reason of the foregoing, Executive consents and agrees that if the Executive violates any provision of Section 2(c) of this Agreement, the Company shall be entitled, in addition to any other rights and remedies that it may have, to apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any continuing violation of, the provisions of such section. In the event Executive breaches a covenant contained in Section 2(c) of this Agreement, the Restricted Period applicable to Executive with respect to such breached covenant shall be extended for the period of such breach. Executive also recognizes that the territorial, time and scope limitations set forth in Sections 2(c), are reasonable and are properly required for the protection of the Company and in the event that any such territorial, time or scope limitation is deemed to be unreasonable, by a court of competent jurisdiction, the Company and Executive agree, and Executive submits, to the reduction of any or all of said territorial, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances.

(e) Termination of the Executive's employment shall have no effect on the continuing operation and enforceability of Sections 2(b), 2(c) or 2(d) and each such section shall continue to be fully effective and enforceable after any such termination.

3. Obligations of the Company Upon Termination of Employment.

(a) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination, then the Company shall pay to the Executive (or the Executive's beneficiary or estate) within thirty (30) days following the Date of Termination, as compensation for services to the Company;

(1) a cash amount equal to the sum of (i) the Executive's base salary from the Company and its affiliated companies through the Date of Termination, to the extent not theretofore paid, (ii) the Executive's Target Bonus for the Company's fiscal year in which the Date of Termination occurs multiplied by a fraction, the numerator of which is the number of days in that fiscal year through the Date of Termination and the denominator of which is 365 or 366, as applicable, (iii) any positive balance in the Executive's Bonus Reserve Account; and (iv) any compensation previously deferred by the Executive other than pursuant to the Deferred Compensation Plan or any tax qualified plan (together with any interest and earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid; plus

(2) a lump-sum cash amount (subject to any applicable payroll or other taxes required to be withheld pursuant to Section 5) in an amount equal to (i) three times the Executive's highest annual base salary from the Company and its affiliated companies in effect during the twelve (12) month period

prior to the Date of Termination, plus (ii) three times the higher of (a) the average of the Executive's Earned Bonus for the three fiscal years of the Company preceding the fiscal year in which the Change in Control occurs, or (b) the Executive's Target Bonus for the fiscal year of the Company in which the Change in Control occurs; *provided, however,* that any amount to be paid pursuant to this Section 3(a)(2) shall be reduced by any other amount of severance relating to salary or bonus continuation to be received by the Executive upon termination of employment of the Executive under the Silver Parachute Plan or any other severance plan, policy or arrangement of the Company and any severance payments the Company is required to make pursuant to the requirements of any U.S. or foreign law or regulation.

(b) If during the Termination Period the employment of the Executive shall terminate, other than by reason of a Nonqualifying Termination:

(1) In addition to the payments to be made pursuant to Section 3(a), for a period of three years commencing on the Date of Termination, the Company shall continue to keep in full force and effect all policies of medical, accident, disability and life insurance with respect to the Executive and his dependents with the same level of coverage, upon the same terms and otherwise to the same extent as such policies shall have been in effect immediately prior to the Date of Termination or, if more favorable to the Executive, as provided generally with respect to other peer executives of the Company and its affiliated companies, and the Company and the Executive shall share the costs of the continuation of such insurance coverage in the same proportion as such costs were shared immediately prior to the Date of Termination; provided that, if the Executive cannot continue to participate in the Company plans providing such benefits, the Company shall otherwise provide such benefits on the same after-tax basis as if continued participation had been permitted. Notwithstanding the foregoing, in the event the Executive becomes reemployed with another employer and becomes eligible to receive welfare benefits from such employer, the welfare benefits described herein shall be secondary to such benefits during the period of the Executive's eligibility, but only to the extent that the Company reimburses the Executive for any increased cost and provides additional benefits necessary to give the Executive the benefits provided hereunder.

(2) All stock options, restricted awards, other equity based awards and all stock units credited to the Executive's account under the Deferred Compensation Plan shall be fully vested. All stock options shall remain exercisable for a period of ninety days from the Date of Termination or the earlier expiration of their initial term; provided, that, if the Executive would be prohibited from exercising any stock option due to pooling of interests or other restraints imposed under applicable accounting rules or securities laws, such option shall remain exercisable for thirty days after such restriction ceases to apply.

(3) To the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies through the Date of Termination (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(c) If during the Termination Period the employment of the Executive shall terminate by reason of a Nonqualifying Termination, then the Company shall pay to the Executive within thirty (30) days following the Date of Termination, a cash amount equal to the sum of (1) the Executive's full annual base salary from the Company through the Date of Termination, to the extent not theretofore paid, and (2) the Other Benefits.

4. Certain Additional Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company or its affiliated companies to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement of otherwise, but determined without regard to any additional payments required under this Section 4) (a "Payment") would be subject to the excise tax imposed by Section 4999 of the Code, or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Executive shall be entitled to receive an additional payment (a "Gross-Up Payment") in an amount such that after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income taxes (and any interest and penalties imposed with respect thereto) and Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payments.

(b) Subject to the provisions of Section 4(c), all determinations required to be made under this Section 4, including whether and when a Gross-Up Payment is required and the amount of such Gross-Up Payment and the assumptions to be utilized in arriving at such determination, shall be made by the Company's public accounting firm (the "Accounting Firm") which shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment, or such earlier time as is requested by the Company. In the event that the Accounting Firm is serving as accountant or auditor for the Person effecting the Change in Control, the Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accounting Firm hereunder). All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any Gross-Up Payment, as determined pursuant to this Section 4, shall be paid by the Company to the Executive within five (5) days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall furnish the Executive with a written opinion that failure to report the Excise Tax on the Executive's applicable federal income tax return would not result in the imposition of a negligence or similar penalty. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Section 4(c) and the Executive thereafter is required to make a

payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive.

(c) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than ten (10) business days after the Executive is informed in writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the thirty (30) days period following the date on which the Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:

(1) give the Company any information reasonably requested by the Company relating to such claim,

(2) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company,

(3) cooperate with the Company in good faith in order effectively to contest such claim, and

(4) permit the Company to participate in any proceedings relating to such claim; *provided, however,* that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of costs and expenses. Without limitation on the foregoing provisions of this Section 4(c), the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forgo any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; *provided, however,* that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance; and *provided further,* that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(d) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c), the Executive becomes entitled to receive, and receives, any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 4(c)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 4(c), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial of refund prior to the expiration of thirty (30) days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid.

5. Withholding Taxes. The Company may withhold from all payments due to the Executive (or his beneficiary or estate) hereunder all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

6. Reimbursement of Expenses. If any contest or dispute shall arise under this Agreement involving termination of the Executive's employment with the Company or involving the failure or refusal of the Company to perform fully in accordance with the terms hereof, the Company shall reimburse the Executive, on a current basis, for all legal fees and expenses, if any, incurred by the Executive in connection with such contest or dispute, together with interest thereon at a rate equal to the prime rate, as published under "Money Rates" in *The Wall Street Journal* from time to time, but in no event higher than the maximum legal rate permissible under applicable law, such interest to accrue from the date the Company receives the Executive's statement for such fees and expenses through the date of payment thereof; *provided, however,* that in the event the resolution of any such contest or dispute includes a finding denying, in total, the Executive's claims in such contest or dispute, the Executive shall be required to reimburse the Company, over a period of twelve (12) months from the date of such resolution, for all sums advanced to the Executive pursuant to this Section 6.

7. Operative Event. Notwithstanding any provision herein to the contrary, no amounts shall be payable hereunder unless and until there is a Change in Control at a time when the Executive is employed by the Company.

8. Termination of Agreement.

(a) This Agreement shall be effective on the date hereof and shall continue until terminated by the Company as provided in Section 8(b); *provided, however,* that this Agreement shall terminate in any event upon the earlier to occur of (i) termination of the Executive's employment with the Company prior to a Change in Control and (ii) the Executive's death.

(b) The Company shall have the right prior to a Change in Control, in its sole discretion, pursuant to action by the Board, to approve the termination of this Agreement, which termination shall not become effective until the date fixed by the Board for such termination, which date shall be at least 120 days after notice thereof is given by the Company to the Executive in accordance with Section 11; provided, however, that no such action shall be taken by the Board during any period of time when the Board has knowledge that any Person has taken steps reasonably calculated to effect a Change in

Control until, in the opinion of the Board, such Person has abandoned or terminated its efforts to effect a Change in Control; and *provided further,* that in no event shall this Agreement be terminated in the event of a Change in Control.

9. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company or its subsidiaries and, if the Executive's employment with the Company shall terminate prior to a Change in Control, then the Executive shall have no further rights under this Agreement; *provided, however,* that any termination of the Executive's employment following a Change in Control shall be subject to all of the provisions of this Agreement.

10. Successors; Binding Agreement.

(a) This Agreement shall not be terminated by any merger or consolidation of the Company whether the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

(b) The Company agrees that concurrently with any merger, consolidation or transfer of assets referred to in Section 10(a), it will cause any successor or transferee unconditionally to assume, by written instrument delivered to the Executive (or his beneficiary or estate), all of the obligations of the Company hereunder. Failure of the Company to obtain such assumption prior to the effectiveness of any such merger, consolidation or transfer of assets shall be a breach of this Agreement and shall entitle the Executive to compensation and other benefits from the Company in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive's employment were terminated following a Change in Control other than by reason of a Nonqualifying Termination. For purposes of implementing the foregoing, the date on which any such merger, consolidation or transfer becomes effective shall be deemed the Date of Termination.

(c) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amounts would be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the Executive's estate.

11. Notices.

(a) For purposes of this Agreement, all notices and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when delivered or five days after deposit in the United States mail, certified and return receipt requested, postage prepaid, addressed (1) if to the Executive, to _______________ and if to the Company, to 855 East Main Avenue, Zeeland, MI 49464, attention General Counsel, with a copy to the Secretary, or (2) to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(b) A written notice of the Executive's Date of Termination by the Company or the Executive, as the case may be, to the other shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and

(iii) specify the termination date (which date shall be not less than fifteen (15) days after the giving of such notice). The failure by the Executive or the Company to set forth in such notice any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

12. Full Settlement; Resolution of Disputes.

(a) The Company's obligation to make any payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment except to the extent provided in Section 3(b)(1).

(b) If there shall be any dispute between the Company and the Executive in the event of any termination of the Executive's employment, then, unless and until there is a final, nonappealable judgment by a court of competent jurisdiction declaring that such termination was for Cause, that the Executive terminated his employment without Good Reason, or that the Company is not otherwise obligated to pay any amount or provide any benefit to the Executive and his dependents or other beneficiaries, as the case may be, under Sections 3(a), 3(b) and 4, the Company shall pay all amounts, and provide all benefits, to the Executive and his dependents or other beneficiaries, as the case may be, that the Company would be required to pay or provide pursuant to Sections 3(a), 3(b) and 4 as though such termination were by the Company without Cause or by the Executive with Good Reason; *provided, however*, that the Company shall not be required to pay any disputed amounts pursuant to this Section 12(b) except upon receipt of an undertaking by or on behalf of the Executive to repay all such amounts to which the Executive is ultimately adjudged by such court not to be entitled.

13. Employment with Subsidiaries. Employment with the Company for purposes of this Agreement shall include employment with any corporation or other entity in which the Company has a direct or indirect ownership interest of 50 percent or more of the total combined voting power of the then outstanding securities of such corporation or other entity entitled to vote generally in the election of directors.

14. Governing Law; Validity. The interpretation, construction and performance of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Michigan without regard to the principle of conflicts of laws. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which other provisions shall remain in full force and effect.

15. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed to be an original and both of which together shall constitute one and the same instrument.

16. Miscellaneous. No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and signed by the Executive and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Executive or the Company to insist upon strict compliance with any

provisions of this Agreement or to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, shall not be deemed to be a waiver of such provision or right or any ot her provision or right of this Agreement. Except as otherwise expressly set forth in this Agreement, the rights of, and benefits payable to, the Executive, his estate or his beneficiaries pursuant to this Agreement are in addition to any rights of, or benefits payable to, the Executive, his estate or his beneficiaries under any other employee benefit plan or compensation plan, policy practice or program of the Company or any other contract or agreement with the Company.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer of the Company and the Executive has executed this Agreement as of the day and year first above written.

HERMAN MILLER, INC.
By:
EXECUTIVE
Executive's Name Michael A. Volkema

EXHIBIT 18

LETTER REGARDING CHANGE IN ACCOUNTING PRINCIPLES

Herman Miller, Inc.   855 East Main Avenue   Zeeland, MI 49464-0302

Re: Form 10-K Report for the year ended June 2, 2001

Ladies and Gentlemen:

This letter is written to meet the requirements of Regulation S-K calling for a letter from a registrant’s independent accountants whenever there has been a change in accounting principle or practice.

As described in the Employee Benefit Plans note to the consolidated financial statements of Herman Miller, Inc. (the “Company”) included in this Form 10-K, as of June 4, 2000, the Company changed its method of determining the market related value of plan assets for purposes of accounting for pensions from the fair value method to a calculated value method which recognizes the changes in the fair value of plan assets on a systematic basis over a five-year period. According to the management of the Company, this change was made to better match the change in fair value of plan assets and liabilities under the Company’s cash balance retirement plan and is also consistent with the method being used by many other manufacturing companies.

A complete coordinated set of financial and reporting standards for determining the preferability of accounting principles among acceptable alternative principles has not been established by the accounting profession. Thus, we cannot make an objective determination of whether the change in accounting described in the preceding paragraph is to a preferable method. However, we have reviewed the pertinent factors, including those related to financial reporting, in this particular case on a subjective basis, and our opinion stated below is based on our determination made in this manner.

We are of the opinion that the Company’s change in method of accounting is to an acceptable alternative method of accounting, which, based upon the reasons stated for the change and our discussions with management, is also preferable under the circumstances in this particular case. In arriving at this opinion, we have relied on the business judgment and business planning of the Company’s management.

Very truly yours,

/s/ Arthur Andersen LLP

Grand Rapids, Michigan

EXHIBIT 21

HERMAN MILLER, INC., SUBSIDIARIES
The company’s principal subsidiaries are as follows:

Name	Ownership	Jurisdiction of Incorporation
Coro Acquisition Corporation	100% company	California
Coro Services, Inc.	100% company	Michigan
Corporate Vision Interiors, Inc.	100% company	Illinois
G. West Brooks, Inc.	100% company	California
Geiger Worldwide, Inc.	100% company	Georgia
Herman Miller (Australia) Pty., Ltd.	100% company	Australia
Herman Miller B.V. (Netherlands)	100% company	Netherlands
Herman Miller Canada, Inc.	100% company	Canada
Herman Miller Ltd. Niederlassung Deutschland, Inc.	100% company	Germany
Herman Miller Et Cie	100% company	France
Herman Miller Italia S.p.A	100% company	Italy
Herman Miller Japan, Ltd.	100% company	Japan
Herman Miller Limited	100% company	England, U.K.
Herman Miller Mexico S.A. de C.V.	100% company	Mexico
Herman Miller Transportation Company	100% company	Michigan
HMI Liquidating Company	100% company	Michigan
Integrated Metal Technology, Inc.	100% company	Michigan
Meridian Incorporated	100% company	Michigan
Milcare, Inc.	100% company	Michigan
Milsure Insurance Limited	100% company	Barbados
Miller SQA, Inc.	100% company	Michigan
National Systems, Inc.	100% company	Georgia
W.B. Wood N.Y., Inc.	100% company	New York
Office Pavilion South Florida, Inc.	100% company	Florida
OP Corporate Furnishings, Inc.	100% company	Texas
OP Ventures, Inc.	100% company	Colorado
OP Ventures of Texas, Inc.	100% company	Texas
Powder Coat Technology, Inc.	100% company	Michigan
The Resource Alliance, Inc.	100% company	Canada
Workstyles, Inc.	100% company	Ohio
Workplace Resource, Inc.	100% company	Missouri
Marshall Clegg/Associates, Inc.	100% company	Texas

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS
To Herman Miller, Inc.:

As independent public accountants, we hereby consent to the incorporation of our report dated June 25, 2001, included in this Form 10-K, into the Company's previously filed Form S-8 Registration Statement File Numbers 33-5810, 33-43234, 33-45812, 2-84202, 33-04369, 333-04367, 333-04365 and 333-42506, and Form S-3 Registration File Numbers 333-86027 and 333-36442.

/s/ Arthur Andersen LLP

Grand Rapids, Michigan
August 20, 2001