UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

[X] 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 May 28, 2011 Commission File No. 001-15141

Herman Miller, Inc.
(Exact name of registrant as specified in its charter)

Michigan	38-0837640
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
855 East Main Avenue	
PO Box 302	
Zeeland, Michigan	49464-0302
(Address of principal executive offices)	(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [__]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [__] No [X]

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 [X] No [__]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] 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. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer,” “large accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer [X] Accelerated filer [__] Non-accelerated filer [__] Smaller reporting company [__]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [__] No [X]

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 November 27, 2010, was $1,214,081,835 (based on $21.55 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 July 19, 2011: Common stock, $.20 par value - 58,134,281 shares outstanding.
DOCUMENTS INCORPORATED BY REFERENCE
Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on October 10, 2011, are incorporated into Part III of this report.

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PART I

Item 1 BUSINESS

General Development of Business

The company researches, designs, manufactures, and distributes interior furnishings, for use in various environments including office, healthcare, educational, and residential settings, and provides related services that support organizations and individuals 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 enhance the performance of human habitats worldwide, making its customers' lives more productive, rewarding, delightful, and meaningful.

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 majority-owned subsidiaries. Further information relating to principles of consolidation is provided in Note 1 to the Consolidated Financial Statements included in Item 8 of this report.

Financial Information about Segments

Information relating to segments is provided in Note 18 to the Consolidated Financial Statements included in Item 8 of this report.

Narrative Description of Business

The company's principal business consists of the research, design, manufacture, and distribution of office furniture systems, products, and related services. Most of these systems and products are designed to be used together.

The company works for a better world around our customers by designing furnishings and related services that improve the human experience wherever people work, heal, learn and live. The company's ingenuity and design excellence creates award-winning products and services, that makes us 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 (including Action Office®, Canvas Office Landscape™, Ethospace®, Resolve®, My Studio Environments™ and Vivo Interiors®). The company also offers a broad array of seating (including Embody®, Aeron®, Mirra®, Setu®, Sayl®, Advo™, Celle®, Equa®, and Ergon® office chairs), storage (including Meridian® and Tu™ products), wooden casegoods (including Geiger® products), freestanding furniture products (including , Abak®, Intent®, Sense™ and Envelop®) and the recently introduced Thrive portfolio of ergonomic solutions. These, along with innovative business practices and a commitment to responsible leadership, has resulted in the company being recognized as the most admired company in the industry by FORTUNE.

The company's products are marketed worldwide by its own sales staff, independent dealers and retailers, its owned dealer network, and via our e-commerce website. Salespersons work with dealers, the design and architectural community, and directly with end-users. Independent dealerships concentrate on the sale of Herman Miller products and some complementary product lines of other manufacturers. It is estimated that approximately 73 percent of the company's sales in the fiscal year ended May 28, 2011, were made to or through independent dealers. The remaining sales were made directly to end-users, including federal, state, and local governments, and several major corporations, by the company's own sales staff, its owned dealer network, or independent retailers.

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 our customers' 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, freestanding furniture, storage and casegood 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, clinics, and other healthcare facilities; (3) industrial and educational settings; and (4) residential and other environments.

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 costs of certain direct materials used in the company's manufacturing and assembly operations are sensitive to shifts in commodity market prices. In particular, the costs of steel components, plastics, and particleboard are sensitive to the market prices of commodities such as raw steel, aluminum, crude oil, lumber, and resins. Increases in the market prices for these commodities can have an adverse impact on the company's profitability. Further information regarding the impact of direct material costs on the company's financial results is provided in Management's Discussion and Analysis in Item 7 of this report.

Patents, Trademarks, Licenses, Etc.
The company has 160 active United States utility patents on various components used in its products and 72 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 stylized “Herman Miller” and the “Herman Miller Circled Symbolic M” trademark are registered in the United States and many foreign countries. The company does not believe that any material part of its business depends 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 for Herman Miller®, Herman Miller Circled Symbolic M®, Geiger®, Nemschoff®, Action Office®, Ethospace®, Aeron®, Mirra®, Eames®, PostureFit®, and Vivo Interiors™. It is estimated that the average remaining life of such patents and trademarks is approximately 6 years and 9 years, respectively.

Working Capital Practices
Information concerning the company's inventory levels relative to its sales volume can be found under the *Executive Overview* section in Item 7 of this report. Beyond this discussion, 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 understanding the company's business.

Customer Base
It is estimated that no single dealer accounted for more than 4 percent of the company's net sales in the fiscal year ended May 28, 2011. It is also estimated that the largest single end-user customer, the U.S. federal government, accounted for $226.2 million or approximately 14 percent of the company's fiscal 2011 net sales. The 10 largest customers accounted for approximately 28 percent of net sales.

Backlog of Unfilled Orders
As of May 28, 2011, the company's backlog of unfilled orders was $275.8 million. At May 29, 2010, the company's backlog totaled $243.6 million. It is expected that substantially all the orders forming the backlog at May 28, 2011, will be filled during the next 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 does not necessarily indicate the level of net sales for a particular succeeding period.

Government Contracts
Other than standard 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. The company sells to the U.S. Government both through a GSA Multiple Award Schedule Contract and through competitive bids. The GSA Multiple Award Schedule Contract pricing is principally based upon the company's commercial price list in effect when the contract is initiated, rather than being determined on a cost-plus-basis. The company is required to receive GSA approval to increase its list prices during the term of the Multiple Award Schedule Contract period.

Competition
All aspects of the company's business are highly competitive. The company competes largely on design, product and service quality, speed of delivery, and product pricing. Although the company is one of the largest office furniture manufacturers in the world, it competes with manufacturers that have significant resources and sales as well as many smaller companies. In the United States, the company's most significant competitors are Haworth, HNI Corporation, Kimball International, Knoll, and Steelcase.

Research, Design and Development
The company draws great competitive strength from 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 customers and the problems which they are trying to solve. The company designs innovative products and services that address customer needs and solves their problems. The company uses both internal and independent research and design resources. Exclusive of royalty payments, the company spent approximately $35.4 million, $33.2 million, and $36.2 million, on research and development activities in fiscal 2011, 2010, and 2009, respectively. Generally, royalties are paid to designers of the company's products as the products are sold and are not included in research and development costs since they are variable based on product sales.

Environmental Matters
Living with integrity and respecting the environment stands as one of the company's core values. This is based in part, on the belief that environmental sustainability and commercial success are not exclusive ends, but instead exist side by side in a mutually beneficial relationship. The company continues to rigorously reduce, recycle, and reuse solid waste generated by its manufacturing processes and the company's efforts and accomplishments have been widely recognized. Herman Miller continues to power 100% of our global electrical energy demand using green energy. We continue to explore and make progress in achieving our goal of zero impact on the environment by the year 2020. Based on current facts known to management, the company does not believe that existing environmental laws and regulations have had or will

have any material effect upon the capital expenditures, earnings, or competitive position of the company. However, there can be no assurance new environmental legislation and technology in this area will not result in or require material capital expenditures or additional costs to our manufacturing process.

Human Resources
The company considers its employees to be another of its major competitive strengths. The company stresses individual employee participation and incentives, believing that this emphasis has helped attract and retain a competent and motivated workforce. The company's human resources group provides 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 5 percent of the company's employees are covered by collective bargaining agreements, most of whom are employees of its Nemschoff and Herman Miller Limited (U.K.) subsidiaries.

As of May 28, 2011, the company employed 5,616 full-time and 189 part-time employees, representing a 2.9 percent increase and a 8.0 percent increase, respectively, compared with May 29, 2010. In addition to its employee work force, the company uses temporary purchased labor to meet uneven demand in its manufacturing operations.

Information about International Operations

The company's sales in international markets are made primarily to office/institutional customers. Foreign sales consist mostly of office furniture products such as Ethospace®, Abak®, Aeron®, Mirra®, Celle®, Sayl® and other seating and storage products. The company conducts business in the following major international markets: Europe, Canada, the Middle East, Latin America, and the Asia/Pacific region. In certain foreign markets, the company's products are offered through licensing of foreign manufacturers on a royalty basis.

The company's products currently sold in international markets are manufactured by wholly owned subsidiaries in the United States, the United Kingdom, and China. Sales are made through wholly owned subsidiaries or branches in Canada, France, Germany, Italy, Japan, Mexico, Australia, Singapore, China, India, and the Netherlands. 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 earnings for the company.

Additional information with respect to operations by geographic area appears in Note 18 of the Consolidated Financial Statements included in Item 8 of this report. 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. Refer to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, for further discussion regarding the company's foreign exchange risk.

Available Information

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

Item 1A RISK FACTORS

The following risk factors and other information included in this Annual Report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face; others, either unforeseen or currently deemed less significant, may also have a negative impact on our company. If any of the following actually occurs, our business, operating results, cash flows, and financial condition could be materially adversely affected.

Our pension expenses are affected by factors outside our control, including the performance of plan assets, interest rates, actuarial data and experience and changes in laws and regulations.
Our future funding obligations for our U.S. defined benefit pension plans depend upon changes in the level of benefits provided for by the plans, the future performance of assets set aside in trusts for these plans, the level of interest rates used to determine funding levels, actuarial data and experience and any changes in government laws and regulations. In addition, our employee benefit plans hold a significant amount of equity securities. If the market values of these securities decline significantly, our future pension expenses and funding obligations could increase significantly. Decreases in interest rates that are not offset by contributions and asset returns could also increase our obligations under such plans. We may be legally required to make contributions to our U.S. pension plans in the future, and those contributions could be material. In addition, if local legal authorities increase the minimum funding requirements for our pension plan outside the United States, we could be required to contribute more funds, which would negatively affect our cash flow.

Sustained downturn in the economy could adversely impact our access to capital.
The disruption experienced in the global economic and financial markets has adversely impacted the broader financial and credit markets, at times reducing the availability of debt and equity capital for the market as a whole. Conditions such as these could re-emerge in the future. Accordingly, our ability to access the capital markets could be restricted at a time when we would like, or need, to access those markets, which could have an impact on our flexibility to react to changing economic and business conditions. The resulting lack of available credit, increased volatility in the financial markets and reduced business activity could materially and adversely affect our business, financial condition, results of operations, our ability to take advantage of market opportunities and our ability to obtain and manage our liquidity. In addition, the cost of debt financing and the proceeds of equity financing may be materially and adversely impacted by these market conditions. The extent of any impact would depend on several factors, including our operating cash flows, the duration of tight credit conditions and volatile equity markets, our credit capacity, the cost of financing, and other general economic and business conditions. Our credit agreements contain performance covenants, such as a limit on the ratio of debt to earnings before interest, taxes, depreciation and amortization, and limits on subsidiary debt and incurrence of liens. Although we believe none of these covenants are presently restrictive to our operations, our ability to meet the financial covenants can be affected by events beyond our control.

We may not be successful in implementing and managing our growth strategy.
We have established a set of key strategic goals for our business. Included among these are specific targets for growth in net sales and operating profit as a percentage of net sales. Our strategic plan assumes growth targets will be achieved by pursuing and winning new business in the following areas:

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

While we have confidence that our strategic plan reflects opportunities that are appropriate and achievable and that we have anticipated and will manage the associated risks, there is the possibility that the strategy may not deliver the projected results due to inadequate execution, incorrect assumptions, sub-optimal resource allocation, or changing customer requirements.

There is no assurance that our current product and service offering will allow us to meet these goals. Accordingly, we believe we will be required to continually invest in the research, design, and development of new products and services. There is no assurance that such investments will have commercially successful results.

Certain growth opportunities may require us to invest in acquisitions, alliances, and the startup of new business ventures. These investments may not perform according to plan.

Future efforts to expand our business within developing economies, particularly within China and India, may expose us to the effects of political and economic instability. Such instability may impact our ability to in compete for business. It may also put the availability and/or value of our capital investments within these regions at risk. These expansion efforts expose us to operating environments with complex, changing, and in some cases, inconsistently applied legal and regulatory requirements. Developing knowledge and understanding of these requirements poses a significant challenge, and failure to remain compliant with them could limit our ability to continue doing business in these locations.

Pursuing our growth plan in new and adjacent markets, as well as within developing economies, will require us to find effective new channels of distribution. There is no assurance that we can develop or otherwise identify these channels of distribution.

The markets in which we operate are highly competitive, and we may not be successful in winning new business.
We are one of several companies competing for new business within the furniture industry. Many of our competitors offer similar categories of products, including office seating, systems and freestanding office furniture, casegoods, storage, and residential and healthcare furniture solutions. We believe that our innovative product design, functionality, quality, depth of knowledge, and strong network of distribution partners differentiates us in the marketplace. However, increased market pricing pressure could make it difficult for us to win new business with certain customers and within certain market segments at acceptable profit margins.

Adverse economic and industry conditions could have a negative impact on our business, results of operations, and financial condition.
Customer demand within the contract office furniture industry is affected by various macro-economic factors; general corporate profitability, white-collar employment levels, new office construction rates, and existing office vacancy rates are among the most influential factors. History has shown that declines in these measures can have an adverse effect on overall office furniture demand. Additionally, factors and changes specific to our industry, such as developments in technology, governmental standards and regulations, and health and safety issues can influence demand. There are current and future economic and industry conditions, which could adversely affect our business, operating results, or financial condition.

Our business presence outside the United States exposes us to certain risks that could negatively affect our results of operations and financial condition.
We have significant manufacturing and sales operations in the United Kingdom, which represents our largest marketplace outside the United States. We also have manufacturing operations in China. Additionally, our products are sold internationally through wholly-owned subsidiaries or branches in various countries including Canada, Mexico, Brazil, France, Germany, Italy, Netherlands, Japan, Australia, Singapore, China, and India. In certain other regions of the world, our products are offered primarily through independent dealerships.

Doing business internationally exposes us to certain risks, many of which are beyond our control and could potentially impact our ability to design, develop, manufacture, or sell products in certain countries. These factors could include, but would not necessarily be limited to:

- Political, social, and economic conditions
- Legal and regulatory requirements
- Labor and employment practices
- Cultural practices and norms
- Natural disasters
- Security and health concerns
- Protection of intellectual property

In some countries, the currencies in which we import and export products can differ. Fluctuations in the rate of exchange between these currencies could negatively impact our business. Additionally, tariff and import regulations, international tax policies and rates, and changes in U.S. and international monetary policies may have an adverse impact on results of operations and financial condition.

Disruptions in the supply of raw and component materials could adversely affect our manufacturing and assembly operations.
We rely on outside suppliers to provide on-time shipments of the various raw materials and component parts used in our manufacturing and assembly processes. The timeliness of these deliveries is critical to our ability to meet customer demand. Any disruptions in this flow of delivery could have a negative impact on our business, results of operations, and financial condition.

Increases in the market prices of manufacturing materials may negatively affect our profitability.
The costs of certain manufacturing materials used in our operations are sensitive to shifts in commodity market prices. In particular, the costs of steel, plastic and aluminum components and particleboard are sensitive to the market prices of commodities such as raw steel, aluminum, crude oil, lumber, and resins. Increases in the market prices of these commodities may have an adverse impact on our profitability if we are unable to offset them with strategic sourcing, continuous improvement initiatives or increased prices to our customers.

Disruptions within our dealer network could adversely affect our business.
Our ability to manage existing relationships within our network of independent dealers is crucial to our ongoing success. Although the loss of any single dealer would not have a material adverse effect on the overall business, our business within a given market could be negatively affected by disruptions in our dealer network caused by the termination of commercial working relationships, ownership transitions, or dealer financial difficulties.

If dealers go out of business or restructure, we may suffer losses because they may not be able to pay for products already delivered to them. Also, dealers may experience financial difficulties, creating the need for outside financial support, which may not be easily obtained. In the past, we have, on occasion, agreed to provide direct financial assistance through term loans, lines of credit, and/or loan guarantees to certain dealers.

There is no assurance that these dealers will be able to repay amounts owed to us or to banks with which we have offered guarantees.

Increasing competition for highly skilled and talented workers could adversely affect our business.

The successful implementation of our business strategy depends, in part, on our ability to attract and retain a skilled workforce. The increasing competition for highly skilled and talented employees could result in higher compensation costs, difficulties in maintaining a capable workforce, and leadership succession planning challenges.

Costs related to product defects could adversely affect our profitability.

We incur various expenses related to product defects, including product warranty costs, product recall and retrofit costs, and product liability costs. These expenses relative to product sales vary and could increase. We maintain reserves for product defect-related costs based on estimates and our knowledge of circumstances that indicate the need for such reserves. We cannot, however, be certain that these reserves will be adequate to cover actual product defect-related claims in the future. Any significant increase in the rate of our product defect expenses could have a material adverse effect on operations.

We are subject to risks associated with self-insurance related to health benefits.

We are self-insured for our health benefits and maintain per employee stop loss coverage however we retain the insurable risk at an aggregate level, therefore unforeseen or catastrophic losses in excess of our insured limits could have a material adverse effect on the company's financial condition and operating results. See Note 1 of the Consolidated Financial Statements for information regarding the company's retention level.

Government and other regulations could adversely affect our business.

Government and other regulations apply to many of our products. Failure to comply with these regulations or failure to obtain approval of products from certifying agencies could adversely affect the sales of these products and have a material negative impact on operating results.

Item 1B UNRESOLVED STAFF COMMENTS — none

Item 2 PROPERTIES

The company owns or leases facilities located throughout the United States and several foreign countries. The location, square footage, and use of the most significant facilities at May 28, 2011 were as follows:

Owned Locations	**Square Footage**	**Use**
Holland, Michigan	917,400	Manufacturing, Distribution, Warehouse, Design, Office
Spring Lake, Michigan	818,300	Manufacturing, Warehouse, Office
Zeeland, Michigan	750,800	Manufacturing, Warehouse, Office
Sheboygan, Wisconsin	207,700	Manufacturing, Warehouse, Office
England, U.K.	85,000	Manufacturing, Office
Leased Locations		
Atlanta, Georgia	176,700	Manufacturing, Warehouse, Office
England, U.K.	93,500	Manufacturing, Warehouse
Ningbo, China	94,700	Manufacturing, Warehouse, Office

The company also maintains showrooms or sales offices near many major metropolitan areas throughout North America, Europe, Asia/Pacific, and Latin 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 LEGAL PROCEEDINGS

The company is 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 operations, cash flows and financial condition.

ADDITIONAL ITEM: EXECUTIVE OFFICERS OF THE REGISTRANT

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

Name	Age	Year Elected an Executive Officer	Position with the Company
Gregory J. Bylsma	46	2009	Executive Vice President, Chief Financial Officer
James E. Christenson	64	1989	Senior Vice President, Legal Services, and Secretary
Steven C. Gane	56	2009	Senior Vice President, President, Geiger International
Donald D. Goeman	54	2005	Executive Vice President, Research, Design & Development
Kenneth L. Goodson, Jr.	59	2003	Executive Vice President, Operations
Andrew J. Lock	57	2003	Executive Vice President, President, International
Elizabeth A. Nickels	49	2000	Executive Vice President, President, Herman Miller Healthcare
Curtis S. Pullen	51	2007	Executive Vice President, President, North American Office and Learning Environments
Michael F. Ramirez	46	2011	Senior Vice President of People, Places and Administration
Jeffrey M. Stutz	40	2009	Treasurer and Vice President, Investor Relations
Brian C. Walker	49	1996	President and Chief Executive Officer
B. Ben Watson	46	2010	Executive Creative Director

Except as discussed below, each of the named officers has served the company in an executive capacity for more than five years.

Mr. Bylsma joined Herman Miller, Inc. in 2000 as Director of Reporting & Planning for North America prior to being appointed Corporate Controller in 2005.

Mr. Gane joined Herman Miller in 2007 as President of Geiger International. Prior to this he worked for Furniture Brands International for 16 years serving mostly as President of HBF.

Mr. Pullen joined Herman Miller in 1991 and served as Chief Financial Officer from 2007 to 2009, Senior Vice President of Dealer Distribution from 2003 to 2007, Senior Vice President of Finance for North America from 2000 to 2003, and Vice President of Finance, Herman Miller International from 1994 to 2000.

Mr. Ramirez joined Herman Miller in 1998 and served as Director of Purchasing from 1998 to 2005, Vice President of Inclusiveness and Diversity from 2005 to 2009, and Vice President of Sales Operations from 2009 to 2011.

Mr. Stutz joined Herman Miller in 2009 as Treasurer and Vice President, Investor Relations. Previously he served as Chief Financial Officer for Izzy Designs Inc., subsequent to holding various positions within Herman Miller finance.

Mr. Watson joined Herman Miller in 2010 as Executive Creative Director, and prior to this he served as Managing Director and CEO of Moroso USA. Prior to this Mr. Watson served in creative roles as Global Creative Director of Apparel at Nike, and Global Marketing Director at Vitra.

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.

PART II

Item 5 MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Share Price, Earnings, and Dividends Summary

Herman Miller, Inc., common stock is traded on the NASDAQ-Global Select Market System (Symbol: MLHR). As of July 26, 2011, there were approximately 17,600 record holders, including individual participants in security position listings, of the company's common stock.

Per Share and Unaudited	Market Price High (at close)	Market Price Low (at close)	Market Price Close	Earnings Per Share-Diluted [1]	Dividends Declared Per Share
Year ended May 28, 2011:					
First quarter	$ 20.13	$ 16.62	$ 16.93	$ 0.22	$ 0.02200
Second quarter	21.62	16.39	21.54	0.26	0.02200
Third quarter	27.35	21.54	26.36	0.29	0.02200
Fourth quarter	27.77	22.67	24.56	0.30	0.02200
Year	$ 27.77	$ 16.39	$ 24.56	$ 1.06	$ 0.08800
Year ended May 29, 2010:					
First quarter	$ 17.20	$ 13.43	$ 16.13	$ 0.14	$ 0.02200
Second quarter	19.15	15.17	15.17	0.17	0.02200
Third quarter	18.23	15.19	18.20	0.12	0.02200
Fourth quarter	22.37	18.06	19.23	—	0.02200
Year	$ 22.37	$ 13.43	$ 19.23	$ 0.43	$ 0.08800

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

Dividends were declared and paid quarterly during fiscal 2011 and 2010 as approved by the Board of Directors. While it is anticipated that the company will continue to pay quarterly cash dividends, the amount and timing of such dividends is subject to the discretion of the Board depending on the company's future results of operations, financial condition, capital requirements, and other relevant factors.

Issuer Purchases of Equity Securities

The following is a summary of share repurchase activity during the fourth quarter ended May 28, 2011.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share or Unit	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs [1]
2/27/11-3/26/11	41	25.63	41	$ 169,412,077
3/27/11-4/23/11	2,441	26.03	2,441	$ 169,348,538
4/24/11-5/28/11	—	—	—	$ 169,348,538
Total	2,482	26.02	2,482	

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

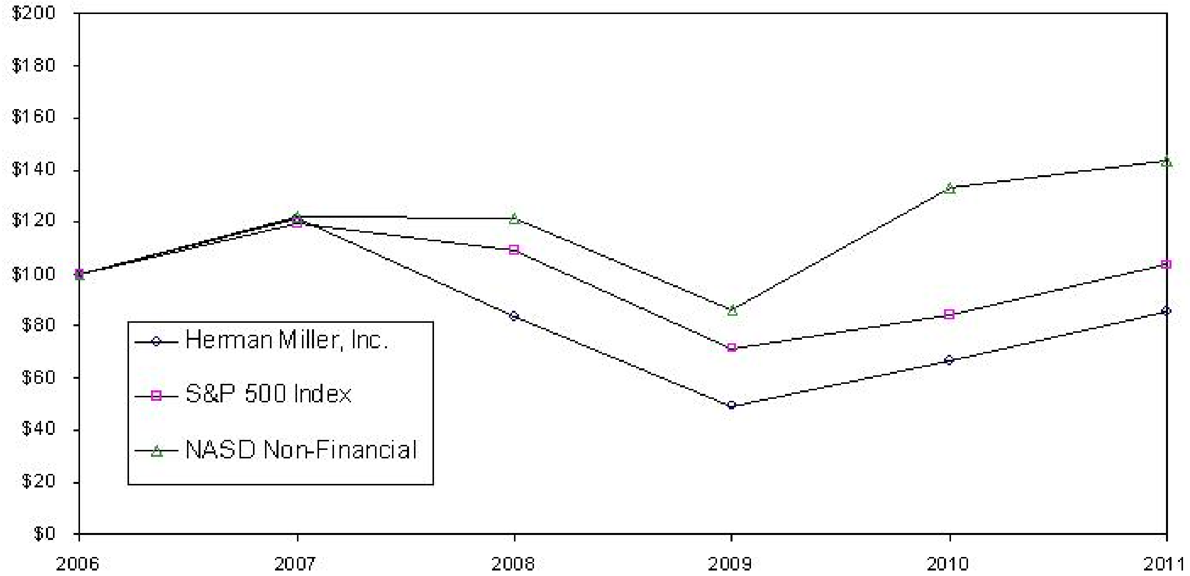
The company repurchases shares under a previously announced plan authorized by the Board of Directors on September 28, 2007, which provided share repurchase authorization of $300,000,000 with no specified expiration date.

No repurchase plans expired or were terminated during the fourth quarter of fiscal 2011.

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

Stockholder Return Performance Graph

Set forth below is a line graph comparing the yearly percentage change in the cumulative total stockholder return on the Company's common stock with that of the cumulative total return of the Standard & Poor's 500 Stock Index and the NASD Non-Financial Index for the five-year period ended May 28, 2011. The graph assumes an investment of $100 on May 28, 2005 in the company's common stock, the Standard & Poor's 500 Stock Index and the NASD Non-Financial Index, with dividends reinvested.



	2006	2007	2008	2009	2010	2011
Herman Miller, Inc.	$ 100	$ 121	$ 83	$ 49	$ 67	$ 85
S&P 500 Index	$ 100	$ 119	$ 109	$ 71	$ 85	$ 103
NASD Non-Financial	$ 100	$ 122	$ 121	$ 86	$ 133	$ 144

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

Item 6 SELECTED FINANCIAL DATA

Review of Operations

(In millions, except key ratios and per share data)	2011	2010	2009	2008	2007
Operating Results					
Net sales	$ 1,649.2	$ 1,318.8	$ 1,630.0	$ 2,012.1	$ 1,918.9
Gross margin	538.1	428.5	527.7	698.7	645.9
Selling, general, and administrative (8)	369.0	334.4	359.2	400.9	395.8
Design and research	45.8	40.5	45.7	51.2	52.0
Operating earnings	123.3	53.6	122.8	246.6	198.1
Earnings before income taxes	102.5	34.8	98.9	230.4	187.0
Net earnings attributable to controlling interest	70.8	28.3	68.0	152.3	129.1
Cash flow from operating activities	91.1	99.1	91.7	213.6	137.7
Depreciation and amortization	39.1	42.6	41.7	43.2	41.2
Capital expenditures	30.5	22.3	25.3	40.5	41.3
Common stock repurchased plus cash dividends paid	6.0	5.7	19.5	287.9	185.6
Key Ratios					
Sales growth (decline)	25.1%	(19.1)%	(19.0)%	4.9%	10.5%
Gross margin (1)	32.6	32.5	32.4	34.7	33.7
Selling, general, and administrative (1) (8)	22.4	25.4	22.0	19.9	20.6
Design and research expense (1)	2.8	3.1	2.8	2.5	2.7
Operating earnings (1)	7.5	4.1	7.5	12.3	10.3
Net earnings attributable to controlling interest growth (decline)	150.2	(58.4)	(55.4)	18.0	30.1
After-tax return on net sales (4)	4.3	2.1	4.2	7.6	6.7
After-tax return on average assets (5)	8.9	3.7	8.8	21.0	19.4
After-tax return on average equity (6)	49.7%	64.2 %	433.1 %	170.5%	87.9%
Share and Per Share Data					
Earnings per share-diluted	$ 1.06	$ 0.43	$ 1.25	$ 2.56	$ 1.98
Cash dividends declared per share	0.09	0.09	0.29	0.35	0.33
Book value per share at year end	3.53	1.41	0.15	0.42	2.47
Market price per share at year end	24.56	19.23	14.23	24.80	36.53
Weighted average shares outstanding-diluted	57.7	57.5	54.5	59.6	65.1
Financial Condition					
Total assets	$ 814.4	$ 770.6	$ 767.3	$ 783.2	$ 666.2
Working capital (3)	205.9	182.9	243.7	182.7	103.2
Current ratio (2)	1.8	1.3	1.6	1.6	1.4
Interest-bearing debt and related swap agreements	250.0	301.2	377.4	375.5	176.2
Shareholders' equity	205.0	80.1	8.0	23.4	155.3
Total capital (7)	455.0	381.3	385.4	398.9	331.5

(1) Shown as a percent of net sales.
(2) Calculated using current assets divided by current liabilities.
(3) Calculated using current assets less non-interest bearing current liabilities.
(4) Calculated as net earnings attributable to controlling interest divided by net sales.
(5) Calculated as net earnings attributable to controlling interest divided by average assets.
(6) Calculated as net earnings attributable to controlling interest divided by average equity.
(7) Calculated as interest-bearing debt plus stockholders' equity.
(8) Selling, general, and administrative expenses include restructuring expenses in years that are applicable.

2006	2005	2004	2003	2002	2001
$ 1,737.2	$ 1,515.6	$ 1,338.3	$ 1,336.5	$ 1,468.7	$ 2,236.2
574.8	489.8	415.6	423.6	440.3	755.7
371.7	327.7	304.1	319.8	399.7	475.4
45.4	40.2	40.0	39.1	38.9	44.3
157.7	121.9	61.2	48.3	(79.9)	236.0
147.6	112.8	51.6	35.8	(91.0)	225.1
99.2	68.0	42.3	23.3	(56.0)	140.6
150.4	109.3	82.7	144.7	54.6	211.8
41.6	46.9	59.3	69.4	112.9	92.6
50.8	34.9	26.7	29.0	52.4	105.0
175.4	152.0	72.6	72.7	30.3	105.3

14.6%	13.2%	0.1%	(9.0)%	(34.3)%	11.2%
33.1	32.3	31.1	31.7	30.0	33.8
21.4	21.6	22.7	23.9	27.3	21.3
2.6	2.7	3.0	2.9	2.6	2.0
9.1	8.0	4.6	3.6	(5.4)	10.6
45.9	60.8	81.5	141.6	(139.8)	0.6
5.7	4.5	3.2	1.7	(3.8)	6.3
14.4	9.6	5.7	3.0	(6.3)	14.5
64.2%	37.3%	21.9%	10.3 %	(18.2)%	43.5%

$ 1.45	$ 0.96	$ 0.58	$ 0.31	$ (0.74)	$ 1.81
0.31	0.29	0.18	0.15	0.15	0.15
2.10	2.45	2.71	2.62	3.45	4.63
30.34	29.80	24.08	19.34	23.46	26.90
68.5	70.8	73.1	74.5	75.9	77.6

$ 668.0	$ 707.8	$ 714.7	$ 757.3	$ 788.0	$ 996.5
93.8	162.3	207.8	189.9	188.7	191.6
1.3	1.5	1.8	1.7	1.8	1.5
178.8	194.0	207.2	223.0	235.1	259.3
138.4	170.5	194.6	191.0	263.0	351.5
317.2	364.5	401.8	414.0	498.1	610.8

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

Management's Discussion and Analysis

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

Executive Overview

At Herman Miller, we work for a better world around you. We do this by designing and developing award-winning furniture and related services and technologies that improve your environment, whether it's an office, hospital, school, home, an entire building, or the world at large. At present, most of our customers come to us for interior environments in both corporate office and healthcare settings. We also have a growing presence in educational and residential markets. Our primary products include furniture systems, seating, storage and material handling solutions, freestanding furniture, patient care products, and casegoods. Our other services extend from workplace solutions to furniture asset management.

More than 100 years of innovative business practices and a commitment to social responsibility have established Herman Miller as a recognized global company. In 2011, Herman Miller again received the Human Rights Campaign (HRC) Foundation’s top rating in its annual Corporate Equality Index and was also cited by FORTUNE as the "Most Admired" company in the contract furniture industry.

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

We are globally positioned in terms of manufacturing operations. In the United States, our manufacturing operations are located in Michigan, Georgia, Iowa and Wisconsin. In Europe, we have a manufacturing presence in the United Kingdom, our largest marketplace outside of the United States. In Asia, we have manufacturing operations in Ningbo, China. We manufacture our products using a system of lean manufacturing techniques collectively referred to as the Herman Miller Performance System (HMPS). We strive to maintain efficiencies and cost savings by minimizing the amount of inventory on hand. Accordingly, production is order-driven with direct materials and components purchased as needed to meet demand. The standard lead time for the majority of our products is 10 to 20 days. These factors result in a high rate of inventory turns and typically cause our inventory levels to appear relatively low compared to our sales volume.

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

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

- *North American Furniture Solutions* - Includes the business associated with the design, manufacture, and sale of furniture products for office, learning and healthcare environments throughout the United States and Canada.

- *Non-North American Furniture Solutions* - Includes the business associated with the design, manufacture, and sale of furniture products primarily for work-related settings for Mexico and outside North America.

- *Other* - Includes our North American residential furniture business as well as unallocated corporate expenses, and restructuring costs.

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

- *Brand* - Our brand is recognized by customers as a pioneer in design and sustainability, and as an advocate that supports their needs and interests. Within our industry, Herman Miller is acknowledged as one of the leading brands that inspires architects and designers to create their best commercial design solutions. Leveraging our brand equity across our lines of business to extend our reach to customers and consumers is an important element of our business strategy.

- *Problem - Solving Design and Innovation* - We are committed to developing research-based functionality and aesthetically innovative new products and have a history of doing so. We believe our skills and experience in matching problem-solving design with the workplace needs of our customers provide us with a competitive advantage in the marketplace. An important component of our business strategy is to actively pursue a program of new product research, design, and development. We accomplish this through the use of an internal research, engineering, and design staff as well as third party design resources generally compensated on a royalty basis.

- *Operational Excellence* - We were among the first in our industry to embrace the concepts of lean manufacturing. HMPS provides the foundation for all of our manufacturing operations. We are committed to continuously improving both product quality and production and operational efficiency. We have extended this lean process work to our non-manufacturing processes as well as externally to our manufacturing supply chain and distribution channel. We believe this work holds great promise for further gains in reliability, quality and efficiency.

- *Building and Leading Networks* - We value relationships in all areas of our business. We consider our networks of innovative designers, owned and independent dealers, and suppliers to be among our most important competitive factors and vital to the long-term success of our business.

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

- *Independent Contract Furniture Dealers and Licensees* - Most of our product sales are made to a network of independently owned and operated contract furniture dealerships doing business in many countries around the world. These dealers purchase our products and distribute them to end customers. We recognize revenue on product sales through this channel once our products are shipped and title passes to the dealer. Many of these dealers also offer furniture-related services, including product installation.

- *Owned Contract Furniture Dealers* - At May 28, 2011, we owned 9 contract furniture dealerships, some of which have operations in multiple locations. The financial results of these owned dealers are included in our Consolidated Financial Statements. Product sales to these dealerships are eliminated as inter-company transactions from our consolidated financial results. We recognize revenue on these sales once products are shipped to the end customer and installation is substantially complete. We believe independent ownership of contract furniture dealers is generally the best model for a financially strong distribution network. With this in mind, our strategy is to continue to pursue opportunities to transition our owned dealerships to independent owners. Where possible, our goal is to involve local managers in these ownership transitions. Subsequent to the end of fiscal 2011 we completed the sale of two ontract furniture dealerships.

- *Direct Customer Sales* - We sometimes sell products and services directly to end customers without an intermediary (e.g. sales to the U.S. federal government). In most of these instances, we contract separately with a dealership or third-party installation company to provide sales-related services. We recognize revenue on these sales once products are shipped and installation is substantially complete.

- *Independent Retailers* - Certain products are sold to end customers through independent retail operations. Revenue is recognized on these sales once products are shipped and title passes to the independent retailer.

- *E-Commerce* - During fiscal 2011 the company launched its own internet based sales business, in which products are now available for sale via the company's website. This site complements our existing methods of distribution and exemplifies the company's brand to new customers. The company recognizes revenue on these sales once products are shipped.

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

Future Avenues of Growth
We believe we are well positioned to successfully pursue our mission in spite of the risks and challenges we face. That is, we will design and develop furniture and related services and technologies that reflect sustainable business practices that improve environments and help to create a better world. In pursuing our mission, we have identified the following as key avenues for our future growth.

- *Primary Markets* - Capture additional market share within our primary markets by offering superior solutions and ever expanding product categories, to customers who value space as a strategic tool.

- *Adjacent Markets* - Further apply our core skills in space environments such as healthcare, higher education, and residential.

- *Developing Economies* - Expand our geographic reach in areas of the world with significant growth potential.

- *New Markets* - Develop or acquire new products and technologies that serve new markets.

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

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

Discussion of Business Conditions

Our fiscal years ended May 28, 2011 and May 29, 2010 each included 52 weeks of operations.

Fiscal 2011 benefited from a more robust global economic environment impacting most areas of our business from a net sales and orders perspective. Net sales and net trade orders rebounded 25.1 percent and 26.5 percent, respectively, from the prior year. Operating earnings were 7.5 percent of sales (including the positive impact on operating expense resulting from reducing the estimated liability related to contingent payments associated with the Nemschoff acquisition of $15.1 million, refer to Note 2 of the Consolidated Financial Statements). From an economic perspective, the macro drivers of demand in the contract office furniture industry have strengthened within the year with office moves and low rental rates continuing to drive new orders. However, this continues to be tempered by fairly stagnant unemployment rates.

We have made great progress this year toward our strategic goals while delivering solid financial results. We took action to de-leverage our balance sheet in the fourth quarter by paying off $100 million of our public bond issue, partially funded by $50 million of newly issued private placement notes. We also took action to reduce our long-term pension commitments during the year by contributing approximately $53 million in the form of cash and stock to the pension plan. We continued our focus on operational excellence with our manufacturing operations maintaining a reliability score of 99 percent throughout the year and, for the fifth time in six years, we received the Office Furniture Dealers Alliance (OFDA) Gold award as the Manufacturer of the Year.

The development of new products has remained a critical element of our business strategy as we worked continue to deliver superior products and services to our dealer network. During the year we launched the Thrive portfolio of ergonomic solutions which includes the technology support products we acquired through the purchase of Colebrook Bosson & Saunders in May 2010. We also introduced the Sayl® family of chairs which furthered our leadership position in office seating as well as launched Canvas Office Landscape™ - a collection of work station, desking and storage elements that work in harmony to address multiple space applications, from open plan to private office. At this year's NeoCon we introduced 13 new products. Among the most significant achievements was a new healthcare Overbed Table called Oasis™, which won a Gold award in the healthcare furniture category and the Geiger Sotto™ executive chair which won silver in the ergonomic/task seating category.

During the fourth quarter of fiscal 2011 we announced the plans to acquire POSH Office Systems Ltd., a Hong Kong-based designer, manufacturer, and distributor of office furniture systems, freestanding furniture, seating, filing and storage with manufacturing in China and distribution in Hong Kong and China. With POSH we gain immediate access to the Chinese market. As the demand for high quality seating and furniture continues to grow in the region, we anticipate a significant increase in the sales of Herman Miller products through the POSH dealer network. With an expanded product offering through POSH, we can also look beyond China to other markets and customers we are not presently serving. We anticipate this acquisition to close during late calendar 2011.

With business conditions seemingly improving, there's a growing sense of optimism within the company backed by the innovative spirit of our people and a brand that we believe is second-to-none in our industry. Our continued investments in product and business development throughout the downturn enhanced both the depth and diversity of our product offering, leaving us well positioned to grow in each of our markets.

Looking forward, the general economic outlook for our industry in the U.S. is expected to be positive. BIFMA issued its most recent report in May 2011 expecting that the growth rate of office furniture orders and shipments in the U.S. for calendar 2011 will be 14.5 percent and 17.5 percent, respectively. This forecasted growth is based on an improvement in the U.S. economy, including the assumption that businesses will continue to invest in office furniture in order to boost employee productivity. The forecast projects both orders and shipments will moderate in calendar 2012.

Financial Results

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

(Dollars In millions)	Fiscal 2011	% Chg from 2010	Fiscal 2010	% Chg from 2009	Fiscal 2009
Net sales	$ 1,649.2	25.1%	$ 1,318.8	(19.1)%	$ 1,630.0
Cost of sales	1,111.1	24.8%	890.3	(19.2)%	1,102.3
Gross margin	538.1	25.6%	428.5	(18.8)%	527.7
Operating expenses	414.8	10.6%	374.9	(7.4)%	404.9
Operating earnings	123.3	130.0%	53.6	(56.4)%	122.8
Net other expenses	20.8	10.6%	18.8	(21.3)%	23.9
Earnings before income taxes	102.5	194.5%	34.8	(64.8)%	98.9
Income tax expense	31.7	387.7%	6.5	(79.0)%	31.0
Net loss attributable to noncontrolling interest	—	—%	—	(100.0)%	(0.1)
Net earnings attributable to controlling interest	$ 70.8	150.2%	$ 28.3	(58.4)%	$ 68.0

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

Fiscal Year Ended	May 28, 2011	May 29, 2010	May 30, 2009
Net sales	100.0%	100.0%	100.0%
Cost of sales	67.4	67.5	67.6
Gross margin	32.6	32.5	32.4
Selling, general, and administrative expenses	22.2	24.1	20.3
Restructuring	0.2	1.3	1.7
Design and research expenses	2.8	3.1	2.8
Total operating expenses	25.2	28.4	24.8
Operating earnings	7.5	4.1	7.5
Net other expenses	1.3	1.4	1.5
Earnings before income taxes	6.2	2.6	6.1
Income tax expense	1.9	0.5	1.9
Net earnings attributable to controlling interest	4.3	2.1	4.2

Net Sales, Orders, and Backlog - Fiscal 2011 Compared to Fiscal 2010

For the fiscal year ended May 28, 2011, consolidated net sales increased 25.1 percent to $1,649.2 million from $1,318.8 million for the fiscal year ended May 29, 2010. This year-over-year increase was driven by a more robust global economic environment and was experienced across nearly all operating and geographic units. The overall impact of foreign currency changes for the fiscal year was to increase net sales by approximately $10 million.

Consolidated net trade orders for fiscal 2011 totaled $1,672.3 million compared to $1,322.4 million in fiscal 2010, an increase of 26.5 percent. Order rates began the year at a steady pace with orders averaging approximately $30 million per week through the first quarter. The second and third quarter weekly orders rates averaged approximately $36 million and $28 million, respectively, with the third quarter experiencing our typical seasonal slowdown. The fourth quarter finished the year with average weekly order rates increasing to approximately $35 million. The overall impact of foreign currency changes for the fiscal year increased net orders by approximately $8 million.

Our backlog of unfilled orders at the end of fiscal 2011 totaled $275.8 million, a 13.2 percent increase from the $243.6 million backlog at the end of fiscal 2010.

BIFMA reported an estimated year-over-year increase in U.S. office furniture shipments of approximately 17.6 percent for the twelve-month period ended May 2011. By comparison, the net sales increase for our domestic U.S. business was approximately 24.8 percent. We believe that while comparisons to BIFMA are important, we continue to pursue a strategy of revenue diversification that makes us less reliant on the drivers that impact BIFMA.

Net Sales, Orders, and Backlog - Fiscal 2010 Compared to Fiscal 2009

For the fiscal year ended May 29, 2010, consolidated net sales declined 19.1 percent to $1,318.8 million from $1,630.0 million for the fiscal year ended May 30, 2009. This year-over-year decline was driven by the global economic environment and was experienced across nearly all operating and geographic units. While the U.S. dollar strengthened against many major currencies during fiscal 2010, it weakened against others, notably the Canadian dollar. The overall impact of foreign currency changes for fiscal year 2010 was to increase net sales by approximately $5 million.

Consolidated net trade orders for fiscal 2010 totaled $1,322.4 million compared to $1,564.7 million in fiscal 2009, a decrease of 15.5 percent. Order rates began the year at a steady pace with orders averaging between approximately $25 million and $27 million per week through the first two quarters. These order rates, and other economic inputs, gave a solid signal that the business had hit bottom and was stabilized. Moving into the second half of the fiscal 2010, the third quarter, which historically has the weakest order rate of the year, orders dipped down to an average weekly rate of approximately $22 million per week. Although low, this order rate represented a slight increase in order rates from the prior year. The fourth quarter order rates averaged approximately $28 million per week, which represented our highest order rate in 18 months. The overall impact of foreign currency changes for fiscal year 2010 was to increase net orders by approximately $4 million.

The backlog of unfilled orders at the end of fiscal 2010 totaled $243.6 million, a 17.2 percent increase from the $207.8 million backlog at the end of fiscal 2009.

BIFMA reported an estimated year-over-year decline in U.S. office furniture shipments of approximately 22.3 percent for the twelve-month period ended May 2010. By comparison, the net sales decline for our domestic U.S. business was approximately 18.8 percent. We believe that while comparisons to BIFMA are important, we continue to pursue a strategy of revenue diversification that makes us less reliant on the drivers that impact BIFMA.

Discussion of Operating Segments - Fiscal 2011 Compared to Fiscal 2010

Effective as of the second quarter of fiscal 2011, management has modified the company's segment reporting in order to better align with changes made in the second quarter to the organizational and management reporting structure. Specifically, the company is now reporting operations in Mexico within its non-North American Furniture Solutions operating segment rather than in North American Furniture Solutions. Prior year results have been revised to reflect this change.

Net sales within the North American Furniture Solutions (North America) segment were $1,304.9 million in fiscal 2011, a 24.5 percent increase from fiscal 2010 net sales of $1,048.1 million. We experienced an increase across all sectors of our North American business during fiscal 2011. Operating earnings for the segment in fiscal 2011 were $98.1 million, or 7.5 percent of net sales. This compares to segment earnings of $71.5 million or 6.8 percent of net sales in fiscal 2010. The increase in operating earnings as a percent of net sales in the current fiscal year is primarily driven by leverage.

Net sales from the non-North American Furniture Solutions (non-North America) segment were $290.4 million in fiscal 2011, a $67.7 million or a 30.4 percent increase from fiscal 2010 net sales of $222.7 million. All regions experienced year-over-year sales growth. Operating earnings within the non-North American segment totaled $18.8 million for the year or 6.5 percent of net sales. This compares to an operating loss of $0.2 million or a negative 0.1 percent of net sales in fiscal 2010, an increase of 660 basis points. The operating loss in fiscal 2010 was significantly affected by an independent dealer in Australia that went into receivership and resulted in bad debt expense of approximately $5 million.

Net sales within the “Other” segment category were $53.9 million in fiscal 2011 an increase of $5.9 million, or 12.3 percent, compared to fiscal 2010 net sales of $48.0 million. The increase in net sales is the result of strong sales by our North American Retail business. It should be noted that while the majority of corporate costs are allocated to the operating segments, certain costs that are generally considered the result of isolated business decisions are not subject to allocation. These costs include restructuring and asset impairment expenses, which have been allocated entirely to the "Other" category in fiscal 2011, fiscal 2010 and fiscal 2009. Restructuring and asset impairment expenses totaled $3.0 million, $16.7 million and $28.4 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. These costs are discussed further in Note 19 of the Consolidated Financial Statements.

Operating earnings within the “Other” segment category totaled $6.4 million for the year. This compares to a loss of $17.7 million in the prior year. The significant drivers of operating losses in the prior year were restructuring expenses and a $2.5 million asset impairment charge related to the Convia business.

We estimate changes in foreign exchange rates during the year effectively increased our fiscal 2011 net sales within the North American segment by approximately $5 million, driven primarily by the U.S. dollar / Canadian dollar impact, while the impact on net sales within the non-North American segment was approximately $5 million driven primarily by the U.S. dollar / Australian dollar impact. It is important to note that period-to-period changes in currency exchange rates have a directionally similar impact on our international cost structures, which reduces the impact of currency fluctuations on operating earnings. Operating earnings within our North American segment increased an estimated $4 million in fiscal 2011 due to currency changes. The estimated impact on operating earnings of our non-North American business segment due to currency changes, was an increase of approximately $2 million.

Discussion of Operating Segments - Fiscal 2010 Compared to Fiscal 2009

Net sales within the North American Furniture Solutions (North America) segment were $1,048.1 million in fiscal 2010, a $262.4 million or 20.0 percent decrease from fiscal 2009 net sales of $1,310.5 million. We experienced a decline throughout our North American business operations in fiscal 2010, except for healthcare which benefited from the acquisition of Nemschoff in the first quarter. Nemschoff sales were $67.6 million during fiscal 2010 or 6.4 percent of net sales. Within this segment, we experienced increased sales from education, government and healthcare customers. Operating earnings for the segment in fiscal 2010 were $71.5 million, or 6.8 percent of net sales. This compares to segment earnings of $129.0 million or 9.8 percent in fiscal 2009.

Net sales from the non-North American Furniture Solutions (non-North America) segment were $222.7 million in fiscal 2010, a $54.6 million, or 19.7 percent, decrease from fiscal 2009 net sales of $277.3 million. There were regions that experienced year-over-year sales growth, including India, China and Brazil. The areas hardest hit during the year were the Middle East and North Latin America which were down 41 and 37 percent from prior year, respectively. Operating losses within the non-North American segment totaled $0.2 million for the year or a negative 0.1 percent of net sales in fiscal 2010. This compares to operating earnings of $19.1 million or 6.9 percent of net sales in fiscal 2009. The operating loss in fiscal 2010 was significantly affected by an independent dealer in Australia that went into receivership and resulted in bad debt expense of approximately $5 million.

Net sales within the “Other” segment category were $48.0 million in fiscal 2010 an increase of $5.8 million, or 13.7 percent, compared to fiscal 2009 net sales of $42.2 million. The increase in net sales was the result of strong sales by our North American Retail business. It should be noted that while the majority of corporate costs are allocated to the operating segments, certain costs that are generally considered the result of isolated business decisions are not subject to allocation. Restructuring and asset impairment expenses are some of these costs, and have been allocated entirely to the "Other" category in fiscal 2010 and 2009. Restructuring and asset impairment expenses totaled $16.7 million in fiscal 2010 and $28.4 million in fiscal 2009 and are discussed further in Note 19 of the Consolidated Financial Statements.

Operating losses within the “Other” segment category totaled $17.7 million for fiscal year 2010. This compares to a loss of $25.3 million in fiscal 2009. The significant driver of operating losses in both years were restructuring expenses, though it should be noted that in the fiscal year 2010 there was also a $2.5 million asset impairment charges related to the Convia business that contributed to the operating loss.

The U.S. dollar was up and down against the British pound and the euro during fiscal 2010, and weakened throughout the year against the Canadian dollar. The changes in currency exchange rates from fiscal 2009 affected the U.S. dollar value of net sales only in the North American operating segment. The non-North American segment ended fiscal 2010 with essentially no impact from currency on year-over-year net sales. We estimate these changes effectively increased our fiscal 2010 net sales within the North American Furniture Solutions segment by approximately $5 million, driven entirely by the U.S. dollar / Canadian dollar impact. It is important to note that period-to-period changes in currency exchange rates have a directionally similar impact on our international cost structures. Operating earnings within our non-North American segment increased an estimated $1.0 million in fiscal 2010. The estimated impact on operating earnings of our North American business segment due to currency changes, was an increase of approximately $3.5 million.

Gross Margin - Fiscal 2011 Compared to Fiscal 2010

Our fiscal 2011 gross margin as a percentage of sales was 32.6 percent which is an increase of 10 basis points from the fiscal 2010 level. This modest increase was driven primarily by cost leverage on higher production, which was partially offset by deeper discounting, higher employee benefit and incentive costs, and higher costs of key direct materials, most notably steel and steel components. Deeper discounting reduced net sales relative to prior periods. This has the effect of increasing the components of the Condensed Consolidated Statement of Operations as a percentage of net sales.

Direct material costs as a percentage of sales in the current year increased 150 basis points from fiscal 2010. This was primarily driven by an increase in the cost of commodities and the increase in discounting, which has the effect of reducing net sales.

Direct labor costs were lower by 20 basis points as a percentage of sales, although higher in dollars by $19.5 million driven by an increase in volume from fiscal 2010 levels. This percentage decrease was driven primarily by improved efficiencies and product mix, which was partially offset by deeper discounting and increased employee incentives and benefit costs.

Overhead costs as a percent of net sales were lower by 170 basis points but increased by $20.7 million driven by higher volumes from fiscal 2010. The percentage decrease resulted from increased leverage from higher volumes, which was partially offset by deeper discounting and increased employee incentives and benefit costs.

Freight expenses, as a percentage of sales, were modestly higher by 30 basis points compared to fiscal 2010 levels. In dollars these costs were higher by $17.4 million due to increased volume. The largest contributing factor to the percentage of sales increase was the increase in fuel costs during the year.

Gross Margin - Fiscal 2010 Compared to Fiscal 2009

Our fiscal 2010 gross margin as a percentage of sales was 32.5 percent which is a increase of 10 basis points from the fiscal 2009 level. Lower direct material costs due to a reduction in commodity prices along with reduced compensation and benefits from a reduced work schedule, offset deeper discounting and loss of leverage from lower volume. Details relative to each component of gross margin follow.

Direct material costs in fiscal 2010, as a percentage of sales in fiscal year 2010 decreased 200 basis points. Compared to fiscal 2009, raw material prices were lower in the first half of the year and then gradually increased throughout the second half. The overall impact in the fiscal year 2010 was positive.

Direct labor costs in fiscal 2010 were higher by 50 basis points as a percentage of sales, though lower in dollars by $13.1 million, from fiscal 2009 levels. This percentage increase was driven by higher benefit expenses and deeper discounting though it was partially offset by increased operational efficiencies.

Overhead costs in fiscal 2010 decreased by $25.7 million from fiscal 2009, though as a percentage of sales these costs increased 110 basis points. The percentage increase resulted from lost leverage from lower volume and the impact from deeper discounting in fiscal 2010, though this was partially offset by our ability to realize cost reductions associated with restructuring actions.

Freight expenses in fiscal 2010, as a percentage of sales, were modestly higher by 10 basis points compared to fiscal 2009 levels. In dollars these costs were lower by $10.7 million. While fuel costs did rise throughout the year, the largest contributing factor to the increase as a percentage of sales was the loss of volume which created more less-than-full loads.

Restructuring - Fiscal 2011 and Fiscal 2010

During fiscal 2011, we continued to experience some impact from the previous restructuring actions initiated in prior years. Total restructuring expense for the year was $3.0 million.

The restructuring accrual balances of $1.0 million and $7.0 million for fiscal years 2011 and 2010, respectively are included in, "Accrued liabilities" within the Consolidated Balance Sheet.

Throughout fiscal 2010, we continued to take actions to decrease our cost structure. In the first quarter we announced a plan to consolidate manufacturing operations by closing the Brandrud manufacturing facility in Auburn, Washington and consolidating it with the acquired Nemschoff manufacturing facilities. We had previously announced the decision to consolidate our Integrated Metal Technologies (IMT) subsidiary in Spring Lake, Michigan with other existing manufacturing facilities. Our operations team worked diligently throughout fiscal 2010 to complete both consolidation projects in the fourth quarter. The total expense of these plant consolidations in the fiscal year totaled approximately $9.7 million. We expected to realize incremental annual savings from these consolidation actions of approximately $5 million to $7 million from the fiscal 2010 expense levels. These savings relate primarily in cost of sales, from reductions in rent expense, depreciation and utilities, as well as savings of approximately $1 million in selling, general, and administrative expenses. We realized approximately $3 million of savings in fiscal 2010.

In the fourth quarter of fiscal 2010, we took further action to reduce our salaried workforce, primarily in North America, with the reduction of approximately 70 employees. This action resulted in severance and related expenses of approximately $3.2 million and was largely offset by a 5 percent wage restoration for employees impacted by the fiscal 2010 wage reduction action.

Included in the fourth quarter of fiscal 2010 restructuring expenses is an impairment of long-lived assets totaling $2.5 million that were related to our Convia line of business. These assets related to products that we determined had no future revenue stream to the company.

See Note 19 of the Consolidated Financial Statements for additional information on restructuring.

Operating Expense - Fiscal 2011 Compared to Fiscal 2010

Operating expenses in fiscal 2011 were $414.8 million, or 25.2 percent of net sales, which compares to $374.9 million, or 28.4 percent of net sales in fiscal 2010. We experienced a year-over-year increase in operating expense dollars of $39.9 million, and a 320 basis point decrease to operating expenses as a percentage of net sales. The increase in operating expenses was primarily driven by the increase in net sales during the year. In addition, we also incurred $3.8 million and $16.6 million of additional operating expenses during fiscal 2011 due to the reinstatement of all of our employee benefits and employee incentive expenses, respectively. Restructuring expenses were $3.0 million, compared to restructuring and impairment expenses of $16.7 million in fiscal 2010, which included an impairment of $2.5 million for Convia assets (See the discussion on restructuring expense above for additional detail.) Operating expenses were partially offset during fiscal 2011 by the positive impact resulting from the settlement of the liability related to contingent payments associated with the Nemschoff acquisition of $15.1 million.

Year-over-year changes in currency exchange rates increased operating expenses by an estimated $2 million associated with our international operations.

Design and research costs included in total operating expenses for fiscal 2011 was $45.8 million, or 2.8 percent of net sales, compared to fiscal 2010 expenses of $40.5 million, or 3.1 percent of net sales. This increase in dollars of $5.3 million resulted in a decrease of 30 basis points as a percent of sales. This increase in dollars was primarily driven by royalty payments to designers and the reinstatement of employee benefits. Royalty payments to the designers of our products totaled $10.4 million and $7.3 million in fiscal years 2011 and 2010, respectively.

Operating Expense - Fiscal 2010 Compared to Fiscal 2009

Operating expenses in fiscal 2010 were $374.9 million, or 28.4 percent of net sales, which compares to $404.9 million, or 24.8 percent of net sales in fiscal 2009. We experienced a year-over-year decrease in operating expense dollars of $30.0 million, and a 360 basis point increase to operating expenses as a percentage of sales. Restructuring and impairment expenses, which included an impairment charge for Convia assets of $2.5 million, were $16.7 million in fiscal 2010, which was a decrease of $11.7 million from the $28.4 million of restructuring expense in fiscal 2009. (Please see the discussion on restructuring expense above for additional detail.) The operating expenses from Nemschoff during fiscal year 2010 were $18.3 million, which were partially offset by the positive impact on operating expense resulting from reducing the estimated liability related to contingent payments associated with the Nemschoff acquisition of $6.5 million.

The year-over-year dollar decline in total expenses of $30.0 million was the result of an $11.7 million decrease in restructuring and impairment expenses and a continued decrease in employee compensation and benefit costs. These decreases in compensation and benefit costs were a result of a combination of current and prior year restructuring as well as the full year effect of the suspension of the 401(k) match and the 10 percent reduction in salary expense that resulted from shutting down facilities on every other Friday.

Year-over-year changes in currency exchange rates had a slightly inflationary effect of approximately $0.7 million on operating expenses associated with our international operations for fiscal 2010.

Design and research costs included in total operating expenses for fiscal 2010 was $40.5 million, or 3.1 percent of sales, compared to fiscal 2009 expenses of $45.7 million, or 2.8 percent of sales. This decrease in dollars of $5.2 million was an increase of 30 basis points as a percent of sales and was primarily driven by the timing of various projects being brought to market as well as a reduction or delay of projects. We have continued to carefully balance the overall need to control costs with the critical need to continue investing in our strategic priorities. These expenses include royalty payments to the designers of our products totaling $7.3 million and $9.5 million in fiscal years 2010 and 2009, respectively.

Operating Earnings

In fiscal 2011 operating earnings were $123.3 million, a 130.0 percent increase from fiscal 2010 operating earnings of $53.6 million. The fiscal 2010 earnings represented a 56.4 percent percent decrease from fiscal 2009 operating earnings of $122.8 million. Operating earnings as a percentage of sales for fiscal years 2011, 2010 and 2009 were 7.5 percent, 4.1 percent and 7.5 percent, respectively.

Other Expenses and Income

Net other expenses totaled $20.8 million in fiscal 2011 compared to $18.8 million in fiscal 2010 and $23.9 million in fiscal 2009. The increase in fiscal 2011 expense compared to fiscal 2010 was primarily the result of higher foreign currency transaction losses and lower interest and investment income, which were partially offset by lower interest expense compared to the prior year.

The decrease in fiscal 2010 expense compared to fiscal 2009 was primarily the result of decreased interest expense associated with the first quarter repurchase of $75 million of outstanding debt securities.

Income Taxes

Our effective tax rate was 30.9 percent in fiscal 2011 versus 18.8 percent in fiscal 2010 and 31.4 percent in fiscal 2009. The effective tax rate in fiscal 2011 was below the statutory rate of 35%, primarily due to the domestic U.S. manufacturing deduction and realization of foreign tax credits. The effective rate in fiscal 2010 was below the statutory rate of 35 percent, primarily due to the release of tax reserves that were no longer needed due to the closure of an IRS audit of the company's tax returns through fiscal 2009 and the domestic U.S. manufacturing tax incentive. The effective rate in fiscal 2009 was below the statutory rate of 35 percent, primarily due to the domestic U.S. manufacturing tax incentive and the realization of foreign tax credits.

We expect our effective tax rate for fiscal 2012 to be between 31 and 33 percent. For further information regarding income taxes, refer to Note 13 of the Consolidated Financial Statements.

Net Earnings Attributable to Controlling Interest; Earnings per Share

In fiscal 2011 and fiscal 2010 we generated $70.8 million and $28.3 million of net earnings, respectively. This compares to net earnings attributable to controlling interest in fiscal 2009 of $68.0 million. In fiscal 2011 diluted earnings per share were $1.06 while diluted earnings per share in fiscal 2010 were $0.43 and $1.25 in fiscal 2009.

Liquidity and Capital Resources

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

	Fiscal Year Ended		
(In millions)	2011	2010	2009
Cash and cash equivalents, end of period	$ 148.6	$ 134.8	$ 192.9
Marketable securities, end of period	$ 11.0	$ 12.1	$ 11.3
Cash generated from operating activities	$ 91.1	$ 99.1	$ 91.7
Cash used for investing activities	$ (31.4)	$ (77.6)	$ (29.5)
Cash used for financing activities	$ (50.2)	$ (78.9)	$ (16.5)
Pension and post-retirement benefit plan contributions (4)	$ (52.8)	$ (19.3)	$ (5.3)
Capital expenditures	$ (30.5)	$ (22.3)	$ (25.3)
Stock repurchased and retired	$ (1.0)	$ (0.8)	$ (0.3)
Interest-bearing debt, end of period (1) (3)	$ 250.0	$ 301.2	$ 377.4
Available unsecured credit facility, end of period (2) (3)	$ 140.6	$ 138.8	$ 236.9

(1) Amounts shown include the fair market value of the company's interest rate swap arrangement(s). The net fair value of this/these arrangement(s) was/were $1.2 million at May 29, 2010 and $2.4 million at May 30, 2009.
(2) Amounts shown are net of outstanding letters of credit, which are applied against the company's unsecured credit facility.
(3) During the first quarter of fiscal 2010 we renegotiated the unsecured revolving credit facility. Refer to Note 8 of the Consolidated Financial Statements for additional information.
(4) Amount shown for fiscal 2011 and fiscal 2010 includes a $14.6 million and $16.7 million contribution made in the company's common stock, respectively.

Cash Flow — Operating Activities

Cash generated from operating activities in fiscal 2011 totaled $91.1 million compared to $99.1 million generated in the prior year. This represents a decrease of $8.0 million compared to fiscal 2010. Changes in working capital balances resulted in a $13.5 million use of cash in the current fiscal year compared to a $4.8 million source of cash in the prior year. Cash from operations in the prior year also included proceeds of $4.8 million from company owned life insurance policies.

The use of cash related to working capital balances in fiscal 2011 consist primarily of increases in trade receivables of $48.5 million, inventory of $8.3 million and prepaids of $14.5 million. These changes were partially offset by increases in trade payables of $16.4 million, and regular and incentive based compensation of $34.8 million.

The source of cash related to working capital balances in fiscal 2010 consist primarily of decreases in trade receivables of $9.0 million, prepaids of $23.6 million and an increase in trade payables of $13.9 million, offset by increased inventory of $7.1 million and a decrease in other accruals. The other accruals decreased primarily due to restructuring payments of $15.5 million during fiscal 2010.

The use of cash related to working capital balances in fiscal 2009 consist primarily of decreased current liabilities of $126.8 million over fiscal 2008. The reduction in liabilities is primarily related to reductions in accounts payable related to inventory, and accruals related to regular and incentive compensation. The use of cash was partially offset by volume related declines in accounts receivables of $53.5 million and inventories of $15.3 million.

Collections of accounts receivable remained strong throughout fiscal 2011, and we believe our recorded accounts receivable valuation allowances at the end of the year are adequate to cover the risk of potential bad debts. Allowances for non-collectible accounts receivable, as a percent of gross accounts receivable, totaled 2.3 percent, 3.0 percent, and 4.7 percent at the end of fiscal years 2011, 2010, and 2009, respectively.

During fiscal 2011 $38.2 million in cash contributions were made to our employee pension and post-retirement benefit plans. Cash contributions during fiscal years 2010 and 2009 made to our employee pension and post-retirement benefit plans totaled $2.6 million and $5.3 million, respectively. For further information regarding the company's pension and post-retirement benefit plans, including information relative to the funded status of these plans, refer to Note 10 of the Consolidated Financial Statements.

Cash Flow — Investing Activities

Capital expenditures totaled $30.5 million, $22.3 million and $25.3 million in fiscal 2011, 2010 and 2009, respectively. Outstanding commitments for future capital purchases at the end of fiscal 2011 were approximately $4.9 million. We expect capital spending in fiscal 2012 to be between $34 million and $38 million.

Included in our fiscal 2010 investing activities, is a net cash outflow of $46.1 million related to our acquisitions of Nemschoff, CBS, and two furniture dealerships. Also included within fiscal 2010 investing activities is a note receivable for $6.9 million related to our acquisition of Nemschoff. In fiscal 2010 we repaid loans held against the value of company owned life insurance policies for $2.9 million. Also included in fiscal 2009 is a net cash outflow of $29.5 million related to the completion of the acquisition of Brandrud and the acquisition of Ruskin Industries.

Our net marketable securities transactions for fiscal 2011 yielded a $1.3 million source of cash. This compares to a $0.1 million source of cash in fiscal 2010 and a $3.4 million source of cash in fiscal 2009.

Cash Flow — Financing Activities

	Fiscal Year Ended		
(In millions, except share and per share data)	2011	2010	2009
Shares acquired	49,694	44,654	2,138,701
Cost of shares acquired	$ 1.0	$ 0.8	$ 0.1
Shares issued [(1)]	1,095,819	3,221,326	257,765
Average price per share issued	$ 22.59	$ 14.9	$ 14.7
Cash dividends paid	$ 5.0	$ 4.9	$ 19.2

(1) Includes 2,041,666 shares issued in connection with the Nemschoff acquisition during fiscal 2010. Includes 582,000 shares and 967,000 shares issued as a contribution to the company's pension plans during fiscal 2011 and fiscal 2010, respectively.

During the first quarter of fiscal 2010 we renegotiated the syndicated revolving line of credit, reducing our availability from $250 million to $150 million, while giving us additional covenant flexibility. This facility expires in June 2012 and outstanding borrowings bear interest at rates based on the prime rate, federal funds rate, LIBOR, or negotiated rates as outlined in the agreement. Interest is payable periodically throughout the period a borrowing is outstanding. During the first quarter of fiscal 2010, we also completed the repurchase of $75 million of registered debt securities. In addition to improving our covenant metrics this action also reduced our future interest expense by approximately $1.3 million per quarter.

In the fourth quarter of fiscal 2009 we announced a reduction in the cash dividend effective for the first quarter of fiscal 2010 payment. This change reduced the cash dividend to $0.088 per share annually versus a total quarterly cash dividend of $0.088 per share that was paid through the third quarter of fiscal 2009. As part of our decision to conserve cash we suspended significant share repurchases beginning in fiscal 2009. The amount remaining under our share repurchase authorization at the end of fiscal 2011 totaled $169.3 million.

Interest-bearing debt at the end of fiscal 2011 of $250 million decreased from $301.2 million at the end of fiscal 2010, as compared to $377.4 million at the end of fiscal 2009. The decrease in fiscal 2011 is a result of the repayment of the remaining $100 million in principal due under the 2001 public bond issue. The payment was made using a combination of existing cash and proceeds from newly-issued senior unsecured private placement notes of $50 million maturing in March 2021.

The only usage against our unsecured revolving credit facility at the end of fiscal years 2011 and 2010 represented outstanding standby letters of credit totaling $9.4 million and $11.2 million, respectively. The provisions of our private placement notes and unsecured credit facility require that we adhere to certain covenants and maintain certain performance ratios. We were in compliance with all such covenants and performance ratios during fiscal 2011.

In fiscal 2011, we received $8.6 million related to the issuance of shares in connection with stock-based compensation plans. This compares to receiving $2.5 million and $3.4 million in fiscal 2010 and fiscal 2009, respectively.

During fiscal 2011 we repatriated $18.8 million of undistributed foreign earnings. During fiscal 2010 we did not repatriate any undistributed foreign earnings as compared to $8.0 million in fiscal 2009.

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

Contingencies

The company leases a facility in the U.K. under an agreement that expired in June 2011, and the company plans to continue to lease the facility on a month to month basis after the lease expires. Under the terms of the lease, the company is required to perform the maintenance and repairs necessary to address the general dilapidation of the facility over the lease term. The ultimate cost of this provision to the company is dependent on a number of factors including, but not limited to, the future use of the facility by the lessor and whether the company chooses and is permitted to renew the lease term. The company has estimated the cost of these maintenance and repairs to be between $0 and $3 million, depending on the outcome of future plans and negotiations. Based on existing circumstances, it is estimated that these costs will be approximately $1.3 million. As a result, this amount has been recorded as a liability reflected under the caption “Other Liabilities” in the Consolidated Balance Sheets as of May 28, 2011. Based on circumstances existing in fiscal 2010, the amount recorded in the Consolidated Balance Sheets as of May 29, 2010 was $1.1 million.

The company has a lease obligation in the U.K. until May 2014 for a facility that it has exited. Current market rates for comparable office space are lower than the rental payments owed under the lease agreement, as such, the company would remain liable to pay the difference if it were subleased. As of May 28, 2011 and May 29, 2010 the future cost of this arrangement was estimated to be $1.7 million and $1.5 million, respectively. Accordingly this amount is reflected within “Other Liabilities” on the Consolidated Balance Sheets as of these dates.

The company is involved in legal proceedings and litigation arising in the ordinary course of business. It is the company's opinion that the outcome of such proceedings and litigation currently pending will not materially affect the company's operations, cash flows, and financial condition.

Basis of Presentation

The company's fiscal year ends on the Saturday closest to May 31. The fiscal years ended May 28, 2011, May 29, 2010, and May 30, 2009 each included 52 weeks of operations. This is the basis upon which weekly-average data is presented. Certain prior year information has been reclassified to conform to the current year presentation.

Contractual Obligations

Contractual obligations associated with our ongoing business and financing activities will result in cash payments in future periods. The following table summarizes the amounts and estimated timing of these future cash payments. Further information regarding debt obligations can be found in Note 8 of the Consolidated Financial Statements. Likewise, further information related to operating leases can be found in Note 9 of the Consolidated Financial Statements.

(In millions)	*Payments due by fiscal year*				
	Total	2012	2013-2014	2015-2016	Thereafter
Long-term debt	$ 250.0	$ —	$ —	$ 50.0	$ 200.0
Estimated interest on debt obligations (1)	103.5	15.6	31.2	27.0	29.7
Operating leases	79.7	19.7	26.8	15.6	17.6
Purchase obligations (2)	39.5	36.3	2.8	0.4	—
Pension plan funding (3)	16.1	15.2	0.2	0.2	0.5
Stockholder dividends (4)	1.3	1.3	—	—	—
Other (5)	18.2	1.8	3.5	3.4	9.5
Total	$ 508.3	$ 89.9	$ 64.5	$ 96.6	$ 257.3

(1) Estimated future interest payments on our outstanding debt obligations are based on interest rates as of May 28, 2011. Actual cash outflows may differ significantly due to changes in underlying interest rates and timing of principal payments.
(2) Purchase obligations consist of non-cancelable purchase orders and commitments for goods, services, and capital assets.
(3) Pension plan funding commitments are known for a 12-month period for those plans that are funded; unfunded pension and post-retirement plan funding amounts are equal to the estimated benefit payments. As of May 28, 2011, the total projected benefit obligation for our domestic and international employee pension benefit plans was $384.9 million.
(4) Represents the recorded dividend payable as of May 28, 2011. Future dividend payments are not considered contractual obligations until declared.
(5) Other contractual obligations primarily represent long-term commitments related to deferred and supplemental employee compensation

benefits, and other post-employment benefits.

Off-Balance Sheet Arrangements

Guarantees

We provide certain guarantees to third parties under various arrangements in the form of product warranties, loan guarantees, standby letters of credit, lease guarantees, performance bonds, and indemnification provisions. These arrangements are accounted for and disclosed in accordance with Accounting Standards Codification (ASC) Topic 460, "*Guarantees*" as described in Note 17 of the Consolidated Financial Statements.

Critical Accounting Policies and Estimates

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

Revenue Recognition

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

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

Receivable Allowances

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

The accounts receivable allowance totaled $4.5 million and $4.4 million at May 28, 2011 and May 29, 2010, respectively. As a percentage of gross accounts receivable, these allowances totaled 2.3 percent and 3.0 percent for fiscal 2011 and fiscal 2010, respectively. The year-over-year decrease in the allowance percentage is primarily due to the stabilization of economic conditions and continued financial health of our customers.

Goodwill and Indefinite-lived Intangibles

The carrying value of goodwill and indefinite-lived intangible assets as of May 28, 2011 and May 29, 2010, were $133.6 million and $132.6 million, respectively. The company is required to perform an annual test of goodwill and indefinite-lived intangible assets to determine if the asset values are impaired.

The impairment-testing model is based on the present value of projected cash flows and the resulting residual value and includes a reconciliation to market capitalization. In completing the test under this approach, the company assumes that one of the drivers of the value of a business today is the cash flows it will generate in the future. The company also assumes that such future cash flows can be reasonably estimated. While these projected cash flows reflect the best estimate of future reporting unit performance, actual cash flows could differ significantly.

The company completed the required annual impairment tests in the fourth quarter of fiscal 2011 and concluded that the goodwill asset values and indefinite-lived assets were not impaired. For goodwill, the company employed a market-based approach in selecting the discount rates used in our analysis.The discount rates selected represent market rates of return equal to what the company believes is what a reasonable investor would expect to achieve on investments of similar size to the company's reporting units. The company believes the discount rates selected in the testing are appropriate in that, in all cases, they exceed the estimated weighted average cost of capital for our business as a whole. The results of the impairment test are sensitive to changes in discount rates, though the testing performed in fiscal 2011 indicates that even a significant increase in the discount rate would not have changed the conclusion. For indefinite-lived assets a relief of royalty method was utilized, which indicated the assets were not impaired.

Long-lived Assets

The company evaluates other long-lived assets and acquired business units for indicators of impairment when events or circumstances indicate that an impairment risk may be present. The judgments regarding the existence of impairment are based on market conditions, operational performance, and estimated future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded to adjust the asset to its estimated fair value. During the fourth quarter of fiscal 2010 the company recorded an impairment charge of $2.5 million that was related to our Convia line of business. These assets related to products that we determined had no future revenue stream to the company. The impairment charge was comprised of $1.4 million of expense related to an intangible asset and $1.1 million of expense in relation to fixed assets, respectively.

Warranty Reserve

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

Inventory Reserves

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

Income Taxes

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

See Note 13 of the Consolidated Financial Statements for information regarding the company's uncertain tax positions.

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

Self-Insurance Reserves

With the assistance of independent actuaries, reserves are established for workers' compensation and general liability exposures. The reserves are established based on expected future claims for incurred losses. The company also establishes reserves for health, prescription drugs, and dental benefit exposures based on historical claims information along with certain assumptions about future trends. The methods and assumptions used to determine the liabilities are applied consistently, although actual claims experience can vary. The company also maintains insurance coverage for certain risk exposures through traditional premium-based insurance policies. The company's health benefits retention level does not include an aggregate stop loss policy. The company's retention levels designated within significant insurance arrangements as of May 28, 2011, are as follows.

	Retention Level
General liability and auto liability/physical damage	$1.00 million per occurrence
Workers' compensation and property	$0.75 million per occurrence
Health benefits	$0.30 million per employee

Pension and other Post-Retirement Benefits

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

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

- *Interest Crediting Rate* — The company uses this assumption in accounting for our primary domestic pension plan, which is a cash balance-type plan. The rate, which represents the annual rate of interest applied to each plan participant's account balance, is established at an assumed level, or spread, below the discount rate. The company bases this methodology on the historical spread between the 30-year U.S. Treasury and high-quality corporate bond yields. This relationship is examined annually to determine whether the methodology is still appropriate.

- *Expected Long-Term Rate of Return* — The company bases this assumption on our long-term assumed rates of return for equities and fixed income securities, weighted by the allocation of the invested assets of the pension plan. The company considers likely returns and risk factors specific to the various classes of investments and advice from independent actuaries in establishing this rate. Changes in the investment allocation of plan assets would impact this assumption. A shift to a higher relative percentage of fixed income securities, for example, would result in a lower assumed rate.

  While this assumption represents the long-term market return expectation, actual asset returns can and do differ from year-to-year. Such differences give rise to actuarial gains and losses. In years where actual market returns are lower than the assumed rate, an actuarial loss is generated. Conversely, an actuarial gain results when actual market returns exceed the assumed rate in a given year. As of May 28, 2011, and May 29, 2010, the net actuarial loss associated with the employee pension and post-retirement benefit plans totaled approximately $158.2 million and $192.3 million, respectively. The majority of this unrecognized loss was associated with lower than expected return on assets for fiscal 2011 and fiscal 2010. Changes in the discount rate and return on assets can have a significant effect on the expense or obligations related to our pension plans. The company cannot accurately predict these changes in discount rates or investment returns and, therefore, cannot reasonably estimate whether adjustments to the expense or obligation in subsequent years will be significant. Both the May 28, 2011 pension funded status and 2012 expense are affected by year-end 2011 discount rate and expected return on assets assumptions. Any change to these assumptions will be specific to the time periods noted and may not be additive, so the impact of changing multiple factors simultaneously cannot be calculated by combining the individual sensitivities shown. The effect of the indicated increase/(decrease) in discount rates and expected return on assets is shown below:

(In millions)

Assumption	1 Percent Change	2012 Expense		May 28, 2011 Obligation	
		U.S.	International	U.S.	International
Discount rate	+/- 1.0	$ 1.5 / (1.4)	$ (0.8) / 1.8	$ (12.7) / 15.9	$ (13.5) / 17.5
Expected return on assets	+/- 1.0	$(2.8) / 2.8	$ (0.7) / 0.7	—	—

For purposes of determining annual net pension expense, the company uses a calculated method for determining the market-related value of plan assets. Under this method, the company recognizes the change in fair value of plan assets systematically over a five-year period. Accordingly, a portion of the net actuarial loss is deferred. The remaining portion of the net actuarial loss is subject to amortization expense each year. The amortization period used in determining this expense is the estimated remaining working life of active pension plan participants. The company currently estimates this period to be approximately 13 years. As of May 28, 2011, the deferred net actuarial loss (i.e. the portion of the total net actuarial loss not subject to amortization) was approximately $42.5 million.

Refer to Note 10 of the Consolidated Financial Statements for more information regarding costs and assumptions used for employee benefit plans.

Stock-Based Compensation

The company views stock-based compensation as a key component of total compensation for certain employees, non-employee directors and officers. The stock-based compensation programs include grants of restricted stock, restricted stock units, performance share units, employee stock purchases, and stock options. The company recognizes expense related to each of these share-based arrangements. The Black-Scholes option pricing model is used in estimating the fair value of stock options issued in connection with compensation programs. This pricing model requires the use of several input assumptions. Among the most significant of these assumptions are the expected volatility of the common stock price, and the expected timing of future stock option exercises.

- *Expected Volatility* — This represents a measure, expressed as a percentage, of the expected fluctuation in the market price of the company's common stock. As a point of reference, a high volatility percentage would assume a wider expected range of market returns for a particular security. All other assumptions held constant, this would yield a higher stock option valuation than a calculation using a lower measure of volatility. In measuring the fair value of stock options issued during fiscal year 2011, we utilized an expected volatility of 42 percent.

- *Expected Term of Options* — This assumption represents the expected length of time between the grant date of a stock option and the date at which it is exercised (option life). The company assumed an average expected term of 5.5 years in calculating the fair values of the majority of stock options issued during fiscal 2011.

Refer to Note 12 of the Consolidated Financial Statements for further discussion on our stock-based compensation plans.

Contingencies

In the ordinary course of business, the company encounters matters that raise the potential for contingent liabilities. In evaluating these matters for accounting treatment and disclosure, the company is required to apply judgment in order to determine the probability that a liability has been incurred. The company is also required to measure, if possible, the dollar value of such liabilities in determining whether or not recognition in our financial statements is required. This process involves the use of estimates which may differ from actual outcomes. Refer to Note 17 of the Consolidated Financial Statements for more information relating to contingencies.

New Accounting Standards

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

Forward Looking Statements

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

Item 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Direct Material Costs

The company is exposed to risks arising from price changes for certain direct materials and assembly components used in its operations. The largest such costs incurred by the company are for steel, plastics, textiles, wood particleboard, and aluminum components. Commodity prices steadily increased during the first three quarters and moderated during the fourth quarter of fiscal 2011. The net impact of price changes during fiscal 2011 was an increase to our costs of approximately $12 million during fiscal 2011.

The net impact of price changes during fiscal 2010 was an decrease to our costs of $24 million to $25 million over fiscal 2009. Commodity prices were volatile during fiscal 2009, resulting in sharp increases in costs for the first half of the year. As the year progressed, prices receded back to approximately the same level that they began the year at. The net impact of price changes during fiscal 2009 was an increase to our costs of $24 million to $26 million.

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

Foreign Exchange Risk

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

In the normal course of business, the company enters into contracts denominated in foreign currencies. The principal foreign currencies in which the company conducts its business are the British pound sterling, euro, Canadian dollar, Japanese yen, Mexican peso, and Chinese renminbi. As of May 28, 2011, the company had outstanding, sixteen forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. Two forward contracts were placed to offset a 3.1 million euro-denominated net asset exposure and five forward contracts were placed to offset a 7.6 million U.S. dollar-denominated net asset exposure. One forward contract was placed to offset 0.4 million Australian dollar-denominated net asset exposure. Eight forward contracts were placed to offset a 2.4 million U.S.dollar-denominated net liability exposure.

As of May 29, 2010, the company had outstanding, nine forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. One forward contract was placed in order to offset a 4.1 million euro-denominated net asset exposure and three forward contracts were placed in order to offset a 5.6 million U.S. dollar-denominated net asset exposure. Four forward contracts were placed to offset a 14.0 million U.S. dollar-denominated net liability exposure and one forward contract was placed to offset a 1.6 million British pound sterling-denominated net liability exposure. The fair value of the forward currency instruments at May 28, 2011 was $0.7 million and $0.3 million within current assets and current liabilities, respectively. At May 29, 2010 the fair value of the forward currency instruments was a negligible amount.

For fiscal year 2011, a net loss of $2.0 million related to remeasuring all foreign currency transactions into the appropriate functional currency was included in net earnings. For fiscal year 2010, a net gain of $0.4 million impacted net earnings. For fiscal year 2009, a net loss of $1.1 million impacted net earnings. Additionally, the cumulative effect of translating the balance sheet and income statement accounts from the functional currency into the United States dollar decreased the accumulated comprehensive loss component of total stockholders' equity by $6.4 million as of the end of fiscal 2011. Conversely, the effect increased the accumulated comprehensive loss component of total stockholders equity by $2.9 million and $14.0 million as of the end of fiscal 2010 and fiscal 2009, respectively.

Interest Rate Risk

The company maintains fixed-rate debt for which changes in interest rates generally affect fair market value but not earnings or cash flows. During the fourth quarter of fiscal 2011 the company's interest rate swap agreement expired as planned on March 15, 2011. As of the end of fiscal years 2010 and 2009 the company held one interest rate swap agreement that effectively converted $50.0 million of fixed-rate debt securities to a variable rate.

The combined fair market value and net asset amount of the effective interest rate swap instruments was $1.2 million at May 29, 2010. The swap arrangement effectively reduced interest expense by $1.5 million, $1.9 million, and $1.2 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. All cash flows related to the company's interest rate swap instruments are denominated in U.S. dollars. For further information, refer to Notes 14 and 15 of the Consolidated Financial Statements.

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

(In millions)	2012	2013	2014	2015	2016	Thereafter	Total
Long-Term Debt:							
Fixed rate	$ —	$ —	$ —	$ 50.0	$ —	$ 200.0	$ 250.0
Wtd. average interest rate = 6.2%							

Item 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Statements of Operations

	Fiscal Years Ended		
(In millions, except per share data)	May 28, 2011	May 29, 2010	May 30, 2009
Net sales	$ 1,649.2	$ 1,318.8	$ 1,630.0
Cost of sales	1,111.1	890.3	1,102.3
Gross margin	538.1	428.5	527.7
Operating expenses:			
Selling, general, and administrative	366.0	317.7	330.8
Restructuring and impairment expenses	3.0	16.7	28.4
Design and research	45.8	40.5	45.7
Total operating expenses	414.8	374.9	404.9
Operating earnings	123.3	53.6	122.8
Other expenses (income):			
Interest expense	19.9	21.7	25.6
Interest and other investment income	(1.5)	(4.6)	(2.6)
Other, net	2.4	1.7	0.9
Net other expenses	20.8	18.8	23.9
Earnings before income taxes	102.5	34.8	98.9
Income tax expense	31.7	6.5	31.0
Net loss attributable to non-controlling interest	—	—	(0.1)
Net Earnings Attributable to Controlling Interest	**$ 70.8**	**$ 28.3**	**$ 68.0**
Earnings per share —basic	$ 1.24	$ 0.51	$ 1.26
Earnings per share —diluted	$ 1.06	$ 0.43	$ 1.25

Consolidated Balance Sheets

(In millions, except share and per share data)	May 28, 2011	May 29, 2010
Assets		
Current Assets:		
Cash and cash equivalents	$ 148.6	$ 134.8
Marketable securities	11.0	12.1
Accounts receivable, less allowances of $4.5 in 2011 and $4.4 in 2010	193.1	144.7
Inventories, net	66.2	57.9
Prepaid expenses and other	59.2	46.4
Total Current Assets	**478.1**	**395.9**
Property and Equipment:		
Land and improvements	19.9	19.4
Buildings and improvements	149.5	147.6
Machinery and equipment	531.0	546.4
Construction in progress	13.0	10.7
Gross Property and Equipment	**713.4**	**724.1**
Less: accumulated depreciation	(544.3)	(548.9)
Net Property and Equipment	**169.1**	**175.2**
Goodwill and indefinite-lived intangibles	133.6	132.6
Other amortizable intangibles, net	24.3	25.0
Other assets	9.3	41.9
Total Assets	**$ 814.4**	**$ 770.6**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Unfunded checks	$ 6.4	$ 4.3
Current maturities of long-term debt	—	101.2
Accounts payable	112.7	96.3
Accrued liabilities	153.1	112.4
Total Current Liabilities	**272.2**	**314.2**
Long-term debt, less current maturities	250.0	200.0
Other liabilities	87.2	176.3
Total Liabilities	**609.4**	**690.5**
Stockholders' Equity:		
Preferred stock, no par value (10,000,000 shares authorized, none issued)	—	—
Common stock, $0.20 par value (240,000,000 shares authorized, 58,048,858 and 57,002,733 shares issued and outstanding in 2011 and 2010, respectively)	11.6	11.4
Additional paid-in capital	82.0	55.9
Retained earnings	218.2	152.4
Accumulated other comprehensive loss	(104.2)	(136.2)
Key executive deferred compensation	(2.6)	(3.4)
Total Stockholders' Equity	**205.0**	**80.1**
Total Liabilities and Stockholders' Equity	**$ 814.4**	**$ 770.6**

Consolidated Statements of Stockholders' Equity

(In millions, except share data)	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Key Exec. Deferred Comp.	Total Stockholders' Equity
Balance, May 31, 2008	**55,706,997**	**$ 11.1**	**$ —**	**$ 76.7**	**$ (60.1)**	**$ (4.3)**	**$ 23.4**
Net earnings attributable to controlling interest	—	—	—	68.0	—	—	68.0
Foreign currency translation adjustment	—	—	—	—	(14.0)	—	(14.0)
Pension liability adjustments (net of tax of $35.3 million)	—	—	—	—	(59.9)	—	(59.9)
Unrealized holding loss on available-for-sale securities	—	—	—	—	(0.1)	—	(0.1)
Total comprehensive loss							**(6.0)**
Cash dividends declared ($0.286 per share)	—	—	—	(15.5)	—	—	(15.5)
Exercise of stock options	23,050	—	0.5	—	—	—	0.5
Employee stock purchase plan	187,037	—	2.7	—	—	—	2.7
Tax benefit relating to stock-based compensation	—	—	0.1	—	—	—	0.1
Excess tax benefit relating to stock-based compensation	—	—	(0.3)	—	—	—	(0.3)
Repurchase and retirement of common stock	(2,138,701)	(0.3)	0.2	—	—	—	(0.1)
Restricted stock units compensation expense	—	—	0.2	—	—	—	0.2
Restricted stock units released	14,074	—	0.4	—	—	—	0.4
Stock grants compensation expense	—	—	0.7	—	—	—	0.7
Stock grants issued	3,600	—	—	—	—	—	—
Stock option compensation expense	—	—	2.9	—	—	—	2.9
Deferred compensation plan	—	—	(0.5)	—	—	0.5	—
Directors' fees	30,004	—	0.4	—	—	—	0.4
Performance share units compensation expense	—	—	(1.4)	—	—	—	(1.4)
Balance, May 30, 2009	**53,826,061**	**$ 10.8**	**$ 5.9**	**$ 129.2**	**$ (134.1)**	**$ (3.8)**	**$ 8.0**

Consolidated Statements of Stockholders' Equity

(In millions, except share data)	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Key Exec. Deferred Comp.	Total Stockholders' Equity
Balance, May 30, 2009	**53,826,061**	**$ 10.8**	**$ 5.9**	**$ 129.2**	**$ (134.1)**	**$ (3.8)**	**$ 8.0**
Net earnings	—	—	—	28.3	—	—	28.3
Foreign currency translation adjustment	—	—	—	—	(2.9)	—	(2.9)
Pension and post-retirement liability adjustments (net of tax benefit of $0.9 million)	—	—	—	—	0.6	—	0.6
Unrealized holding gain on available-for-sale securities	—	—	—	—	0.2	—	0.2
Total comprehensive income							**26.2**
Cash dividends declared ($0.088 per share)	—	—	—	(5.1)	—	—	(5.1)
Issuance of common stock in connection with business acquisition	2,041,666	0.4	28.3	—	—	—	28.7
Contribution of common stock to defined benefit pension plan	967,000	0.2	16.5	—	—	—	16.7
Exercise of stock options	10,000	—	0.2	—	—	—	0.2
Employee stock purchase plan	133,048	—	2.2	—	—	—	2.2
Tax benefit relating to stock-based compensation	—	—	0.1	—	—	—	0.1
Excess tax benefit relating to stock-based compensation	—	—	(0.5)	—	—	—	(0.5)
Repurchase and retirement of common stock	(44,654)	—	(0.8)	—	—	—	(0.8)
Restricted stock units compensation expense	—	—	1.0	—	—	—	1.0
Restricted stock units released	8,896	—	0.2	—	—	—	0.2
Stock grants compensation expense	—	—	0.4	—	—	—	0.4
Stock grants issued	41,981	—	—	—	—	—	—
Stock option compensation expense	—	—	2.5	—	—	—	2.5
Deferred compensation plan	—	—	(0.4)	—	—	0.4	—
Directors' fees	18,735	—	0.3	—	—	—	0.3
Balance, May 29, 2010	**57,002,733**	**$ 11.4**	**$ 55.9**	**$ 152.4**	**$ (136.2)**	**$ (3.4)**	**$ 80.1**

Consolidated Statements of Stockholders' Equity

(In millions, except share data)	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Gain (Loss)	Key Exec. Deferred Comp.	Total Stockholders' Equity
Balance, May 29, 2010	**57,002,733**	**$ 11.4**	**$ 55.9**	**$ 152.4**	**$ (136.2)**	**$ (3.4)**	**$ 80.1**
Net earnings	—	—	—	70.8	—	—	70.8
Foreign currency translation adjustment	—	—	—	—	6.4	—	6.4
Pension and post-retirement liability adjustments (net of tax benefit of $11.8 million)	—	—	—	—	25.5	—	25.5
Unrealized holding gain on available-for-sale securities	—	—	—	—	0.1	—	0.1
Total comprehensive income							**102.8**
Cash dividends declared ($0.088 per share)	—	—	—	(5.0)	—	—	(5.0)
Contribution of common stock to defined benefit pension plan	582,000	0.1	14.5	—	—	—	14.6
Exercise of stock options	309,252	0.1	6.5	—	—	—	6.6
Employee stock purchase plan	99,593	—	2.1	—	—	—	2.1
Excess tax benefit relating to stock-based compensation	—	—	0.1	—	—	—	0.1
Repurchase and retirement of common stock	(49,694)	—	(1.0)	—	—	—	(1.0)
Restricted stock units released	64,958	—	1.5	—	—	—	1.5
Stock grants issued	30,907	—	0.5	—	—	—	0.5
Stock option compensation expense	—	—	2.5	—	—	—	2.5
Deferred compensation plan	—	—	(0.8)	—	—	0.8	—
Directors' fees	9,109	—	0.2	—	—	—	0.2
Balance, May 28, 2011	**58,048,858**	**$ 11.6**	**$ 82.0**	**$ 218.2**	**$ (104.2)**	**$ (2.6)**	**$ 205.0**

Consolidated Statements of Cash Flows

(In millions)	Fiscal Years Ended May 28, 2011	May 29, 2010	May 30, 2009
Cash Flows from Operating Activities:			
Net earnings attributable to controlling interest	$ 70.8	$ 28.3	$ 68.0
Adjustments to reconcile net earnings attributable to controlling interest to net cash provided by operating activities	20.3	70.8	23.7
Net Cash Provided by Operating Activities	**91.1**	**99.1**	**91.7**
Cash Flows from Investing Activities:			
Notes receivable repayments	—	—	60.6
Notes receivable issued	—	(6.5)	(60.3)
Marketable securities purchases	(3.1)	(16.3)	(3.0)
Marketable securities sales	4.4	16.4	6.4
Capital expenditures	(30.5)	(22.3)	(25.3)
Proceeds from sales of property and equipment	1.0	0.7	0.3
Proceeds from disposal of owned dealers	—	—	1.3
Acquisitions, net of cash received	—	(46.1)	(29.5)
Payments on loan on cash surrender value of life insurance	—	(2.9)	—
Proceeds from loan on cash surrender value of life insurance	—	—	19.3
Other, net	(3.2)	(0.6)	0.7
Net Cash Used for Investing Activities	**(31.4)**	**(77.6)**	**(29.5)**
Cash Flows from Financing Activities:			
Long-term debt repayments	(100.0)	(75.0)	—
Long-term debt borrowings	50.0	—	—
Dividends paid	(5.0)	(4.9)	(19.2)
Common stock issued	8.6	2.5	3.4
Common stock repurchased and retired	(1.0)	(0.8)	(0.3)
Excess tax benefits from stock-based compensation	0.1	(0.5)	(0.3)
Payment of contingent consideration obligation	(3.0)	—	—
Other, net	0.1	(0.2)	(0.1)
Net Cash Used for Financing Activities	**(50.2)**	**(78.9)**	**(16.5)**
Effect of exchange rate changes on cash and cash equivalents	4.3	(0.7)	(8.2)
Net Increase (Decrease) in Cash and Cash Equivalents	**13.8**	**(58.1)**	**37.5**
Cash and cash equivalents, beginning of year	134.8	192.9	155.4
Cash and Cash Equivalents, End of Year	**$ 148.6**	**$ 134.8**	**$ 192.9**

Notes to the Consolidated Financial Statements

1. Significant Accounting and Reporting Policies

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

Principles of Consolidation

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

Description of Business

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

Fiscal Year

The company's fiscal year ends on the Saturday closest to May 31. Fiscal years ended May 28, 2011, May 29, 2010 and May 30, 2009, each contain 52 weeks. An extra week in the company's fiscal year is required approximately every six years in order to realign its fiscal calendar-end dates with the actual calendar months.

Foreign Currency Translation

The functional currency for foreign subsidiaries is their local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the United States dollar using fiscal year-end exchange rates and translating revenue and expense accounts using average exchange rates for the period is reflected as a component of "Accumulated Other Comprehensive Gain (Loss)" in the Consolidated Balance Sheets. The financial statement impact of remeasuring all foreign currency transactions into the appropriate functional currency resulted in a net loss of $2.0 million, net gain of $0.4 million and a net loss of $1.1 million for the fiscal years ended May 28, 2011, May 29, 2010 and May 30, 2009, respectively. These amounts are included in "Other Expenses (Income)" in the Consolidated Statements of Operations.

Cash Equivalents

The company holds cash equivalents as part of its cash management function. Cash equivalents include money market funds, time deposit investments, and treasury bills with original maturities of less than three months. The carrying value of cash equivalents, which approximates fair value, totaled $9.7 million and $54.6 million as of May 28, 2011, and May 29, 2010, respectively. All cash and cash equivalents are high-credit quality financial instruments, and the amount of credit exposure to any one financial institution or instrument is limited.

Marketable Securities

The company maintains a portfolio of marketable securities primarily comprised of investment-grade, fixed-income securities. These investments are held by the company's wholly owned insurance captive and are considered "available-for-sale" securities. Accordingly, they have been recorded at fair market value based on quoted market prices, with the resulting net unrealized holding gains or losses reflected net of tax as a component of "Accumulated Other Comprehensive Gain (Loss)" in the Consolidated Balance Sheets.

All marketable security transactions are recognized on the trade date. Realized gains and losses on disposal of available-for-sale investments are included in "Interest and other investment income" in the Consolidated Statements of Operations. See Note 14 of the Consolidated Financial Statements for additional disclosures of marketable securities.

Accounts Receivable Allowances

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

Concentrations of Credit Risk

Our trade receivables are primarily due from independent dealers who, in turn, carry receivables from their customers. We monitor and manage the credit risk associated with individual dealers and direct customers where applicable. Dealers are responsible for assessing and assuming credit risk of their customers and may require their customers to provide deposits, letters of credit or other credit enhancement measures. Some sales contracts are structured such that the customer payment or obligation is direct to us. In those cases, we may assume the credit risk. Whether from dealers or customers, our trade credit exposures are not concentrated with any particular entity.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined at the majority of the company's manufacturing operations using the last-in, first-out (LIFO) cost method, whereas inventories of certain other of the company's subsidiaries are valued using the first-in, first-out (FIFO) cost method. Primarily the company's international entities and domestic entities which are newly acquired or insignificant are on the FIFO cost method and the remaining domestic entities are on the LIFO cost method. The company establishes reserves for excess and obsolete inventory, based on prevailing circumstances and judgment for consideration of current events, such as economic conditions, that may affect inventory. The reserve required to record inventory at lower of cost or market may be adjusted in response to changing conditions. Once elected, the company has applied these inventory cost valuation methods consistently from year to year. Further information on the company's recorded inventory balances can be found in Note 3 of the Consolidated Financial Statements.

Property, Equipment, and Depreciation

Property and equipment are stated at cost. The cost is depreciated over the estimated useful lives of the assets, using the straight-line method. Estimated useful lives range from 3 to 10 years for machinery and equipment and do not exceed 40 years for buildings. Leasehold improvements are depreciated over the lesser of the lease term or the useful life of the asset, not to exceed 10 years. We capitalize certain external and internal costs incurred in connection with the development, testing, and installation of software for internal use. Software for internal use is included in property and equipment and is depreciated over an estimated useful life not exceeding 5 years. Depreciation and amortization expense is included in the statement of operations in the cost of sales, operating expenses; selling, general and administrative, and design and research line items.

As of the end of fiscal 2011, outstanding commitments for future capital purchases approximated $4.9 million.

Goodwill and Indefinite-lived Intangible Assets

We perform an annual impairment test, by reporting unit, to determine whether the asset values are impaired. A reporting unit is defined as an operating segment or one level below an operating segment. Substantially all of our goodwill and indefinite-lived assets are within the North American operating segment (see Note 18 of the Consolidated Financial Statements), which has been determined to be made up of two reporting units.The annual test is comprised of two steps, the first step compares the fair value of the reporting unit with its carrying amount, including goodwill and indefinite-lived assets and the second step is used to measure the amount of impairment loss by comparing the implied fair value of the reporting unit asset with the carrying amount of that asset. If the first step of the test is passed then the asset is not considered impaired and the second step is unnecessary. If an impairment results from these tests, we are required to reduce the net carrying value of the assets to their estimated fair value.

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

We performed our goodwill and indefinite-lived asset tests at the beginning of the fourth quarter of fiscal 2011. Goodwill passed the step-one tests by substantial margins for all reporting units, which indicate that our goodwill is not impaired. The discount rates selected for use in our income approach test represent market rates of return equal to what we believe a reasonable investor would expect to achieve on investments of similar size to our reporting units. We believe the market participant based discount rates selected in our testing exceed the estimated weighted average cost of capital for our specific business as a whole. The results of the impairment test are sensitive to changes in discount rates, though the testing performed in fiscal 2011 would indicate that even a significant increase in the discount rate would not have changed the results of passing the tests.

The company also evaluates its acquired intangible assets to determine whether any have “indefinite useful lives.” Intangible assets with indefinite useful lives, are not subject to amortization. The company's indefinite-lived intangible-assets consist of certain tradenames valued at approximately $23.2 million as of fiscal year 2011 and 2010. These assets have indefinite useful lives and are evaluated annually using the relief of royalty method. The company measures and records an impairment loss for the excess of the carrying value of the asset over its fair value.

Goodwill and other indefinite-lived assets included in the Consolidated Balance Sheet consist of the following:

(In millions)	Goodwill	Indefinite-lived Intangible Assets	Total Goodwill and Indefinite-lived Assets
Balance, May 29, 2010	$ 109.4	$ 23.2	$ 132.6
Currency-related adjustments	1.0	—	1.0
Balance, May 28, 2011	$ 110.4	$ 23.2	$ 133.6

Long-Lived Assets

The company reviews other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or an asset group may not be recoverable. Each impairment test is based on a comparison of the carrying amount of the asset or asset group to the future undiscounted net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value. During the fourth quarter of fiscal 2010 the company recorded an impairment charge of $2.5 million recorded in "Restructuring and impairment expenses" within the "Other" operating segment. Of this amount, $1.4 million related to an amortizable intangible asset and $1.1 million was in relation to fixed assets, respectively. These assets related to products that we determined had no future revenue stream to the company.

Amortizable intangible assets within "Other amortizable intangibles, net" consists primarily of patents, trademarks and customer relationships. The combined gross carrying value and accumulated amortization for these amortizable intangibles was $37.2 million and $12.9 million, respectively as of May 28, 2011. As of May 29, 2010, these amounts totaled $35.2 million and $10.2 million, respectively. The company amortizes these assets over their remaining useful lives using the straight-line method over periods ranging from 5 to 17 years. It is estimated that the average remaining life of such patents and trademarks is approximately 6 years and 9 years, respectively. The estimated average remaining life of the customer relationships is 12 years.

Estimated amortization expense on existing amortizable intangible assets as of May 28, 2011, for each of the succeeding five fiscal years is as follows.

(In millions)	
2012	$ 2.5
2013	$ 2.4
2014	$ 2.3
2015	$ 2.0
2016	$ 1.9

Unfunded Checks

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

Self-Insurance

The company is partially self-insured for general liability, workers' compensation, and certain employee health and dental benefits under insurance arrangements that provide for third-party coverage of claims exceeding the company's loss retention levels. The company's health benefits retention level does not include an aggregate stop loss policy. The company's retention levels designated within significant insurance arrangements as of May 28, 2011, are as follows:

	Retention Level
General liability and auto liability/physical damage	$1.00 million per occurrence
Workers' compensation and property	$0.75 million per occurrence
Health benefits	$0.30 million per employee

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

Research, Development, and Other Related Costs

Research, development, pre-production, and start-up costs are expensed as incurred. Research and development (R&D) costs consist of expenditures incurred during the course of planned research and investigation aimed at discovery of new knowledge useful in developing new products or processes. R&D costs also include the significant enhancement of existing products or production processes and the implementation of such through design, testing of product alternatives, or construction of prototypes. Research and development costs included in “Design and Research” expense in the accompanying Consolidated Statements of Operations of $35.4 million, $33.2 million, and $36.2 million, in fiscal 2011, 2010, and 2009, respectively.

Royalty payments made to designers of the company's products as the products are sold are a variable cost based on product sales. These expenses totaled $10.4 million, $7.3 million, and $9.5 million in fiscal years 2011, 2010, and 2009 respectively. They are included in "Design and Research" expense in the accompanying Consolidated Statements of Operations.

Advertising Costs

Advertising costs are expensed as incurred and are included in “Selling, general, and administrative” expense in the accompanying Consolidated Statements of Operations. Advertising costs were $2.3 million, $2.4 million, and $2.2 million, in fiscal 2011, 2010, and 2009, respectively.

Customer Payments and Incentives

We offer various sales incentive programs to our customers, such as rebates, discounts, buy-downs and cooperative advertising programs. Programs such as rebates, discounts and buy-downs are adjustments to the selling price and are therefore characterized as a reduction to net sales. The cooperative advertising program, whereby customers are reimbursed for company approved advertising expenditures, provides us with an identifiable benefit from the advertisement at a verifiable market rate. Therefore, the cost of the cooperative advertising program is recognized as an operating expense and is included in the "Selling, general and administrative" line in the Consolidated Statement of Operations. We recognized operating expense related to our cooperative advertising program of $1.5 million, $1.8 million, and $1.5 million in fiscal 2011, 2010, and 2009, respectively.

Revenue Recognition

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

Shipping and Handling Expenses

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

Cost of Sales

We include material, labor and overhead in cost of sales. Included within these categories are such items as inbound freight charges, warehousing costs, internal transfer costs, and other costs of our distribution network.

Selling, General, and Administrative

We include costs not directly related to the manufacturing of our products in selling, general, and administrative. Included in these expenses are items such as compensation expense, rental expense, royalty expense, warranty expense, and travel and entertainment expense.

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.

The company's annual effective tax rate is based on income, statutory tax rates and tax planning strategies available in the various jurisdictions the company operates in. Complex tax laws can be subject to different interpretations by the company and the respective government authorities. Significant judgment is required in evaluating tax positions and determining our tax expense. Tax positions are reviewed quarterly and tax liabilities are adjusted as new information becomes available.

In evaluating the company's ability to recover deferred tax assets within the jurisdiction from which they arise, the company considers all positive and negative evidence. These assumptions require significant judgment about forecasts of future taxable income.

Stock-Based Compensation

The company has several stock-based compensation plans, which are described fully in Note 12 of the Consolidated Financial Statements. Our policy is to expense stock-based compensation using the fair-value based method of accounting for all awards granted.

Earnings per Share

Basic earnings per share (EPS) excludes the dilutive effect of common shares that could potentially be issued, due to the exercise of stock options or the vesting of restricted shares, and is computed by dividing net earnings by the weighted-average number of common shares outstanding for the period. Diluted EPS for fiscal years 2011, 2010, and 2009, was computed by dividing net earnings by the sum of the weighted-average number of shares outstanding, plus all dilutive shares that could potentially be issued. During fiscal 2011 and fiscal 2010 the numerator for diluted earnings per share excluded the earnings impact from the Nemschoff contingent consideration from the Consolidated Statement of Operations. Previously, this contingent consideration could be settled in cash or stock at the discretion of the company and, therefore, any income or loss associated with adjustments to these liabilities is excluded from the numerator when computing diluted earnings per share. Refer to Note 11 of the Consolidated Financial Statements, for further information regarding the computation of EPS.

Comprehensive Income/(Loss)

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

(In millions)	Foreign Currency Translation Adjustments	Pension and Post-Retirement Liability Adjustments (net of tax)	Unrealized Holding Period Gains (Losses) (net of tax)	Total Accumulated Other Comprehensive Income (Loss)
Balance, May 31, 2008	$ 4.6	$ (64.5)	$ (0.2)	$ (60.1)
Other comprehensive loss in fiscal 2009	(14.0)	(59.9)	(0.1)	(74.0)
Balance, May 30, 2009	(9.4)	(124.4)	(0.3)	(134.1)
Other comprehensive gain/(loss) in fiscal 2010	(2.9)	0.6	0.2	(2.1)
Balance, May 29, 2010	(12.3)	(123.8)	(0.1)	(136.2)
Other comprehensive gain/(loss) in fiscal 2011	6.4	25.5	0.1	32.0
Balance, May 28, 2011	$ (5.9)	$ (98.3)	$ —	$ (104.2)

Use of Estimates in the Preparation of Financial Statements

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

Variable Interest Entities

The company has provided subordinated debt to and/or guarantees on behalf of certain independent contract furniture dealerships. These relationships under certain circumstances may constitute variable interests. On May 28, 2011 and May 29, 2010, the company was not considered the primary beneficiary of any such dealer relationships and therefore, no entities were included as VIEs as of these dates.

Fair Value

The Company follows ASC Topic 820, *Fair Value Measurements and Disclosures*, which provides a consistent definition of fair value, focuses on exit price, prioritizes the use of market-based inputs over entity-specific inputs for measuring fair value and establishes a three-tier hierarchy for fair value measurements. This topic requires fair value measurements to be classified and disclosed in one of the following three categories:

- Level 1 — Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2 — Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. Financial instrument values are determined using prices for recently traded financial instruments with similar underlying terms and direct or indirect observational inputs, such as interest rates and yield curves at commonly quoted intervals.
- Level 3 — Financial instruments not actively traded on a market exchange and there is little, if any, market activity. Values are determined using significant unobservable inputs or valuation techniques.

See Note 14 of the Consolidated Financial Statements for the required fair value disclosures.

Interest Rate Swap Agreements

The company has used interest rate swaps in order for a portion of interest bearing debt to be variable, which matches interest expense with the company's business cycle. These swaps were fair-value hedges and qualified for hedge-accounting treatment, whereby the change in the fair value of the interest rate swap is equal to the change in value of the related hedged debt and, as a result, there is no net effect on earnings. The agreement required the company to pay floating-rate interest payments in return for receiving fixed-rate interest payments that coincide with the semi-annual payments to the debt holders at the same date. The periodic interest settlements, which occur at the same interval as the public debt securities, are recorded as interest expense. Accordingly, as of May 29, 2010, a total of $50.0 million of the company's outstanding debt was effectively converted to a variable-rate basis as a result of the interest rate swap arrangement. During the fourth quarter of fiscal 2011 the interest rate swap agreement expired as planned on March 15, 2011.

Foreign Currency Forward Contracts Not Designated as Hedges

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

As of May 28, 2011, the notional amounts of the forward contracts held to purchase and sell U.S. dollars in exchange for other major international currencies were $28.4 million and the notional amounts of the foreign currency forward contracts held to sell British pound sterling in exchange for other major international currencies were 2.6 million GBP.

The effects of derivative instruments on the condensed consolidated financial statements were as follows for the fiscal years ended 2011 and 2010 (amounts presented exclude any income tax effects) are shown below.

<u>Fair Value of Derivative Instruments in Condensed Consolidated Balance Sheet</u>

(In millions)	Balance Sheet Location	May 28, 2011	May 29, 2010
Interest rate swap agreement - fair market value	Other current assets	$ —	$ 1.2
Foreign currency forward contracts not designated as hedges	Other current assets	$ 0.7	$ 0.1
Foreign currency forward contracts not designated as hedges	Other current liabilities	$ 0.3	$ 0.1

<u>Effects of Derivative Instruments of Income</u>

		Fiscal Year	
(In millions)	Recognized Income on Derivative (Gain) Loss Location	May 28, 2011	May 29, 2010
Foreign currency forward contracts	Other Expense (Income): Other, net	$ (0.5)	$ —

New Accounting Standards

In April 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2010-13, *Compensation-Stock Compensation* (Topic 718)-Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades - a consensus of the FASB Emerging Issues Task Force. The company adopted the disclosure requirements of ASU 2010-13 in the fourth quarter of fiscal 2011.

In December 2009, the FASB issued ASU 2009-16, Transfers and Servicing (Topic 860)-*Accounting for Transfers of Financial Assets*. ASU 2009-16 revises previous authoritative guidance related to accounting for transfers of financial assets and requires more disclosures about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. The company adopted the disclosure requirements of ASU 2009-16 in the first quarter of fiscal 2011.

In December 2009, the FASB issued ASU No. 2009-17, Consolidations (Topic 810)-*Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*. ASU 2009-17 changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. ASU 2009-17 also requires a reporting entity to provide additional disclosures about its involvement with variable interest entities including the effect on financial statements and any significant changes in risk exposure due to that involvement. The company adopted the disclosure requirements of ASU 2009-17 in the first quarter of fiscal 2011.

2. Acquisitions and Divestitures

Nemschoff
On June 24, 2009, the company acquired all of the outstanding equity ownership interest of Nemschoff Chairs, LLC (Nemschoff) a Sheboygan, Wisconsin based manufacturer, with additional manufacturing capabilities in Sioux Center, Iowa. Nemschoff manufactures healthcare furnishings, with an emphasis on seating products for patient rooms, patient treatment areas, and public spaces such as lobbies and waiting areas. Nemschoff also serves the higher education and office markets.

The company incurred acquisition-related costs of approximately $1.1 million and $0.3 million during the fourth quarter of fiscal 2009 and first quarter of fiscal 2010, respectively. These expenses are included in the Statement of Operations, "Operating Expenses" line item. The purchase price for Nemschoff, which represents the estimated fair value of consideration transferred as of the acquisition date, consisted of the following:

(In millions)	Fair Value
Cash	$ 30.4
Common stock (2,041,666 shares)	28.7
Contingent success fee	14.4
Contingent value rights	16.3
Total	$ 89.8

The fair value of the common shares issued was determined based on the closing market price of the company's common stock on the acquisition date.

There were two forms of contingent consideration provided to the sellers, a success fee and contingent value rights (CVRs). These contingent liabilities were presented net of a $6.9 million note receivable that was issued by the sellers in exchange for cash at the acquisition date, and was payable only to the extent it could be offset against the contingent consideration. On January 31, 2011, the company signed an agreement to settle the two contingent consideration matters and the note receivable with the sellers of Nemschoff for a lump sum cash payment of $3 million, which approximated the fair value of these obligations as discussed in the following paragraphs.

Previously, the success fee payment ranged between $0 and $25 million based on performance from June 2010 through May 2011, and could be settled in the form of cash or stock at the company's discretion. At the acquisition date, the fair value of the success fee was $14.4 million and as of January 31, 2011, the success fee was valued at $5.6 million, with the change in value reflected within “Operating expenses" in the Condensed Consolidated Statements of Operations. The fair value of the success fee was estimated based on projected revenues for fiscal 2011.

The CVR previously associated with each of the 2,041,666 shares of common stock issued in the transaction entitled the holder to compensation in the event that the company's share price was below $24.00 per share at June 30, 2011. A floor price of $13.28 per share was established that provided a maximum payout of $10.72 per share to be paid at the time of share redemption and could be settled in the form of cash or stock at the company's discretion. At the acquisition date, the fair value of the CVRs was $16.3 million and as of January 31, 2011, the CVRs were valued at $4.4 million with the change in value reflected within “Operating expenses” in the Condensed Consolidated Statements of Operations. The fair value of the CVR was estimated using a Black-Scholes model which uses several key assumptions, including the current share price of the company.

	January 31, 2011
Risk-free interest rates	1.04%
Expected term	0.4 years
Expected volatility	59%
Dividend yield	0.46%

During the third quarter of fiscal 2011 and prior to the settlement of the CVR's, approximately 680,000 shares of the company's common stock relating to the CVR were sold on exchange in excess of $24 per share, which reduced the obligation by approximately $3.3 million.

The purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. Allocation of the purchase price resulted in acquired assets and liabilities assumed consisting of the following:

(In millions)		Fair Value
Cash	$	1.6
Accounts receivable		7.6
Inventory		6.5
Other current assets		0.8
Property, plant and equipment		15.6
Identifiable intangible assets		33.2
Goodwill		34.3
Total acquired assets		99.6
Accrued warranty		0.5
Accounts payable		2.3
Customer deposits		0.6
Deferred tax liability		2.8
Other accrued liabilities		3.6
Total acquired liabilities		9.8
Net Assets Acquired	$	89.8

The fair values and useful lives assigned to identifiable intangible assets as of the acquisition date consisted of the following:

(In millions)		Fair Value	Useful Life
Trade name	$	20.0	Indefinite
Customer relationships		12.9	15 years
Non-compete agreements		0.3	2 years
Total	$	33.2	

Nemschoff is included in the company's North American segment; therefore, all of the goodwill recorded in the acquisition has been allocated to that segment. The goodwill recognized is attributable primarily to expected synergies and the assembled workforce. The company expects substantially all of the goodwill to be amortizable for income tax purposes.

CBS

On April 6, 2010, the company acquired all the outstanding equity interest in Colebrook Bosson Saunders, (CBS) a worldwide leader in the design, manufacture and distribution of ergonomic work tools with headquarters located in London, England and additional showrooms in New York and Australia. CBS has annualized net sales of approximately $15 million. Cash used for the acquisition of CBS was approximately $14.4 million.

Additionally, CBS may be entitled to contingent consideration in the form of performance-based payments in the range of zero and $14.1 million, payable in British pound sterling, that would be earned over the next five years. The contingent consideration is based on a combination of attained revenue and profitability targets. Any payment due will be settled in cash. At the acquisition date, the fair value of the contingent consideration was $2.9 million. As of May 28, 2011, the contingent consideration value was $3.1 million with $1.6 million recorded as a current liability and $1.5 million recorded as a long-term liability. Any change in value due to change in estimates will be reflected within “Operating expenses” in the Condensed Consolidated Statements of Operations.

The purchase price for CBS, which represents the estimated fair value of consideration transferred as of the acquisition date, consisted of the following:

(In millions)		Fair Value
Cash	$	14.4
Contingent consideration		2.9
Total	$	17.3

The purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition. The excess of the purchase price over the estimated fair values of the underlying assets acquired and liabilities assumed was allocated to goodwill. Allocation of the purchase price resulted in acquired assets and liabilities assumed consisting of the following:

(In millions)		Fair Value
Cash	$	1.5
Accounts receivable		2.5
Inventory		4.2
Goodwill		5.6
Identifiable intangibles		4.1
Other assets		0.8
Total acquired assets		18.7
Accounts payable		0.6
Other accrued liabilities		0.8
Total acquired liabilities		1.4
Net Assets Acquired	$	17.3

The fair values and useful lives assigned to identifiable intangible assets as of the acquisition date consisted of the following:

(In millions)		Fair Value	Useful Life
Trade names and trademarks	$	0.9	15 years
Dealer relationships		3.2	15 years
Total	$	4.1	

The majority of CBS operations are included in the company's non-North American segment; therefore, the majority of the goodwill recorded in the acquisition has been allocated to that segment. The goodwill recognized is attributable primarily to expected synergies through the company's dealer network and the assembled workforce. The company expects substantially all of the goodwill to be amortizable for income tax purposes.

Other Acquisitions
During the second quarter of fiscal 2009, the company completed the purchase of selected elements of Ruskin Industries, a specialized manufacturer of complex wood chair frames and wood frame components, based in Hickory, North Carolina. The purchase consideration for this transaction was approximately $2.9 million allocated primarily to accounts receivable, inventory, and machinery and equipment.

During the first quarter of fiscal 2010, the company completed the purchase of certain assets of a contract furniture dealership in Virginia. The purchase consideration was $1.6 million of cash and the assets purchased were primarily accounts receivable and inventory.

During the fourth quarter of fiscal 2010, the company completed the purchase of certain assets of a contract and retail furniture dealership in Australia. The purchase consideration was $2.8 million of cash and the assets purchased were primarily inventory, accounts receivable and property plant and equipment. Goodwill recognized from the acquisition was $0.4 million.

During the fourth quarter of fiscal 2011, the company announced an agreement to acquire POSH Office Systems Ltd., a Hong Kong-based designer, manufacturer, and distributor of office furniture systems, freestanding furniture, seating, and filing and storage. POSH, with annual revenues of approximately $50 million, is a market leader in commercial furnishings in both Hong Kong and the People's Republic of China. Completion of the acquisition is pending the company's establishment of a legal structure in China necessary to complete the transaction. The company currently anticipates the closing for the acquisition of POSH will be completed during calendar 2012. The final purchase price is expected to include an upfront cash payment, due at closing, followed by a performance-based payment at the conclusion of an earn-out period.

The acquisition is not expected to be a material acquisition for the company.

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

Subsequent to the end of fiscal 2011 the company completed the sale of two wholly-owned contract furniture dealerships in Texas and Colorado. The effect of these transactions on the company's consolidated financial statements was not material.

Proforma Information
The results of operations for entities acquired by the company have been included in the Condensed Consolidated Statements of Operations since the dates of the respective acquisitions. The amount of net sales and net earnings attributable to these acquisitions included in the Condensed Consolidated Statements of Operations consists of the following:

(In millions)	Year ended May 29, 2010
Net sales	$ 71.8
Net loss	$ (0.5)

The following supplemental pro forma information presents net sales and net earnings for the company as if the acquisitions had occurred at the beginning of the fiscal period presented. This pro forma information is not necessarily indicative of the results that would have actually been obtained if the acquisitions had occurred at the beginning of the period presented or that may be attained in the future.

(In millions)	Year ended May 29, 2010
Pro forma net sales	$ 1,359.8
Pro forma net earnings	$ 29.5

3. Inventories

(In millions)	May 28, 2011	May 29, 2010
Finished goods	$ 34.6	$ 32.9
Work in process	11.6	8.9
Raw materials	20.0	16.1
Total	$ 66.2	$ 57.9

Inventories are valued at the lower of cost or market and include material, labor, and overhead. The inventories of the majority of domestic manufacturing subsidiaries are valued using the last-in, first-out method (LIFO). The inventories of all other subsidiaries are valued using the first-in, first-out method. Inventories valued using LIFO amounted to $24.1 million and $19.5 million as of May 28, 2011 and May 29, 2010, respectively. If all inventories had been valued using the first-in first-out method, inventories would have been $11.6 million and $10.7 million higher than reported at May 28, 2011 and May 29, 2010, respectively.

4. Prepaid Expenses and Other

(In millions)	May 28, 2011	May 29, 2010
Deferred income taxes	$ 21.2	$ 21.9
Prepaid property and other taxes	25.4	9.9
Other	12.6	14.6
Total	$ 59.2	$ 46.4

5. Other Assets

(In millions)	May 28, 2011	May 29, 2010
Deferred income taxes	2.8	37.0
Cash surrender value of life insurance	1.6	0.8
Other	4.9	4.1
Total	$ 9.3	$ 41.9

6. Accrued Liabilities

(In millions)	May 28, 2011	May 29, 2010
Compensation and employee benefits	$ 75.9	$ 41.1
Income taxes	2.5	1.1
Other taxes	6.8	5.4
Unearned revenue	13.5	10.1
Warranty reserves	17.0	16.0
Interest payable	6.1	7.1
Restructuring	1.0	7.0
Pension and post-retirement benefits	1.2	1.2
Contingent consideration	1.6	1.4
Other	27.5	22.0
Total	$ 153.1	$ 112.4

7. Other Liabilities

(In millions)	May 28, 2011	May 29, 2010
Pension benefits	$ 42.4	$ 114.2
Post-retirement benefits	9.2	10.0
Contingent consideration	1.5	19.4
Other	34.1	32.7
Total	$ 87.2	$ 176.3

8. Long-Term Debt

(In millions)	May 28, 2011	May 29, 2010
Series A senior notes, 5.94%, due January 3, 2015	$ 50.0	$ 50.0
Series B senior notes, 6.42%, due January 3, 2018	150.0	150.0
Debt securities, 7.125%, due March 15, 2011	—	100.0
Debt securities, 6.0%, due March 1, 2021	50.0	—
Fair value of interest rate swap arrangements	—	1.2
	250.0	301.2
Less: current portion	—	(101.2)
Total	$ 250.0	$ 200.0

In January 2008, the company issued a total of $200 million in senior unsecured private placement notes. Notes in the principal amount of $150 million bear interest at 6.42 percent and are due in January 2018. The remaining $50 million in private placement notes bear interest at 5.94 percent and are due in January 2015. Related interest payments are due semi-annually.

Our senior notes and the unsecured senior revolving credit facility restrict, without prior consent, our borrowings, capital leases, and the sale of certain assets. In addition, we have agreed to maintain certain financial performance ratios, which include a maximum leverage ratio covenant, which is measured by the ratio of debt to trailing four quarter adjusted EBITDA (as defined in the credit agreement) and is required to be less than 3.5:1, with a minimum interest coverage ratio, which is measured by the ratio of trailing four quarter EBITDA to trailing four quarter interest expense (as defined in the credit agreement) and is required to be greater than 4:1. Adjusted EBITDA is generally defined in the credit agreement to adjust EBITDA by certain items which include non-cash, share-based compensation, non-recurring restructuring costs and extraordinary items. At May 28, 2011 and May 29, 2010, the company was in compliance with all of these restrictions and performance ratios.

During the first quarter of fiscal 2010 the company renegotiated the syndicated revolving line of credit, reducing availability from $250 million to $150 million, while giving the company additional covenant flexibility. This facility expires in June 2012 and outstanding borrowings bear interest at rates based on the prime rate, federal funds rate, LIBOR, or negotiated rates as outlined in the agreement. Interest is payable periodically throughout the period a borrowing is outstanding. As of May 28, 2011 and May 29, 2010, total usage against this facility was $9.4 million and $11.2 million respectively, all of which related to outstanding letters of credit.

In March 2001, the company sold publicly registered debt securities totaling $175 million. These senior notes matured on March 15, 2011 and bore an annual interest rate of 7.125 percent, with interest payments due semi-annually. During the first quarter of fiscal 2010, the company completed the repurchase of $75 million of the registered debt securities. In addition to improving our covenant metrics this action reduced our interest expense run rate by approximately $1.3 million per quarter. During the fourth quarter, on March 15, 2011, the company repaid the remaining $100 million in principal due under the 2001 public bond issue. The payment was made using a combination of existing cash and proceeds from newly-issued senior unsecured private placement notes of $50 million maturing in March 2021. The completion of this partial debt refinancing reduced the company’s total debt obligations to $250 million, none of which is current.

Annual maturities of long-term debt for the five fiscal years subsequent to May 28, 2011, are as follows:

(In millions)		
2012	$	—
2013	$	—
2014	$	—
2015	$	50.0
2016	$	—
Thereafter	$	200.0

9. Operating Leases

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

Future minimum rental payments required under operating leases that have non-cancelable lease terms as of May 28, 2011, are as follows:

(In millions)		
2012	$	19.7
2013	$	16.1
2014	$	10.7
2015	$	8.9
2016	$	6.7
Thereafter	$	17.6

Total rental expense charged to operations was $22.8 million, $22.4 million, and $27.8 million, in fiscal 2011, 2010, and 2009, respectively. Substantially all such rental expense represented the minimum rental payments under operating leases.

10. Employee Benefit Plans

The company maintains retirement benefit plans for substantially all of its employees.

Pension Plans and Post-Retirement Medical Insurance

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

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

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

Benefit Obligations and Funded Status

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

	Pension Benefits				Post-Retirement Benefits	
	2011		2010		2011	2010
(In millions)	Domestic	International	Domestic	International		
Change in benefit obligation:						
Benefit obligation at beginning of year	$ 296.0	$ 71.6	$ 281.2	$ 66.0	$ 11.1	$ 13.6
Service cost	6.9	1.9	8.1	—	—	—
Interest cost	15.1	4.3	17.9	4.2	0.5	0.6
Amendments	—	—	—	0.3	—	—
Foreign exchange impact	—	9.2	—	(7.6)	—	—
Actuarial (gain)/loss	9.0	(10.5)	12.2	11.9	(0.4)	(2.1)
Employee contributions	—	0.3	—	—	—	—
Benefits paid	(17.1)	(1.8)	(23.4)	(3.2)	(0.9)	(1.0)
Benefit obligation at end of year	$ 309.9	$ 75.0	$ 296.0	$ 71.6	$ 10.3	$ 11.1
Change in plan assets:						
Fair value of plan assets at beginning of year	$ 200.1	$ 53.2	$ 175.3	$ 50.6	$ —	$ —
Actual return on plan assets	40.2	8.2	30.8	10.6	—	—
Foreign exchange impact	—	7.4	—	(5.7)	—	—
Employer contributions	50.2	1.7	17.4	0.9	0.9	1.0
Employee contributions	—	0.3	—	—	—	—
Benefits paid	(17.1)	(1.8)	(23.4)	(3.2)	(0.9)	(1.0)
Fair value of plan assets at end of year	273.4	69.0	200.1	53.2	—	—
Under funded status at end of year	$ (36.5)	$ (6.0)	$ (95.9)	$ (18.4)	$ (10.3)	$ (11.1)

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

	Pension Benefits				Post-Retirement Benefits	
	2011		2010		2011	2010
(In millions)	Domestic	International	Domestic	International		
Current liabilities	$ (0.1)	$ —	$ (0.1)	$ —	$ (1.1)	$ (1.1)
Non-current liabilities	(36.4)	(6.0)	(95.8)	(18.4)	(9.2)	(10.0)
	$ (36.5)	$ (6.0)	$ (95.9)	$ (18.4)	$ (10.3)	$ (11.1)

The accumulated benefit obligation for the company's domestic pension benefit plans totaled $307.2 million and $289.6 million as of the end of fiscal years 2011 and 2010, respectively. For its international plans, these amounts totaled $72.8 million and $68.4 million as of the same dates, respectively.

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

	Pension Benefits				Post-Retirement Benefits	
	2011		2010		2011	2010
(In millions)	Domestic	International	Domestic	International		
Unrecognized net actuarial loss	$ 144.9	$ 11.6	$ 165.6	$ 24.7	$ 1.7	$ 2.0
Unrecognized prior service cost (credit)	(3.9)	—	(6.2)	—	0.1	0.2
Unrecognized transition amount	—	—	—	—	—	—
	$ 141.0	$ 11.6	$ 159.4	$ 24.7	$ 1.8	$ 2.2

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

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

	Pension Benefits			Post-Retirement Benefits		
(In millions)	2011	2010	2009	2011	2010	2009
Domestic:						
Service cost	$ 6.9	$ 8.1	$ 8.4	$ —	$ —	$ —
Interest cost	15.1	17.9	18.3	0.5	0.6	0.8
Expected return on plan assets	(18.7)	(18.9)	(22.2)	—	—	—
Net amortization	6.0	3.1	2.5	0.1	0.1	0.2
Net periodic benefit cost	$ 9.3	$ 10.2	$ 7.0	$ 0.6	$ 0.7	$ 1.0
International:						
Service cost	$ 1.9	$ —	$ 2.1			
Interest cost	4.3	4.2	4.6			
Expected return on plan assets	(4.2)	(4.4)	(4.6)			
Net amortization	1.2	1.3	1.0			
Net periodic benefit cost	$ 3.2	$ 1.1	$ 3.1			
Total net periodic benefit cost	$ 12.5	$ 11.3	$ 10.1	$ 0.6	$ 0.7	$ 1.0

The net prior service credit and actuarial loss included in accumulated other comprehensive income expected to be recognized in net periodic benefit cost during fiscal 2012 is prior service cost of $2.1 million ($1.3 million, net of tax) and actuarial loss of $9.2 million ($5.5 million, net of tax), respectively.

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

	Pension Benefits		Post-Retirement Benefits	
(In millions)	2011	2010	2011	2010
Domestic:				
Prior service cost	$ —	$ —	$ —	$ —
Net actuarial (gain) loss	(12.5)	0.3	(0.3)	(2.2)
Net amortization	(6.0)	(3.1)	(0.1)	(0.1)
Total recognized in other comprehensive (income) loss	(18.5)	(2.8)	(0.4)	(2.3)
Total recognized net pension cost and other comprehensive (income) loss	$ (9.2)	$ 7.4	$ 0.2	$ (1.6)
International:				
Prior service cost	$ —	$ 0.3		
Net actuarial loss	(14.5)	5.5		
Effect of exchange rates on amounts included in accumulated other comprehensive income	2.6	—		
Net amortization	(1.2)	(1.0)		
Total recognized in other comprehensive loss	(13.1)	4.8		
Total recognized net pension cost and other comprehensive loss	$ (9.9)	$ 5.9		
Total:				
Total recognized in other comprehensive (income) loss	$ (31.6)	$ 2.0	$ (0.4)	$ (2.3)
Total recognized net pension cost and other comprehensive (income) loss	$ (19.1)	$ 13.3	$ 0.2	$ (1.6)

Actuarial Assumptions

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

	2011		2010		2009	
	U.S.	International	U.S.	International	U.S.	International
(Percentages)						
Discount rate	4.75	5.40	5.25	5.50	6.75	6.50
Compensation increase rate	3.00	3.50	4.50	4.90	4.50	4.80

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

	2011		2010		2009	
	U.S.	International	U.S.	International	U.S.	International
(Percentages)						
Discount rate	5.25	5.50	6.75	6.50	6.75	6.25
Compensation increase rate	4.50	4.90	4.50	4.80	4.50	5.00
Expected return on plan assets	7.75	6.80	7.75	7.25	8.50	7.30

In calculating post-retirement benefit obligations, a 7.6 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2011, decreasing gradually to 4.5 percent by 2029 and remaining at that level thereafter. For purposes of calculating post-retirement benefit costs, a 7.7 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2010, decreasing gradually to 4.5 percent by 2029 and remaining at that level thereafter.

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

(In millions)	1 Percent Increase	1 Percent Decrease
Effect on total fiscal 2011 service and interest cost components	$ —	$ —
Effect on post-retirement benefit obligation at May 28, 2011	$ 0.5	$ (0.4)

Plan Assets and Investment Strategies

The company's primary domestic and international employee benefit plans' assets consist mainly of listed common stocks, mutual funds, fixed income obligations and cash. The company's primary objective for invested pension plan assets is to provide for sufficient long-term growth and liquidity to satisfy all of its benefit obligations over time. Accordingly, the company has developed an investment strategy that it believes maximizes the probability of meeting this overall objective. This strategy includes the development of a target investment allocation by asset category in order to provide guidelines for making investment decisions. This target allocation emphasizes the long-term characteristics of individual asset classes as well as the diversification among multiple asset classes. In developing its strategy, the company considered the need to balance the varying risks associated with each asset class with the long-term nature of its benefit obligations. The company's strategy moving forward will be to increase the level of fixed income investments as the funding status improves, thereby more closely matching the return on assets with the liabilities of the plans.

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

The company has assumed an average long-term expected return on defined benefit plan assets of 7.75 percent and 6.80 percent for its primary domestic plan and international plan, respectively, as of May 28, 2011. The expected return is determined by applying the target allocation in each asset category of plan investments to the anticipated return for each asset category based on historical and projected returns.

The asset allocation for the company's primary pension plans at the end of fiscal 2011 and 2010 are as follows:

Primary Domestic Plan

Asset Category	Targeted Asset Allocation Percentage	Actual Percentage of Plan Assets at Year end	
		2011	2010
Equities	54 - 66	57	54
Fixed Income	35 - 43	43	45
Other	0 - 5	—	1
Total		100	100

Primary International Plan

Asset Category	Targeted Asset Allocation Percentage	Actual Percentage of Plan Assets at Year end	
		2011	2010
Equities	54 - 66	58	59
Fixed Income	35 - 43	39	39
Other	0 - 5	3	2
Total		100	100

The following tables summarize the fair value of the company's domestic and international pension plans by asset category as of May 28, 2011. The company currently does not hold any level three investments within any of its pension plans.

(In millions)	Domestic Plans		
Asset Category	Level 1	Level 2	Total
Cash and cash equivalents	$ —	$ 0.4	$ 0.4
Common collective trusts-equities	—	136.0	136.0
Debt securities-corporate	—	4.8	4.8
Common collective trusts-fixed income	—	112.2	112.2
Equities - Herman Miller stock	20.0	—	20.0
Total	$ 20.0	$ 253.4	$ 273.4

(in millions)	International Plan		
Asset Category	Level 1	Level 2	Total
Cash and cash equivalents	$ 0.2	$ —	$ 0.2
Common collective trusts-balanced	—	68.8	68.8
Total	$ 0.2	$ 68.8	$ 69.0

The following tables summarize the fair value of the company's domestic and international pension plans by asset category as of May 29, 2010.

(In millions)	Domestic Plans		
Asset Category	Level 1	Level 2	Total
Cash and cash equivalents	$ 0.6	$ 0.5	$ 1.1
Common collective trusts-equities	—	92.0	92.0
Debt securities-corporate	—	4.5	4.5
Common collective trusts-fixed income	—	86.0	86.0
Equities - Herman Miller stock	16.5	—	16.5
Total	$ 17.1	$ 183.0	$ 200.1

(in millions)	International Plan		
Asset Category	Level 1	Level 2	Total
Cash and cash equivalents	$ 6.1	$ —	$ 6.1
Common collective trusts-equities	—	32.7	32.7
Debt securities-government	—	0.6	0.6
Debt securities-corporate	—	13.4	13.4
Other	—	0.4	0.4
Total	$ 6.1	$ 47.1	$ 53.2

Cash Flows

The company anticipates contributing $16.3 million to its pension and other post-retirement plans in fiscal 2012 and is reviewing whether any voluntary pension plan contributions will be made in the next year. Actual contributions will be dependent upon investment returns, changes in pension obligations, and other economic and regulatory factors. In fiscal 2011 the company made a non-cash contribution of company stock to its domestic benefit plan which was valued at $14.6 million at the contribution date. The company also made cash contributions totaling $38.2 million to its benefit plans.

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

The following represents a summary of the benefits expected to be paid by the plans in future fiscal years. These expected benefits were estimated based on the same actuarial valuation assumptions used to determine benefit obligations at May 28, 2011.

(In millions)	Pension Benefits Domestic	Pension Benefits International	Post-Retirement Benefits
2012	$ 25.0	$ 1.4	$ 1.1
2013	26.2	1.5	1.1
2014	27.0	1.5	1.0
2015	27.8	1.6	1.0
2016	20.8	1.6	1.0
2017-2021	112.8	8.9	4.0

Profit Sharing and 401(k) Plan

Herman Miller, Inc. has a trusteed profit sharing plan that includes substantially all domestic employees. These employees are eligible to begin participating on their date of hire. The plan provides for discretionary contributions, payable in the company's common stock, of not more than 6.0 percent of employees' wages based on the company's financial performance. The cost of the profit sharing contribution during fiscal 2011 was $7.7 million. The company made no profit sharing contributions in fiscal years 2010 and 2009. The company has traditionally matched 50 percent of employee contributions to their 401(k) accounts up to 6.0 percent of their pay. The company indefinitely suspended the 401(k) matching program in the fourth quarter of fiscal 2009 and the suspension remained in effect until the second half of fiscal 2011. The company, therefore, did not incur any costs for this program in fiscal 2010. The cost of the company's matching contributions charged against operations was approximately $2.0 million and $4.7 million in fiscal years 2011 and 2009, respectively.

11. Common Stock and Per Share Information

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

(In millions, except shares)	2011	2010	2009
Numerators:			
Numerators for basic EPS, net earnings attributable to controlling interest	$ 70.8	$ 28.3	$ 68.0
Income from adjustments to contingent consideration that can be settled in common stock at the company's option, net of tax	(9.5)	(3.6)	—
Numerator for diluted EPS	$ 61.3	$ 24.7	$ 68.0
Denominators:			
Denominators for basic EPS, weighted-average common shares outstanding	57,118,777	55,997,781	54,138,570
Potentially dilutive shares resulting from stock plans	556,343	1,492,587	396,921
Denominator for diluted EPS	57,675,120	57,490,368	54,535,491

Options to purchase 2,290,471 shares, 2,777,406 shares and 3,029,844 shares of common stock have not been included in the denominator for the computation of diluted earnings per share for the fiscal years ended May 28, 2011, May 29, 2010, and May 30, 2009, respectively, because they were anti-dilutive.

12. Stock-Based Compensation

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

Valuation and Expense Information

The company measures the cost of employee services received in exchange for an award of equity instruments based on their grant-date fair market value and to recognize this cost over the requisite service period.

Certain of the company's equity-based compensation awards contain provisions that allow for continued vesting into retirement. Stock-based awards are considered fully vested for expense attribution purposes when the employee's retention of the award is no longer contingent on providing subsequent service.

Pre-tax compensation expense for all types of stock-based programs was $4.8 million, $4.4 million, and $3.2 million for the fiscal years ended May 28, 2011, May 29, 2010, and May 30, 2009, respectively. The company classifies pre-tax stock-based compensation expense primarily within “Operating Expenses” in the Consolidated Statements of Operations. Related expenses charged to “Cost of Sales” are not material. The corresponding income tax benefit recognized for the fiscal years ended May 28, 2011, May 29, 2010, May 30, 2009, was $1.6 million, $1.5 million, and $1.0 million, respectively.

As of May 28, 2011, total pre-tax stock-based compensation cost not yet recognized related to non-vested awards was approximately $6.1 million. The weighted-average period over which this amount is expected to be recognized is 1.64 years.

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

	2011	2010	2009
Risk-free interest rates (1)	2.00-2.25%	2.71-2.84%	1.96-3.55%
Expected term of options (2)	5.5 years	5.5 years	5.5 years
Expected volatility (3)	42%	41%	33%
Dividend yield (4)	0.49%	0.56%	1.4%
Weighted-average grant-date fair value of stock options:			
Granted with exercise prices equal to the fair market value of the stock on the date of grant	$ 7.01	$ 6.24	$ 7.25

(1) Represents the U.S. Treasury yield over the same period as the expected option term.
(2) Represents the period of time that options granted are expected to be outstanding. Based on analysis of historical option exercise activity, the company has determined that all employee groups exhibit similar exercise and post-vesting termination behavior.
(3) Amount is determined based on analysis of historical price volatility of the company's common stock over a period equal to the expected term of the options. The company also utilizes a market-based or "implied volatility" measure, on exchange-traded options in the company's common stock, as a reference in determining this assumption.
(4) Represents the company's estimated cash dividend yield over the expected term of options.

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

Employee Stock Purchase Program

Under the terms of the company's Employee Stock Purchase Plan, 4 million shares of authorized common stock were reserved for purchase by plan participants at 85.0 percent of the market price. The company recognized pre-tax compensation expense related to employee stock purchases of $0.3 million, $0.3 million, and $0.4 million for the fiscal years ended May 28, 2011, May 29, 2010, and May 30, 2009, respectively.

Stock Option Plans

The company has stock option plans under which options to purchase the company's stock are granted to employees and non-employee directors and officers at a price not less than the market price of the company's common stock on the date of grant. Under the current award program, all options become exercisable between one year and three years from date of grant and expire two to ten years from date of grant. Most options are subject to graded vesting with the related compensation expense recognized on a straight-line basis over the requisite service period. At May 28, 2011, there were 6.1 million shares available for future options.

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

	Shares Under Option	Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (In millions)
Outstanding at May 31, 2008	2,994,602	$ 27.68	4.36	$ 1.5
Granted at market	509,100	$ 23.07		
Exercised	(23,050)	$ 24.29		
Forfeited or expired	(656,440)	$ 27.86		
Outstanding at May 30, 2009	2,824,212	$ 26.83	4.86	$ 0.2
Granted at market	337,253	$ 15.76		
Exercised	(10,000)	$ 20.06		
Forfeited or expired	(372,829)	$ 25.72		
Outstanding at May 29, 2010	2,778,636	$ 25.66	4.79	$ 1.8
Granted at market	463,238	$ 18.04		
Exercised	(309,251)	$ 21.28		
Forfeited or expired	(354,033)	$ 27.09		
Outstanding at May 28, 2011	2,578,590	$ 24.62	5.46	$ 6.6
Ending vested + expected to vest	2,552,118	$ 24.69	5.42	$ 6.5
Exercisable at end of period	1,802,883	$ 27.22	4.19	$ 1.9

Pre-tax compensation expense related to these options totaled $2.5 million, $2.5 million, and $2.9 million for fiscal 2011, 2010, and 2009, respectively.

The total pre-tax intrinsic value of options exercised during fiscal 2011, 2010 and 2009 was $1.6 million, negligible, and $0.1 million, respectively. The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the company's closing stock price as of the end of the period presented, which would have been received by the option holders had all option holders exercised in-the-money options as of that date.

The following is a summary of stock options outstanding at May 28, 2011.

	Outstanding Stock Options			Exercisable Stock Options	
Range of Exercise Price	Shares	Weighted-Average Remaining Contractual Term (Years)	Weighted-Average Exercise Prices	Shares	Weighted-Average Exercise Prices
$12.33-22.63	879,299	7.4	$ 17.08	259,682	$ 17.56
$23.87-27.99	860,450	4.2	$ 25.19	704,360	$ 25.14
$28.57-38.13	838,841	4.8	$ 31.96	838,841	$ 31.96
	2,578,590	5.5	$ 24.62	1,802,883	$ 27.22

Restricted Stock Grants

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

	2011		2010		2009	
	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value	Shares	Weighted Average Grant-Date Fair Value
Outstanding, at beginning of year	54,729	$ 19.48	116,860	$ 26.25	116,074	$ 26.59
Granted	33,000	$ 20.63	42,481	$ 15.96	4,500	$ 20.04
Vested	(15,041)	$ 26.79	(104,112)	$ 25.69	(2,814)	$ 29.02
Forfeited or expired	(2,093)	$ 20.26	(500)	$ 10.78	(900)	$ 30.06
Outstanding, at end of year	70,595	$ 18.44	54,729	$ 19.48	116,860	$ 26.25

Pre-tax compensation expense related to these awards totaled $0.5 million, $0.4 million, and $0.7 million for the fiscal years ended May 28, 2011, May 29, 2010 and May 30, 2009 respectively. The weighted-average remaining recognition period of the outstanding restricted shares at May 28, 2011, was 2.34 years. The fair value on the dates of vesting for shares that vested during the twelve months ended May 28, 2011, was $0.3 million.

Restricted Stock Units

The company grants restricted stock units to certain key employees. This program provides that the actual number of restricted stock units awarded is based on the value of a portion of the participant's long-term incentive compensation divided by the fair market value of the company's stock on the date of grant. In some years the awards have been partially tied to the company's financial performance for the year in which the grant was based. The awards generally cliff-vest after a three-year service period, with prorated vesting under certain circumstances and full or partial accelerated vesting upon retirement. Each restricted stock unit represents one equivalent share of the company's common stock to be awarded, free of restrictions, after the vesting period. Compensation expense related to these awards is recognized over the requisite service period, which includes any applicable performance period. Dividend equivalent awards are granted quarterly. The units do not entitle participants the rights of stockholders of common stock, such as voting rights until shares are issued after the vesting period. The following is a summary of restricted stock unit transactions for the fiscal years indicated.

	2011			2010			2009		
	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)
Outstanding, at beginning of year	214,406	$ 4.0	1.2	147,811	$ 2.0	1.7	168,374	$ 4.1	2.7
Granted	140,357			83,780			3,438		
Forfeited	(4,704)			(8,289)			(9,927)		
Released	(64,958)			(8,896)			(14,074)		
Outstanding, at end of year	285,101	$ 6.9	1.5	214,406	$ 4.0	1.2	147,811	$ 2.0	1.7
Ending vested + expected to vest	269,679	$ 6.6	1.5	201,266	$ 3.9	1.2	134,402	$ 1.9	1.7

Pre-tax compensation expense related to restricted stock units totaled $1.5 million, $1.2 million, and $0.6 million for fiscal 2011, 2010 and 2009, respectively.

Performance Share Units

The company has previously granted performance share units to certain key employees, none of which were granted prior to fiscal 2008. The number of units initially awarded was based on the value of a portion of the participant's long-term incentive compensation, divided by the fair value of the company's common stock on the date of grant. Each unit represents one equivalent share of the company's common stock. The number of common shares ultimately issued in connection with these performance share units is determined based on the company's financial performance over the related three-year service period. Compensation expense is determined based on the grant-date fair value and the number of common shares projected to be issued, and is recognized over the requisite service period. The following is a summary of performance share unit transactions for the fiscal years indicated.

	2011			2010			2009		
	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)	Share Units	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)
Outstanding, at beginning of year	178,862	$ —	0.7	182,977	$ —	1.7	93,023	$ 2.3	2.2
Granted	—			—			101,426		
Forfeited	(88,482)			(4,115)			(11,472)		
Outstanding, at end of year	90,380	$ —	0.2	178,862	$ —	0.7	182,977	$ —	1.7
Ending vested + expected to vest	—	$ —	—	—	$ —	—	—	$ —	1.7

Pre-tax compensation expense (income) related to performance stock units was zero for fiscal years 2011 and 2010, respectively and ($1.4) million for fiscal 2009. The recognition of income during fiscal 2009 was the result of the reversal of prior period expense for performance stock awards. This action was taken because it was no longer deemed probable that these awards would be earned due to the company's recent financial performance.

Deferred Compensation Plans

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

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

The Herman Miller, Inc. Executive Equalization Retirement Plan is a supplemental deferred compensation plan and was made available for salary deferrals and company contributions beginning in January 2008. The plan is available to a select group of management or highly compensated employees who are selected for participation by the Executive Compensation Committee of the Board of Directors. The plan allows participants to defer up to 50 percent of their base salary and up to 100 percent of their incentive cash bonus. Company contributions to the plan “mirror” the amounts the company would have contributed to the various qualified retirement plans had the employee's compensation not been above the IRS statutory ceiling ($245,000 in 2011). The company does not guarantee a rate of return for these funds. Instead, participants make investment elections for their deferrals and company contributions. Investment options are the same as those available under the Herman Miller Profit Sharing and 401(k) Plan except for company stock which is not an investment option under this plan.

In accordance with the terms of the Executive Equalization Plan, the salary and bonus deferrals and company contributions have been placed in a Rabbi trust. The assets in the Rabbi trust remain subject to the claims of creditors of the company and are not the property of the participant and are, therefore, included as an asset on the company's balance sheet within the other assets line item. A liability of the same amount is recorded on the consolidated balance sheet within the other liabilities line item. Investment assets are classified as trading, and accordingly, realized and unrealized gains and losses are recognized within the company's consolidated statement of operations in the interest and other investment income line item. The associated changes to the liability are recorded as compensation expense within the selling, general and administrative line item within the company's consolidated statement of operations. The net effect of any change to the asset and corresponding liability is offset and has no impact on the statement of operations.

Director Fees

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

	2011	2010	2009
Options	—	8,957	94,544
Shares of common stock	7,464	18,735	30,004
Shares through the deferred compensation program	—	7,148	—

13. Income Taxes

The components of earnings before income taxes are as follows.

(In millions)	2011	2010	2009
Domestic	$ 93.4	$ 38.4	$ 90.4
Foreign	9.1	(3.6)	8.5
Total	$ 102.5	$ 34.8	$ 98.9

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

(In millions)	2011	2010	2009
Current: Domestic - Federal	$ 1.4	$ 8.6	$ 22.2
Domestic - State	0.8	0.8	2.2
Foreign	5.7	(0.2)	3.2
	7.9	9.2	27.6
Deferred: Domestic - Federal	26.4	(2.6)	4.3
Domestic - State	1.4	(0.2)	(0.3)
Foreign	(4.0)	0.1	(0.6)
	23.8	(2.7)	3.4
Total income tax provision	$ 31.7	$ 6.5	$ 31.0

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

(In millions)	2011	2010	2009
Income taxes computed at the United States Statutory rate of 35%	$ 35.8	$ 12.2	$ 34.6
Increase (decrease) in taxes resulting from:			
Change in unrecognized tax benefits	(0.3)	(4.9)	0.7
Foreign statutory rate differences	(1.6)	0.4	(0.7)
Manufacturing deduction under the American Jobs Creation Act of 2004	(2.4)	(1.2)	(1.4)
Foreign tax credits	(1.3)	—	(1.2)
Other, net	1.5	—	(1.0)
Income tax expense	$ 31.7	$ 6.5	$ 31.0
Effective tax rate	30.9%	18.8%	31.4%

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

The tax effects and types of temporary differences that give rise to significant components of the deferred tax assets and liabilities at May 28, 2011 and May 29, 2010, are as follows:

(In millions)	2011	2010
Deferred tax assets:		
Compensation-related accruals	$ 14.7	$ 12.4
Accrued pension and post-retirement benefit obligations	19.9	48.5
Accrued health claims	—	1.4
Reserves for inventory	2.7	2.1
Reserves for uncollectible accounts and notes receivable	1.6	1.6
Other reserves and accruals	4.0	6.5
Warranty	5.5	5.1
State and local tax net operating loss carryforwards	4.0	4.0
Federal net operating loss carryforward	0.3	0.3
State credits	1.1	1.6
Foreign tax net operating loss carryforwards	8.1	7.2
Foreign tax credits	0.1	0.5
Other	5.8	3.7
Subtotal	67.8	94.9
Valuation allowance	(11.6)	(11.0)
Total	$ 56.2	$ 83.9
Deferred tax liabilities:		
Book basis in property in excess of tax basis	$ (19.4)	$ (18.1)
Intangible assets	(12.8)	(6.4)
Other	(1.1)	(0.5)
Total	$ (33.3)	$ (25.0)

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

At May 28, 2011, the company had state and local tax NOL carry-forwards of $61.9 million, the tax benefit of which is $4.0 million, which have various expiration periods from one to twenty years. The company also had state credits with a tax benefit of $1.1 million that expire in one to five years. For financial statement purposes, the NOL carry-forwards and state tax credits have been recognized as deferred tax assets, subject to a valuation allowance of $3.7 million.

At May 28, 2011, the company had a federal NOL carry-forward of $0.9 million, the tax benefit of which is $0.3 million, which expires in 16 years. For financial statement purposes, the NOL carry-forward has been recognized as a deferred tax asset.

At May 28, 2011, the company had a capital loss carry-forward of $1.8 million, the tax benefit of which is $0.7 million, which expires in 3 years. For financial statement purposes, the capital loss carry-forward has been recognized as a deferred tax asset, subject to a valuation allowance of $0.7 million.

At May 28, 2011, the company had foreign net operating loss carry-forwards of $30.9 million, the tax benefit of which is $8.1 million, which have expiration periods from one year to an unlimited term. The company also had foreign tax credits with a tax benefit of $0.1 million that expire in four to eight years. For financial statement purposes, NOL carry-forwards and foreign tax credits have been recognized as deferred tax assets, subject to a valuation allowance of $7.2 million

The company has not provided for United States income taxes on undistributed earnings of foreign subsidiaries totaling approximately $53.7 million. Recording deferred income taxes on these undistributed earnings is not required, because these earnings have been deemed to be permanently reinvested. These amounts would be subject to possible U.S. taxation only if remitted as dividends. The determination of the hypothetical amount of unrecognized deferred U.S. taxes on undistributed earnings of foreign entities is not practicable.

The components of the company's unrecognized tax benefits are as follows:

(In millions)		
Balance at May 30, 2009	$	7.7
Increases related to current year income tax positions		0.2
Increases related to prior year income tax positions		0.6
Decreases related to prior year income tax positions		(5.1)
Decreases related to lapse of applicable statue of limitations		(1.3)
Balance at May 29, 2010		2.1
Increases related to current year income tax positions		0.2
Increases related to prior year income tax positions		0.2
Decreases related to prior year income tax positions		(0.6)
Decreases related to settlements		(0.3)
Balance at May 28, 2011	$	1.6

The company's effective tax rate would have been affected by the $1.6 million of unrecognized tax benefits had this amount been recognized as a reduction to income tax expense.

The company recognizes interest and penalties related to unrecognized tax benefits through income tax expense in its statement of operations. Interest and penalties recognized in the company's Consolidated Statements of Operations for the years ended May 28, 2011 and May 29, 2010 resulted in a favorable adjustments of $0.2 million and $0.3 million, respectively. As of May 28, 2011 and May 29, 2010, the company's recorded liability for interest and penalties related to unrecognized tax benefits totaled $0.5 million and $0.7 million, respectively.

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

During the year, the company has closed the audit of fiscal year 2010 with the Internal Revenue Service under the Compliance Assurance Process (CAP). For the majority of the remaining tax jurisdictions, the company is no longer subject to state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2008.

14. Fair Value of Financial Instruments

The company's financial instruments consist of cash equivalents, marketable securities, accounts and notes receivable, deferred compensation plan, accounts payable, debt and foreign currency exchange contracts. The company's estimates of fair value for financial instruments, other than marketable securities, approximate their carrying amounts as of May 28, 2011 and May 29, 2010. As of May 28, 2011, the carrying value and the fair value of the company's long-term debt, including current maturities, was $250 million and $270.5 million, respectively. At May 29, 2010, the carrying value of the company's long-term debt including both current maturities and interest rate swap arrangements, was $301.2 million with a corresponding fair value of $309.7 million.

The following describes the methods the company uses to estimate the fair value of financial assets and liabilities, of which there have been no significant changes in the current period:

Available-for-sale securities — The company's Level 2 available-for-sale marketable securities primarily include U.S. government and agency securities, asset-backed debt securities and corporate debt securities and are valued using prices for recently traded financial instruments with similar underlying terms and direct or indirect observational inputs, such as interest rates and yield curves at commonly quoted intervals.

Interest rate swap agreements and foreign currency forward contracts — The company's Level 2 interest rate swap agreements and foreign currency forward contracts values are determined using a market approach based on rates obtained from active markets.

Foreign currency exchange contracts — The company's Level 2 foreign currency exchange contracts are valued using an approach based on foreign currency exchange rates obtained from active markets. The estimated fair value of forward currency exchange contracts is based on month-end spot rates as adjusted by market-based current activity.

The following tables set forth financial assets and liabilities measured at fair value in the Condensed Consolidated Balance Sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of May 28, 2011 and May 29, 2010:

	Fair Value Measurements as of May 28, 2011		
(In millions)	Total	Quoted Prices In Active Markets (Level 1)	Quoted Prices With Other Observable Inputs (Level 2)
Financial Assets			
Available-for-sale marketable securities			
Asset-backed securities	$ 2.3	$ —	$ 2.3
Corporate securities	3.6	—	3.6
Government obligations	1.1	—	1.1
Mortgage-backed securities	4.0	—	4.0
Forward currency exchange contracts	0.7	—	0.7
Deferred compensation plan investments	2.6	—	2.6
Total	$ 14.3	$ —	$ 14.3
Financial Liabilities			
Forward currency exchange contracts	$ 0.3	$ —	$ 0.3
Total	$ 0.3	$ —	$ 0.3

	Fair Value Measurements as of May 29, 2010		
(In millions)	Total	Quoted Prices In Active Markets (Level 1)	Quoted Prices With Other Observable Inputs (Level 2)
Financial Assets			
Available-for-sale marketable securities			
Asset-backed securities	$ 0.8	$ —	$ 0.8
Corporate securities	5.1	—	5.1
Government obligations	5.3	—	5.3
Mortgage-backed securities	0.9	—	0.9
Interest rate swap agreements	1.2	—	1.2
Forward currency exchange contracts	0.1	—	0.1
Deferred compensation plan investments	1.9	—	1.9
Total	$ 15.3	$ —	$ 15.3
Financial Liabilities			
Forward currency exchange contracts	$ 0.1	$ —	$ 0.1
Total	$ 0.1	$ —	$ 0.1

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

	May 28, 2011			
(In millions)	Cost	Unrealized Gain	Unrealized Loss	Market Value
Asset-backed securities	$ 2.3	$ —	$ —	$ 2.3
Corporate securities	3.6	—	—	3.6
Government obligations	1.1	—	—	1.1
Mortgage-backed securities	3.9	0.1	—	4.0
Total	$ 10.9	$ 0.1	$ —	$ 11.0

	May 29, 2010			
(In millions)	Cost	Unrealized Gain	Unrealized Loss	Market Value
Asset-backed securities	$ 0.8	$ —	$ —	$ 0.8
Corporate securities	5.1	—	—	5.1
Government obligations	5.3	—	—	5.3
Mortgage-backed securities	1.0	0.1	(0.2)	0.9
Total	$ 12.2	$ 0.1	$ (0.2)	$ 12.1

The company does not hold any Level 3 financial instruments.

Net investment gain recognized in the Consolidated Statements of Operations for available-for-sale investments totaled $0.1 million and $0.9 million in fiscal 2011 and fiscal 2010, respectively. A net investment loss of $0.2 million was recognized in fiscal 2009. The net investment gain of $0.9 million in fiscal 2010 included an other-than-temporary-impairment charge for certain debt securities of $0.4 million.

The company reviews its fixed income and equity investment portfolio for any unrealized losses that would be deemed other-than-temporary and require the recognition of an impairment loss in income. If the cost of an investment exceeds its fair value, the company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than its cost, and the company's intent to hold the investments and whether it is more likely than not that the company will be required to sell the investments before recovery of their amortized cost basis. The company also considers the type of security, related-industry and sector performance, as well as published investment ratings and analyst reports, to evaluate its portfolio. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. If conditions within individual markets, industry segments, or macro-economic environments deteriorate, the company could incur future impairments. In the fourth quarter of fiscal 2009, the company determined that equity investment losses of $0.6 million represented an other-than-temporary impairment and, accordingly, these losses were recognized in the consolidated statement of operations. In the second quarter of fiscal 2010, the company determined that certain debt securities had other-than-temporarily impaired assets in the amount of $0.8 million. Of these losses, $0.4 million were determined to be credit-related and were, therefore, recognized in the Statement of Operations, “Other Expenses (Income): Other, net” line item. The remainder of the impairment is recognized as a component of accumulated other comprehensive loss and is shown net in the company's Consolidated Statement of Stockholders' Equity.

The following is a summary of the credit loss component of the company's debt securities that have been written down for other-than-temporary-impairment (OTTI) with the credit loss component recognized in earnings and the remaining impairment loss related to all other factors recognized in accumulated other comprehensive loss:

(In millions)	
Balance at May 29, 2010	$ 0.2
Additions:	
Credit losses for which OTTI was not previously recognized	—
Additional increases to the amount related to credit loss for which OTTI was previously recognized	—
Subtractions:	
Realized losses recorded previously as credit losses	(0.2)
Balance at May 28, 2011	$ —

Maturities of debt securities included in marketable securities as of May 28, 2011, are as follows:

(In millions)	Cost	Market Value
Due within one year	$ 3.8	$ 3.8
Due after one year through five years	7.0	7.1
Due after five years through ten years	0.1	0.1
Due after ten years	—	—
Total	$ 10.9	$ 11.0

There were no Investments in unrealized loss positions as of May 28, 2011.

15. Financial Instruments with Off-Balance Sheet Risk

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

Foreign Currency Contracts

In the normal course of business, the company enters into contracts denominated in foreign currencies. The principal foreign currencies in which the company conducts its business are the British pound sterling, euro, Canadian dollar, Japanese yen, Mexican peso, and Chinese renminbi. As of May 28, 2011, the company had outstanding, sixteen forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. Two forward contracts were placed in order to offset a 3.1 million euro-denominated net asset exposure and five forward contracts were placed in order to offset a 7.6 million U.S. dollar-denominated net asset exposure. One forward contract was placed to offset 0.4 million Australian dollar-denominated net asset exposure. Eight forward contracts were placed to offset a 2.4 million U.S. dollar-denominated net liability exposure.

As of May 29, 2010, the company had outstanding, nine forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. One forward contract was placed in order to offset a 4.1 million euro-denominated net asset exposure and three forward contracts were placed in order to offset a 5.6 million U.S. dollar-denominated net asset exposure. Four forward contracts were placed to offset a 14.0 million U.S. dollar-denominated net liability exposure and one forward contract was placed to offset a 1.6 million British pound sterling-denominated net liability exposure. The fair value of the forward currency instruments at May 28, 2011 was $0.7 million and $0.3 million within current assets and current liabilities, respectively. At May 29, 2010 the fair value of the forward currency instruments was a negligible amount.

Interest Rate Swaps

The company has used interest rate swaps in order for a portion of interest bearing debt to be variable, which matches interest expense with the company's business cycle. These swaps were fair-value hedges and qualified for hedge-accounting treatment, whereby the change in the fair value of the interest rate swap is equal to the change in value of the related hedged debt and, as a result, there is no net effect on earnings. The agreement required the company to pay floating-rate interest payments in return for receiving fixed-rate interest payments that coincide with the semi-annual payments to the debt holders at the same date. The periodic interest settlements, which occur at the same interval as the public debt securities, are recorded as interest expense.

As of May 29, 2010, the fair value of approximately $1.2 million was reflected as an addition to current maturities of long-term debt and an offsetting addition to current assets. The floating interest rate for this agreement was based on the six-month LIBOR, set in-arrears at the end of each semi-annual period, and was estimated to be approximately 3.8 percent at May 29, 2010.

The swap arrangement effectively reduced interest expense by $1.5 million, $1.9 million, and $1.2 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. During the fourth quarter of fiscal 2011 the interest rate swap agreement expired as planned on March 15, 2011.

16. Supplemental Disclosures of Cash Flow Information

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

(In millions)	2011	2010	2009
Depreciation expense	$ 36.2	$ 39.7	$ 39.5
Amortization expense	2.9	2.9	2.2
Provision for losses on accounts receivable and notes receivable	0.1	5.5	2.3
Provision for (gain) loss on financial guarantees	—	0.2	(0.1)
Loss on sales of property, equipment, and other assets	1.0	0.2	0.5
Gain on disposal of owned dealers	—	—	(0.8)
Deferred taxes	24.2	(1.5)	3.1
Pension expense	13.1	12.0	11.1
Restructuring expense	3.0	14.2	28.4
Asset impairment expense	—	2.5	—
Contingent consideration income	(15.0)	(5.7)	—
Stock-based compensation	4.8	4.4	3.3
Excess tax benefits from stock-based compensation	(0.1)	0.5	0.3
Proceeds from death benefits on cash surrender value of life insurance	—	4.8	—
Other changes in long-term liabilities	(36.0)	(13.3)	(3.7)
Other	(0.4)	(0.4)	0.4
Changes in current assets and liabilities:			
Decrease (increase) in assets:			
Accounts receivable	(48.5)	9.0	53.5
Inventories	(8.3)	(7.1)	15.3
Prepaid expenses and other	(14.5)	23.6	(4.8)
Increase (decrease) in liabilities:			
Accounts payable	16.4	13.9	(37.8)
Accrued liabilities	41.4	(34.6)	(89.0)
Total changes in current assets and liabilities	(13.5)	4.8	(62.8)
Total adjustments	$ 20.3	$ 70.8	$ 23.7

Cash payments for interest and income taxes were as follows:

(In millions)	2011	2010	2009
Interest paid	$ 17.7	$ 17.7	$ 24.1
Income taxes paid, net of cash received	$ 20.3	$ 14.6	$ 70.4

17. Guarantees, Indemnifications, and Contingencies

Product Warranties

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

(In millions)	2011	2010
Accrual balance, beginning	$ 16.0	$ 15.4
Acquired warranty reserves	—	0.5
Accrual for warranty matters	14.5	12.1
Settlements and adjustments	(13.5)	(12.0)
Accrual balance, ending	$ 17.0	$ 16.0

Other Guarantees

The company is periodically required to provide performance bonds in order to conduct business with certain customers. These arrangements are common and generally have terms ranging between one and three years. The bonds are required to provide assurances to customers that the products and services they have purchased will be installed and/or provided properly and without damage to their facilities. The performance bonds are provided by various bonding agencies and the company is ultimately liable for claims that may occur against them. As of May 28, 2011, the company had a maximum financial exposure related to performance bonds of approximately $16.1 million. The company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company's financial statements. Accordingly, no liability has been recorded as of May 28, 2011 and May 29, 2010.

The company periodically enters into agreements in the normal course of business that may include indemnification clauses regarding patent/trademark infringement and service losses. Service losses represent all direct or consequential loss, liability, damages, costs and expenses incurred by the customer or others resulting from services rendered by the company, the dealer, or certain sub-contractors due to a proven negligent act. The company has no history of claims, nor is it aware of circumstances that would require it to perform under these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company's financial statements. Accordingly, no liability has been recorded as of May 28, 2011 and May 29, 2010.

The company has entered into standby letter of credit arrangements for the purpose of protecting various insurance companies against default on the payment of certain premiums and claims. A majority of these arrangements are related to the company's wholly-owned captive insurance company. As of May 28, 2011, the company had a maximum financial exposure from these insurance-related standby letters of credit of approximately $9.4 million. The company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company's financial statements. Accordingly, no liability has been recorded as of May 28, 2011 and May 29, 2010.

Contingencies

The company leases a facility in the United Kingdom under an agreement that expired in June 2011, and the company plans to continue to lease the facility on a month to month basis after the lease expires. Under the terms of the lease, the company is required to perform the maintenance and repairs necessary to address the general dilapidation of the facility over the lease term. The ultimate cost of this provision to the company is dependent on a number of factors including, but not limited to, the future use of the facility by the lessor and whether the company chooses and is permitted to renew the lease term. The company has estimated the cost of these maintenance and repairs to be between $0 and $3 million, depending on the outcome of future plans and negotiations. Based on existing circumstances, it is estimated that these costs will most likely approximate $1.3 million, as of May 28, 2011, and was estimated to be $1.1 million as of May 29, 2010. As a result, these amounts have been recorded as a liability reflected under the caption “Accrued Liabilities” and "Other Liabilities" for fiscal 2011 and fiscal 2010, respectively in the Consolidated Balance Sheets.

The company has a lease obligation in the U.K. until May 2014 for a facility that it has exited. Current market rates for comparable office space are lower than the rental payments owed under the lease agreement, as such, the company would remain liable to pay the difference if it were subleased. As a result, the estimated liability of $1.7 million and $1.5 million is reflected under the caption “Other Liabilities” in the Condensed Consolidated Balance Sheets at May 28, 2011 and May 29, 2010, respectively.

The company, for a number of years, has sold various products to the United States Government under General Services Administration (“GSA”) multiple award schedule contracts. Under the terms of these contracts, the GSA is permitted to audit the company's compliance with the GSA contracts. From time to time the company has notified the GSA of known instances of non-compliance (whether favorable or unfavorable to the company) once such circumstances are identified and investigated. The company does not believe that any of the errors brought to the GSA's attention will adversely affect its relationship with the GSA. Currently there are no GSA post-award audits either scheduled or in process. Management does not expect resolution of potential future audits to have a material adverse effect on the company's Consolidated Financial Statements.

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

18. Operating Segments

The company aggregates its operating segments into two primary reportable segments as defined by ASC Topic 280, *Segment Reporting*, North American Furniture Solutions and non-North American Furniture Solutions.

Effective as of the second quarter of fiscal 2011, management has modified the company's segment reporting in order to better align with changes made in the second quarter to the organizational and management reporting structure. Specifically, the company is now reporting operations in Mexico within its non-North American Furniture Solutions operating segment. Prior year results have been revised to reflect this change.

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

The company also reports an “Other” category consisting primarily of its North American Retail and startup businesses and certain unallocated corporate expenses. North American Home includes the operations associated with the design, manufacture and sale of furniture products for residential settings in the United States, and Canada. This category also includes restructuring and impairment costs.

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

(In millions)	2011	2010	2009
Net Sales:			
North American Furniture Solutions	$ 1,304.9	$ 1,048.1	$ 1,310.5
Non-North American Furniture Solutions	290.4	222.7	277.3
Other	53.9	48.0	42.2
Total	$ 1,649.2	$ 1,318.8	$ 1,630.0
Depreciation and Amortization:			
North American Furniture Solutions	$ 36.0	$ 38.3	$ 35.7
Non-North American Furniture Solutions	3.1	2.8	4.4
Other	—	1.5	1.6
Total	$ 39.1	$ 42.6	$ 41.7
Operating Earnings (Losses):			
North American Furniture Solutions	$ 98.1	$ 71.5	$ 129.0
Non-North American Furniture Solutions	18.8	(0.2)	19.1
Other	6.4	(17.7)	(25.3)
Total	$ 123.3	$ 53.6	$ 122.8
Capital Expenditures:			
North American Furniture Solutions	$ 26.1	$ 21.4	$ 22.3
Non-North American Furniture Solutions	4.4	0.9	2.8
Other	—	—	0.2
Total	$ 30.5	$ 22.3	$ 25.3
Total Assets:			
North American Furniture Solutions	$ 639.7	$ 608.4	$ 607.8
Non-North American Furniture Solutions	157.0	143.5	143.6
Other	17.7	18.7	15.9
Total	$ 814.4	$ 770.6	$ 767.3

	2011	2010	2009
Goodwill:			
North American Furniture Solutions	$ 104.3	$ 104.4	$ 69.4
Non-North American Furniture Solutions	6.1	5.0	0.1
Other	—	—	—
Total	$ 110.4	$ 109.4	$ 69.5

The accounting policies of the reportable operating segments are the same as those of the company, which are disclosed in further detail within Note 1 of the Consolidated Financial Statements. Additionally, the company employs a methodology for allocating corporate costs and assets to the operating segments. The underlying objective of this methodology is to allocate corporate costs according to the relative "usage" of the underlying resources and to allocate corporate assets according to the relative expected benefit. The company has determined that allocation based on relative net sales is most appropriate for all expenses. The majority of corporate costs are allocated to the operating segments; however, certain costs that are generally considered the result of isolated business decisions are not subject to allocation and are evaluated separately from the rest of the regular ongoing business operations. The restructuring and asset impairment charges of $3.0 million, $16.7 million, and $28.4 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively are discussed in Note 19 of the Consolidated Financial Statements and were allocated to the "Other" category.

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

(In millions)	2011	2010	2009
Net Sales:			
Systems	$ 430.3	$ 349.3	$ 511.6
Seating	394.3	329.7	361.1
Freestanding and storage	310.8	246.2	260.3
International (1)	383.3	290.1	365.7
Other (2)	130.5	103.5	131.3
Total	$ 1,649.2	$ 1,318.8	$ 1,630.0

(1) The company has determined that the disclosure of international product line information is not practicable.
(2) "Other" primarily consists of miscellaneous or otherwise uncategorized product sales and service sales.

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

(In millions)	2011	2010	2009
Net Sales:			
United States	$ 1,265.9	$ 1,028.7	$ 1,264.3
International	383.3	290.1	365.7
Total	$ 1,649.2	$ 1,318.8	$ 1,630.0
Long-lived assets:			
United States	$ 151.6	$ 159.7	$ 162.4
International	24.0	21.6	25.0
Total	$ 175.6	$ 181.3	$ 187.4

It is estimated that no single dealer accounted for more than 4 percent of the company's net sales in the fiscal year ended May 28, 2011. It is also estimated that the largest single end-user customer, the U.S. federal government, accounted for approximately $226.2 million or 14 percent of the company's fiscal 2011 net sales. The 10 largest customers accounted for approximately 28 percent of net sales.

Approximately 5 percent of the company's employees are covered by collective bargaining agreements, most of whom are employees of its Nemschoff, and Herman Miller Limited (U.K.) subsidiaries.

19. Restructuring Charges

2009 Action

During the third quarter of fiscal 2009, the company executed a restructuring plan ("the 2009 Plan") that reduced operating expenses in order to improve operating performance, profitability and further enhance productivity and efficiencies. The 2009 Plan eliminated approximately 1,400 salaried, hourly and temporary positions, primarily in the North American Furniture Solutions segment. A number of these employees were offered termination benefits, including severance and outplacement services. Additionally, the company consolidated facilities and exited leased buildings. In connection with these actions, the company recognized $28.4 million and $1.3 million of pre-tax charges during fiscal 2009 and fiscal 2010, respectively. The Plan was completed in the first quarter of fiscal 2011.

The following is a summary of changes in restructuring accruals during fiscal 2009, fiscal 2010, and fiscal 2011 for the 2009 Plan.

(In millions)	Total Plan Costs	Severance and Outplacement Costs	Leased Building Exit Costs
Balance as of May 31, 2008	$ —	$ —	$ —
Restructuring expenses	28.4	25.0	3.4
Cash payments	(16.8)	(16.0)	(0.8)
Adjustments	(2.0)	(2.0)	—
Balance as of May 30, 2009	9.6	7.0	2.6
Restructuring expenses	1.3	0.7	0.6
Cash payments	(9.5)	(7.4)	(2.1)
Adjustments	(0.1)	(0.1)	—
Balance as of May 29, 2010	1.3	0.2	1.1
Restructuring expenses	—	—	—
Cash payments	(1.3)	(0.2)	(1.1)
Adjustments	—	—	—
Balance as of May 28, 2011	$ —	$ —	$ —

Manufacturing Consolidation

In May and June 2009, the company announced a plan ("the Manufacturing Consolidation Plan") to consolidate manufacturing operations with the closure of its Integrated Metal Technologies (IMT) subsidiary in Spring Lake, Michigan and Brandrud facility in Auburn, Washington. Under this plan for the IMT closure, the company retained existing West Michigan production capacity and enhanced operational efficiency, with the majority of work and equipment move to other newer, larger facilities in the area. Relocation began during the first quarter of fiscal 2010, with final closure completed in the fourth quarter. For the Brandrud closure, the company further consolidated manufacturing operations with the transfer of substantially all of the manufacturing capabilities of Brandrud to its Nemschoff manufacturing plants. The cost for this action was $12.6 million with approximately $2.0 million, $9.7 million, and $0.9 million of these costs having been recognized in fiscal 2009, fiscal 2010, and fiscal 2011, respectively. The company does not anticipate any further significant costs for this action. The remaining accrued costs will be paid for with cash generated from operations during fiscal 2012.

The following is a summary of changes in restructuring accruals during fiscal 2010 and fiscal 2011 for the Manufacturing Consolidation Plan.

(In millions)	Total Plan Costs	Severance and Outplacement Costs	Leased Building Exit Costs
Balance as of May 30, 2009	$ —	$ —	$ —
Restructuring expenses	9.7	5.3	4.4
Cash payments	(5.9)	(3.4)	(2.5)
Adjustments	(1.2)	(0.4)	(0.8)
Balance as of May 29, 2010	2.6	1.5	1.1
Restructuring expenses	0.9	0.2	0.7
Cash payments	(3.0)	(1.7)	(1.3)
Balance as of May 28, 2011	$ 0.5	$ —	$ 0.5

2010 Action

During the fourth quarter of fiscal 2010, the company executed a restructuring plan ("the 2010 Plan") that reduced operating expenses in order to improve operating performance, profitability and further enhance productivity. This Plan reduced our salaried workforce, primarily in North America, by approximately 70 employees. This Plan resulted in expenses of approximately $3.2 million during fiscal 2010 and $2.1 million during fiscal 2011. The company does not anticipate significant costs in future periods for this Plan.

The following is a summary of changes in restructuring accruals during fiscal 2010 and fiscal 2011 for the 2010 Plan.

(In millions)	Total Plan Costs	Severance and Outplacement Costs	Leased Building Exit Costs
Balance as of May 30, 2009	$ —	$ —	$ —
Restructuring expenses	3.2	2.9	0.3
Cash payments	(0.1)	(0.1)	—
Balance as of May 29, 2010	3.1	2.8	0.3
Restructuring expenses	2.1	1.5	0.6
Cash payments	(4.5)	(4.1)	(0.4)
Adjustments	(0.2)	0.1	(0.3)
Balance as of May 28, 2011	$ 0.5	$ 0.3	$ 0.2

In addition to the restructuring expenses noted above, the 2010 action included an impairment of certain assets totaling $2.5 million that were related to our Convia line of business. These assets related to products that we determined had no future revenue stream to the company.

These charges have been reflected separately as restructuring expenses in the Consolidated Statements of Operations. Refer to Note 18 of the Consolidated Financial Statements for a discussion of the Plan's impact on the company's reportable operating segments.

20. Quarterly Financial Data (Unaudited)

Set forth below is a summary of the quarterly operating results on a consolidated basis for the years ended May 28, 2011, May 29, 2010, and May 30, 2009.

(In millions, except per share data)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011	Net sales	$ 380.7	$ 412.2	$ 414.8	$ 441.5
	Gross margin	123.6	135.8	133.0	145.7
	Net earnings attributable to controlling interest [1]	16.1	17.9	19.8	17.1
	Earnings per share-basic	0.28	0.31	0.35	0.30
	Earnings per share-diluted [1]	0.22	0.26	0.29	0.30
2010	Net sales	$ 324.0	$ 343.7	$ 329.6	$ 321.5
	Gross margin	107.5	110.8	104.8	105.4
	Net earnings attributable to controlling interest [1]	8.4	9.6	8.3	2.1
	Earnings per share-basic	0.15	0.17	0.15	0.04
	Earnings per share-diluted	0.14	0.17	0.12	—
2009	Net sales	$ 479.1	$ 476.6	$ 354.4	$ 319.9
	Gross margin	162.4	155.4	105.9	104.0
	Net earnings attributable to controlling interest	33.4	32.6	(5.2)	7.2
	Earnings (loss) per share-basic [1]	0.60	0.61	(0.10)	0.14
	Earnings (loss) per share-diluted [1]	0.60	0.60	(0.10)	0.14

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

Management's Report on Internal Control over Financial Reporting

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

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

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of May 28, 2011, based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes the company's internal control over financial reporting was effective as of May 28, 2011.

Ernst & Young LLP has issued an attestation report on the effectiveness of our internal control over financial reporting, which appears on page 79.

/s/ Brian C. Walker
Brian C. Walker
Chief Executive Officer

/s/ Gregory J. Bylsma
Gregory J. Bylsma
Chief Financial Officer

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

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

We have audited Herman Miller Inc.'s internal control over financial reporting as of May 28, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Herman Miller, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Herman Miller, Inc. maintained, in all material respects, effective internal control over financial reporting as of May 28, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the fiscal 2011 consolidated financial statements of Herman Miller, Inc., and our report dated July 26, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Grand Rapids, Michigan
July 26, 2011

Report of Independent Registered Public Accounting Firm on Financial Statements

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

We have audited the accompanying consolidated balance sheets of Herman Miller, Inc. as of May 28, 2011 and May 29, 2010, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three fiscal years in the period ended May 28, 2011. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Herman Miller, Inc. at May 28, 2011 and May 29, 2010, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended May 28, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Herman Miller, Inc.'s internal control over financial reporting as of May 28, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 26, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Grand Rapids, Michigan
July 26, 2011

Item 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

As defined in Item 304 of Regulation S-K, there have been no changes in, or disagreements with, accountants during the 24-month period ended May 28, 2011.

Item 9A CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures. Under the supervision and with the participation of management, the company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of May 28, 2011, and have concluded that as of that date, the company's disclosure controls and procedures were effective.

(b) Management's Annual Report on Internal Control Over Financial Reporting and Attestation Report of the Independent Registered Public Accounting Firm. Refer to Item 8 for “Management's Report on Internal Control Over Financial Reporting.”

(c) Changes in Internal Control Over Financial Reporting. There were no changes in the company's internal control over financial reporting during the fourth quarter ended May 28, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B OTHER INFORMATION - None

PART III

Item 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers, Promoters and Control Persons

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, relating to the company's 2011 Annual Meeting of Stockholders, 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.”

Compliance with Section 16(a) of the Exchange Act

Information relating to compliance with Section 16(a) of the Exchange Act is contained under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in the company's definitive Proxy Statement, relating to the company's 2011 Annual Meeting of Stockholders, and the information within that section is incorporated by reference.

Code of Ethics

The company has adopted a Code of Conduct that serves as the code of ethics for the executive officers and senior financial officers and as the code of business conduct for all directors and employees of the registrant. This code is made available free of charge through the “Investors” section of the company's internet website at *www.hermanmiller.com*. Any amendments to, or waivers from, a provision of this code also will be posted to the company's internet website.

Corporate Governance

Information relating to the identification of the audit committee, audit committee financial expert, and director nomination procedures of the registrant is contained under the captions “Board Committees” and “Corporate Governance and Board Matters — Director Nominations” in the company's definitive Proxy Statement, relating to the company's 2011 Annual Meeting of Stockholders, and the information within these sections is incorporated by reference.

Item 11 EXECUTIVE COMPENSATION

Information relating to management remuneration is contained under the captions “Compensation Discussion and Analysis,” “Summary Compensation Table,” “Grants of Plan-Based Awards,” “Outstanding Equity Awards at Fiscal Year-End,” “Option Exercises and Stock Vested,” “Pension Benefits,” “Nonqualified Deferred Compensation,” “Potential Payments Upon Termination, Death, Disability, Retirement or Change in Control,” “Director Compensation,” “Director Compensation Table,” and “Compensation Committee Interlocks and Insider Participation” in the company's definitive Proxy Statement, relating to the company's 2011 Annual Meeting of Stockholders, and the information within these sections is incorporated by reference. The information under the caption “Compensation Committee Report” is incorporated by reference, however, such information is not deemed filed with the Commission.

Item 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The sections entitled “Voting Securities and Principal Stockholders,” “Director and Executive Officer Information,” and “Equity Compensation Plan Information” in the definitive Proxy Statement, relating to the company's 2011 Annual Meeting of Stockholders, and the information within these sections is incorporated by reference.

Item 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information concerning certain relationships and related transactions contained under the captions “Related Person Transactions,” and “Corporate Governance and Board Matters — Determination of Independence of Board Members” in the definitive Proxy Statement, relating to the company's 2011 Annual Meeting of Stockholders and the information within these sections is incorporated by reference.

Item 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning the payments to our principal accountants and the services provided by our principal accounting firm set forth under the caption “Disclosure of Fees Paid to Independent Auditors” in the Definitive Proxy Statement, relating to the company's 2011 Annual Meeting of

Stockholders, and the information within that section is incorporated by reference.

PART IV

Item 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

(a) The following documents are filed as a part of this report:

1. Financial Statements

The following Consolidated Financial Statements of the company are included in this Form 10-K on the pages noted:

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 not applicable, included in the Notes to the Consolidated Financial Statements, or otherwise not required under instructions contained in Regulation S-X.

3. Exhibits

Reference is made to the Exhibit Index which is included on pages 88-90.

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/ Brian C. Walker	and	/s/ Gregory J. Bylsma
By	Brian C. Walker President and Chief Executive Officer (Duly Authorized Signatory for Registrant)		Gregory J. Bylsma Chief Financial Officer (Principal Accounting Officer and Duly Authorized Signatory for Registrant)

Date: July 26, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on, July 26, 2011 by the following persons on behalf of the Registrant in the capacities indicated. Each Director of the Registrant, whose signature appears below, hereby appoints Brian C. Walker as his attorney-in-fact, to sign in his or her name and on his or her 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 Michael A. Volkema (Chairman of the Board)	/s/ Lord Griffiths of Fforestfach Lord Griffiths of Fforestfach (Director)
/s/ David O. Ulrich David O. Ulrich (Director)	/s/ Mary Vermeer Andringa Mary Vermeer Andringa (Director)
/s/ Dorothy A. Terrell Dorothy A. Terrell (Director)	/s/ James R. Kackley James R. Kackley (Director)
/s/ David A. Brandon David A. Brandon (Director)	/s/ John R. Hoke III John R. Hoke III (Director)
/s/ Douglas D. French Douglas D. French (Director)	/s/ Brian C. Walker Brian C. Walker (President, Chief Executive Officer, and Director)
/s/ J. Barry Griswell J. Barry Griswell (Director)	

Report of Independent Registered Public Accounting Firm on Financial Statement Schedule

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

We have audited the consolidated financial statements of Herman Miller, Inc. and subsidiaries as of May 28, 2011 and May 29, 2010, and for each of the three fiscal years in the period ended May 28, 2011, and have issued our report thereon dated July 26, 2011 (included elsewhere in this Form 10-K). Our audits also included the financial statement schedule listed in Item 15(a) of this Form 10-K. This schedule is the responsibility of the company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
July 26, 2011

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(In millions)

Column A	Column B	Column C	Column D	Column E
Description	Balance at beginning of period	Charges to expenses or net sales	Deductions [3]	Balance at end of period
Year ended May 28, 2011:				
Accounts receivable allowances — uncollectible accounts[1]	$ 4.0	$ 0.1	$ —	$ 4.1
Accounts Receivable allowances — credit memo[2]	$ 0.4	$ 0.3	$ (0.3)	$ 0.4
Allowance for possible losses on notes receivable	$ 0.4	$ —	$ (0.1)	$ 0.3
Valuation allowance for deferred tax asset	$ 11.0	$ 1.8	$ (1.2)	$ 11.6
Year ended May 29, 2010:				
Accounts receivable allowances — uncollectible accounts[1]	$ 6.9	$ 0.3	$ (3.2)	$ 4.0
Accounts Receivable allowances — credit memo[2]	$ 0.4	$ 2.5	$ (2.5)	$ 0.4
Allowance for possible losses on notes receivable	$ 0.5	$ 2.0	$ (2.1)	$ 0.4
Valuation allowance for deferred tax asset	$ 9.2	$ 2.0	$ (0.2)	$ 11.0
Year ended May 30, 2009:				
Accounts receivable allowances — uncollectible accounts[1]	$ 5.0	$ 3.6	$ (1.7)	$ 6.9
Accounts receivable allowances — credit memo [2]	$ 0.6	$ 2.8	$ (3.0)	$ 0.4
Allowance for possible losses on notes receivable	$ 3.2	$ (1.5)	$ (1.2)	$ 0.5
Valuation allowance for deferred tax asset	$ 8.8	$ 0.9	$ (0.5)	$ 9.2

(1) Activity under the "Charges to expense or net sales" column are recorded within selling, general and administrative expenses.
(2) Activity under the "Charges to expenses or net sales" column are recorded within net sales.
(3) Represents amounts written off, net of recoveries and other adjustments. Includes effects of foreign translation.

EXHIBIT INDEX

(3) Articles of Incorporation and Bylaws

(a) Articles of Incorporation are incorporated by reference from 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, is incorporated by reference from 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, is incorporated by reference from Exhibit 3(c) of the Registrant's 1988 Form 10-K Annual Report.

(d) Amended and Restated Bylaws, dated April 18, 2011, Exhibit 3.1

(4) Instruments Defining the Rights of Security Holders

(a) Specimen copy of Herman Miller, Inc., common stock is incorporated by reference from Exhibit 4(a) of Registrant's 1981 Form 10-K Annual Report.

(b) 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.

(c) Dividend Reinvestment Plan for Shareholders of Herman Miller, Inc., dated January 6, 1997, is incorporated by reference from Exhibit 4(d) of the Registrant's 1997 Form 10-K Annual Report.

(d) Note purchase agreement dated as of December 18, 2007 is incorporated by reference from Exhibit 10.2 of the Registrant's Form 10-Q Quarterly Report for quarter ended December 1, 2007.

(10) Material Contracts

(a) Officers' Supplemental Retirement Income Plan is incorporated by reference from Exhibit 10(f) of the Registrant's 1986 Form 10-K Annual Report. *

(b) Officers' Salary Continuation Plan is incorporated by reference from Exhibit 10(g) of the Registrant's 1982 Form 10-K Annual Report.*

(c) Form of Herman Miller, Inc. Long-Term Incentive Plan Restricted Stock Unit Award, is incorporated by reference from Exhibit 99.1 of the Registrant's Form 8-K dated June 20, 2005. *

(d) Herman Miller, Inc. Long-Term Incentive Plan as amended, effective January 1, 2005, is incorporated by reference from Exhibit 10(aa) of the Registrant's 2005 Form 10-K Annual Report. *

(e) Herman Miller, Inc. Amended and Restated Nonemployee Officer and Director Deferred Compensation Stock Purchase Plan, is incorporated by reference from Exhibit 10(bb) of the Registrant's Form 10-Q Quarterly Report for quarter ended September 3, 2005. *

(f) Form of Change in Control Agreement of the Registrant Exhibit 10.1

(g) Herman Miller, Inc. Amended and Restated Key Executive Deferred Compensation Plan, dated January 23, 2006, is incorporated by reference from Exhibit 99.2 of the Registrant's Form 8-K dated January 23, 2006. *

(h) Herman Miller, Inc. Executive Equalization Retirement Plan is incorporated by reference from Exhibit 99.1 of the Registrant's Form 8-K dated July 25, 2007.*

(i) Herman Miller, Inc. Executive Incentive Cash Bonus Plan dated April 24, 2006 is incorporated by reference from Exhibit 10(x) of the Registrant's 2007 Form 10-K Annual Report. *

(j) Credit agreement dated as of December 18, 2007 among Herman Miller, Inc. and various lenders, is incorporated by reference from Exhibit 10.3 of the Registrant's Form 10-Q Quarterly Report for quarter ended December 1, 2007.

(k) Form of Herman Miller, Inc. Long-Term Incentive Plan Stock Option Agreement is incorporated by reference from Exhibit 99.1 of the Registrant's Form 8-K dated July 24, 2008. *

(l) Form of Herman Miller, Inc. Long-Term Incentive Plan Performance Share Award is incorporated by reference from Exhibit 99.2 of the Registrant's Form 8-K dated July 24, 2008. *

(m) Form of Herman Miller, Inc. Long-Term Incentive Plan Stock Option Agreement is incorporated by reference from Exhibit 10.1 of the Registrant's From 10-K dated July 27, 2010. *

* denotes compensatory plan or arrangement.

(21) Subsidiaries

(23)(a) Consent of Independent Registered Public Accounting Firm

(24) Power of Attorney (Included in Item 15)

(31)(a) Certificate of the Chief Executive Officer of Herman Miller, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(31)(b) Certificate of the Chief Financial Officer of Herman Miller, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(32)(a) Certificate of the Chief Executive Officer of Herman Miller, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(32)(b) Certificate of the Chief Financial Officer of Herman Miller, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101 The following materials from the Company's Annual Report on Form 10-K for the fiscal year ended May 28, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of as of May 28, 2011 and May 29, 2010, (ii) Consolidated Statements of Operations for the fiscal years ended May 28, 2011, May 29, 2010 and May 30, 2009, (iii) Consolidated Statements of Cash Flows for the fiscal years ended May 28, 2011, May 29, 2010 and May 30, 2009, and (iv) Notes to the Consolidated Financial Statements, tagged as blocks of text.**

**Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

Exhibit 3.1

Herman Miller, Inc. A Michigan Corporation
Amended and Restated Bylaws

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be as specified in the Articles of Incorporation or such other place as determined by the Board of Directors upon filing proper notice thereof with the State of Michigan. The Corporation shall keep records containing the names and addresses of all shareholders, the number, class and series of shares held by each, and the dates when they respectively became holders of record thereof, at its registered office or at the office of its transfer agent.

Section 2. Other Offices. The business of the Corporation may be transacted in such locations other than the registered office, within or outside the State of Michigan, as the Board of Directors may from time to time determine, or as the business of the Corporation may require.

ARTICLE II

CAPITAL STOCK

Section 1. Issuance of Stock and Stock Certificates. The Board of Directors, in its sole discretion and as necessary, may authorize the issuance of some or all of any class or series of the Corporation's shares without certificates representing such shares. Such authorization shall not affect shares already represented by certificates until such certificates are surrendered to the Corporation. After the issuance of shares without certificates and within a reasonable time, the Corporation shall send the shareholder a written statement of the information normally required on certificates as mandated under the Michigan Business Corporation Act. Certificates, if specially requested by a shareholder, representing shares of the Corporation may be issued and shall be in such form as is approved by the Chief Executive Officer and the Vice President of Legal Affairs. Certificates signed by the chairman of the Board of Directors, vice chairman of the Board of Directors, president or a vice president, and may also be signed by another officer of the Corporation. The certificate may be sealed with the seal of the Corporation, or a facsimile thereof. The signatures of the officers may be facsimiles. If an officer who has signed, or whose facsimile signature has been placed upon, a certificate ceases to be such officer before the certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer at the date of issue. The Corporation's records containing the names and addresses of all shareholders, the number, class and series of shares held by each, and the date when they respectively became holders of record thereof, shall be final and binding upon the shareholders and their successors and assigns for the purposes of determining the identity and location of each shareholder and the number, class and series of shares held by each shareholder.

Section 2. Replacement of Lost or Destroyed Certificates. If a stock certificate is lost or destroyed, no new certificate shall be issued in place thereof until the Corporation has received from the registered holder such assurances, representations, warranties, and/or guarantees as the Board of Directors, in its sole discretion, shall deem advisable, and until the Corporation receives sufficient indemnification protecting it against any claim that may be made on account of such lost or destroyed certificate, or the issuance of any new certificate in place thereof, including an indemnity bond in such amount and with sureties, if any, as the Board of Directors, in its sole discretion, deems advisable.

Section 3. Transfer of Shares. Shares of stock of the Corporation shall be transferable only upon the books of the Corporation. The old certificates, if any, shall be surrendered to the Corporation by delivery thereof to the person in charge of the stock transfer books of the Corporation or to such other person as the Board of Directors may designate, properly endorsed for transfer, and such certificates shall be canceled if certificates are being

used. If the Board has authorized the issuance of shares without certificates, after the transfer of shares and within a reasonable time, the Corporation rather than issue a certificate, may send the transferee shareholder a written statement of the information normally required on certificates as mandated under the Michigan Business Corporation Act. The Board of Directors may issue a new certificate if the transferred shareholder specifically requests it. The Corporation shall keep records containing the names and addresses of all shareholders, the number, class, and series of Shares held by each, and the date when they respectively became holders of record thereof, at its registered office. The Corporation shall be entitled to treat the person in whose name any share, right or option is registered as the owner thereof for all purposes, and shall not be bound to recognize any equitable or other claim with respect thereto, regardless of any notice thereof, except as may be specifically required by the laws of the State of Michigan.

Section 4. Rules Governing Stock Certificates. The Board of Directors shall have the power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer and registration of certificates of stock, and may appoint a transfer agent and/or a registrar of transfer, and may require all such certificates to bear the signature of such transfer agent and/or of such registrar of transfers.

Section 5. Record Date for Share Dividends, Distributions and Other Actions. For the purpose of determining shareholders entitled to receive payment of a share dividend or distribution, or allotment of a right, or for the purpose of any other action, the Board of Directors may fix a record date which shall not precede the date on which the resolution fixing the record date is adopted by the Board. The date shall not be more than sixty (60) days before the payment of the share dividend or distribution or allotment of a right or other action. If a record date is not fixed, the record date shall be the close of business on the day on which the resolution of the Board relating to the corporate action is adopted. Only shareholders of record on the date so fixed shall be entitled to receive payment of such Dividend or other distribution or allotment or rights or exercise such rights, as the case may be, notwithstanding the transfer of any Shares on the books of the Corporation after such record date.

Section 6. Dividends. The Board of Directors, in its discretion, may from time to time declare and make a distribution to shareholders in respect of the Corporation's outstanding shares, payable in cash, the Corporation's shares or indebtedness, or the Corporation's other property, including the shares or indebtedness of other corporations; provided, however, no such distribution shall be made if, after giving effect to the distribution, the Corporation would not be able to pay its debts as they become due in the usual course of business, or the Corporation's total assets would be less than its total liabilities plus the amount that would be needed if the Corporation were to be dissolved at the time of the distribution to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distributions.

In addition, the Board of Directors, in its discretion from time to time may declare and direct the payment of a share dividend of the Corporation's shares, issued pro rata and without consideration, to the Corporation's shareholders or to the shareholders of one or more classes or series; provided, however, shares of one class or series may not be issued as a share dividend in respect of shares of another class or series unless (a) the Articles of Incorporation so authorize, (b) a majority of the votes entitled to be cast by the class or series to be issued approve the issue, or (c) there are no outstanding shares of the class or series to be issued.

Section 7. Acquisition of Shares. Subject to the limitations of the Michigan Business Corporation Act, the Board of Directors may authorize the Corporation to acquire its own shares, and shares so acquired shall constitute authorized but unissued shares, except that shares of the Corporation acquired by it may be pledged as security for the payment of the purchase price of the shares and, until the purchase price is paid by the Corporation, such shares are not canceled and do not constitute authorized but unissued shares. In such event, the acquired and pledged shares shall not be voted directly or indirectly at any meeting or otherwise, shall not be counted in determining the total number of issued shares entitled to vote at any given time, and upon payment of the purchase price, shall be canceled and constitute authorized but unissued shares.

Section 8. Redemption of Control Shares. Control shares acquired in a control share acquisition, with respect to which no acquiring person statement has been filed with the Corporation, shall, at any time during the period ending sixty (60) days after the last acquisition of control shares or the power to direct the exercise of voting power of control shares by the acquiring person, be subject to redemption by the Corporation. After an acquiring person statement has been filed with the Corporation and after the meeting at which the voting rights of the control shares acquired in a control share acquisition are submitted to the shareholders, the shares shall be subject to redemption by the Corporation unless the shares are accorded full voting rights by the shareholders as provided in Section 798 of the Michigan Business Corporation Act. Redemptions of shares pursuant to this Bylaw shall be at the far value of the shares pursuant to procedures adopted by the Board of Directors of the Corporation.

The terms “control shares,” “control share acquisition,” “acquiring person statement,” “acquiring person,” and “fair value,” as used in this bylaw, shall have the meanings ascribed to them, respectively, in Chapter 7B (known as the Stacey, Bennett and Randall shareholder equity act) of the Michigan Business Corporation Act.

ARTICLE III

SHAREHOLDERS

Section 1. Place of Meetings. Meetings of shareholders shall be held at the registered office of the Corporation or at such other place, within or outside the State of Michigan, as may be determined from time to time by the Board of Directors, provided however, if a meeting of shareholders is to be held at a place other than the registered office of the Corporation the notice of the meeting shall designate such place.

Section 2. Annual Meeting. Annual meetings of shareholders for election of directors and for such other business as may come before the meeting shall be held at a date designated by the Board of Directors within five months after the end of each fiscal year of the Corporation. If the annual meeting is not held on the date so designated, the Board of Directors shall cause the meeting to be held as soon as thereafter as convenient.

Section 3. Special Meetings. Special meetings of shareholders may be called by the chairman or vice chairman of the Board, the president or secretary and shall be called by one of them pursuant to resolution therefor by the Board of Directors, or upon receipt by them of a request in writing, stating the purpose or purposes thereof, and signed by more than half of the non-employee directors.

Section 4. Record Date for Notice and Vote. For the purpose of determining shareholders entitled to notice of and to vote at a meeting of shareholders or an adjournment of a meeting, the Board of Directors may fix a record date which shall not precede the date on which the resolution fixing the record date is adopted by the Board. The date shall be not more than sixty (60) nor less than ten (10) days before the date of the meeting. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be the close of business on the day next preceding the day on which notice is given or, if no notice is given, the day next preceding the day on which the meeting is held. When a determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders has been made as provided in this Section 4, the determination applies to any adjournment of the meeting, unless the Board fixes a new record date under this section for the adjourned meeting.

For the purpose of determining shareholders entitled to express consent to or to dissent from a proposal without a meeting, the Board of Directors may fix a record date which shall not precede the date on which the resolution fixing the record date is adopted by the Board and shall not be more than ten (10) days after the Board resolution. If a record date is not fixed and prior action by the Board is required with respect to the corporate action to be taken without a meeting, the record date shall be the close of business on the day on which the resolution of the Board is adopted. If a record date is not fixed and prior action by the Board is not required, the record date shall be the first date on which a signed written consent is delivered to the Corporation as provided in Section 47 of the Michigan Business Corporation Act.

Section 5. Notice of Shareholders Meetings. Written notice of the time, place and purposes of any meeting of shareholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each shareholder of record entitled to vote at the meeting. Such notice may be given either by delivery in person to such shareholders or by mailing such notice to shareholders at their addresses as the same appear on the stock books of the Corporation.

A shareholder's attendance at a meeting, in person or by proxy, constitutes a waiver of the shareholder's objection to lack of notice or defective notice of the meeting unless, at the beginning of the meeting, the shareholder objects to holding the meeting or transacting business at the meeting, and constitutes a waiver of the shareholder's objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 6. Voting Lists. The Corporation's officer or agent having charge of its stock transfer books shall prepare and certify a complete list of the shareholders entitled to vote at a shareholders' meeting or any adjournment thereof, which list shall be arranged alphabetically within each class and series, and shall show the address of and number of shares held by each shareholder. The list shall be produced at the time and place of the meeting of shareholders and be subject to inspection by any shareholder at any time during the meeting. The list shall be prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting. If for any reason the requirements with respect to the shareholder list specified in this Section 6 of Article III have not been complied with, any shareholder, either in person or by proxy, who in good faith challenges the existence of sufficient votes to carry any action at the meeting, may demand that the meeting be adjourned and the same shall be adjourned until the requirements are complied with, provided however, that failure to comply with such requirements does not affect the validity of any action taken at the meeting before such demand is made.

Section 7. Voting. Except as may otherwise be provided in the Articles of Incorporation or bylaws of the Corporation, each shareholder entitled to vote at a meeting of shareholders, or to express consent or dissent without a meeting, shall be entitled to one (1) vote, in person or by proxy, for each share of stock entitled to vote held by such shareholder, provided however, no proxy shall be voted after three (3) years from its date unless such proxy provides for a longer period. For purposes of this section, without limiting the manner in which a shareholder may authorize another person or persons to act as proxy, a proxy granted by execution of a writing, facsimile, or other means of electronic or digital transmission to the person or persons who will hold the proxy or to a proxy solicitation firm, proxy support service organization, or similar agent fully authorized by the person who will hold the proxy to receive that transmission, shall constitute valid means of granting proxy authority. A vote may be cast either orally or in writing as announced or directed by the chairperson of the meeting prior to the taking of the vote. When an action other than the election of directors is to be taken by vote of the shareholders, it shall be authorized by a majority of the votes cast by the holders of shares entitled to vote thereon, unless a greater vote is required by express requirement of the Michigan Business Corporation Act or of the Articles of Incorporation, in which case such express provision shall govern and control the decision of such question. Except as otherwise expressly required by the Articles of Incorporation, directors shall be elected by a plurality of the votes cast at an election.

Section 8. Quorum. Except as may otherwise be provided in the Articles of Incorporation, shares entitled to cast a majority of the votes at a meeting constitute a quorum. Meetings at which less than a quorum is represented may be adjourned by a vote of a majority of the shares present to a further date without further notice other than the announcement of such meeting, and, when the quorum shall be present upon such adjourned date, any business may be transacted which might have been transacted at the meeting as originally called. Shareholders present in person or by proxy at any meeting of shareholders may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 9. Conduct of Meetings. The chairman of the Board of Directors or the chairman's designee shall call meetings of the shareholders to order and shall act as chairman of such meetings. The secretary of the Corporation shall act as secretary of all meetings of shareholders but, in the absence of the secretary at any meeting of shareholders or the secretary's inability or election not to act as secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 10. Inspector of Elections. The Board of Directors may, in advance of meeting of shareholders, appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed or an appointed inspector fails to appear or act, the person presiding at the meeting of shareholders may and, on request of a shareholder entitled to vote thereat, shall appoint one or more persons to fill such vacancy or vacancies, or to act as inspector. The inspector(s) shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all shareholders.

Section 11. Notification of Nominations. Nominations for the election of directors may be made by the Board of Directors or by a shareholder entitled to vote in the election of directors. A shareholder entitled to vote in the election of directors, however, may make such a nomination only if written notice of such shareholder's intent to do so has been given, either by personal delivery or by United States mail, postage prepaid, and received by the Corporation (a) with respect to an election to be held at an annual meeting of shareholders, not earlier than the close of business on the one hundred twentieth (120^{th}) day and not later than the close of business on the ninetieth (90^{th}) day prior to the first anniversary of the preceding year's annual meeting, and (b) with respect to an election to be held at a special meeting of shareholders called for that purpose, not later than the close of business on the tenth (10^{th}) day following the date on which the date of the meeting was first publicly announced or if there was no public announcement, the tenth (10^{th}) day following the date on which notice of the special meeting was first mailed to the shareholders by the Corporation.

Each shareholder's notice of intent to make a nomination must:

(a) set forth, as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made (i) the names and addresses of such shareholder, as they appear on the Corporation's books, and of such beneficial owner, if any, (ii) the following information concerning the securities of the Corporation or derivatives thereof (A) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such shareholder and such beneficial owner, (B) any option, warrant, swap, convertible security, stock appreciation right, or similar right contract, arrangement, or device with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation, or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument, right, contract, arrangement, or device shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise and whether or not the holder of or party to such instrument, right, contract, arrangement or device would be deemed to be the beneficial owner of any security of the Corporation (a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder has a right to vote any shares of any security of the Corporation, including the right to vote shares borrowed to cover a short position, (D) any short interest in any security of the Corporation (for purpose of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (E) any rights to dividends on the shares of the Corporation owned beneficially by such shareholder that are separated or separable from the underlying shares of the Corporation, (F) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner and (G) any performance-related fees (other than an asset-based fee) to which such shareholder is entitled based on any increase or decrease in the value of shares of the Corporation or Derivatives Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such shareholder's immediate family sharing the same household which information shall be supplemented by such shareholder and beneficial owner, if any, not later than ten (10) days after the record date for the meeting to disclose such ownership of the record date;

(b) provide a representation that the shareholder (i) is a holder of record of stock of the Corporation entitled to vote at such meeting (ii) will continue to hold such stock through the date on which the meeting is held, and (iii) intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; and

(c) set forth, as to each person whom the shareholder proposes to nominate for election or reelection to the Board of Directors (i) all information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to the Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, agreements, and understandings during the past three (3) years, and any other material relationships, between or among such shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant;

(d) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of Corporation, will act or vote on any issue or matter (a "Voting Agreement") that has not been disclosed to the Corporation or (B) any Voting Agreement that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with his or her service as a Director of the Corporation, and (iii) in his or her individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable corporate governance, conflict of interest, confidentiality and other policies and guidelines of the Corporation.

The chairman of the meeting may refuse to acknowledge the nomination of any person nominated by a shareholder whose nomination is not made in strict compliance with the foregoing procedure.

Nothing in these Bylaws shall affect any rights of shareholders to request inclusion of nominees for election or re-election to the Board of Directors in the Corporation's proxy materials pursuant to Rule 14a-11 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provided that any person nominated under Rule 14a-11 of the Exchange Act must deliver to the Secretary of the Corporation the questionnaire and agreement described in Subsection (d) of this Section 11 prior to the time such person is to begin service as a director of the Corporation.

Section 12. Notification of Other Shareholder Proposals. The Board of Directors of the Corporation shall submit for consideration and vote by the shareholders, at any meeting of the shareholders, only those proposals that are first brought before the meeting by or at the direction of the Board of Directors, or by any shareholder entitled to vote at such meeting (a) who submits to the Corporation a timely Notice of Proposal, in accordance with the requirements of this Section 12 and the proposal is a proper subject for action by shareholders under Michigan law, or (b) whose proposal (i) when delivered to the Corporation, is accompanied by the information required to be set forth in a notice under subsection (a) of Section 11 and (ii) is included in the Corporation's proxy materials in compliance with all the requirements set forth in the applicable rules and regulations of the Securities and Exchange Commission.

Each shareholder's Notice of Proposal shall at a minimum set forth the following information:

(a) The information required to be set forth in a notice under subsection (a) of Section 11;

(b) A representation that the shareholder (i) is a holder of record of stock of the Corporation entitled to vote at such meeting, (ii) will continue to hold such stock through the date on which the meeting is held, and (iii) intends to appear in person or by proxy at the meeting to submit the proposal for shareholder vote;

(c) A brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such shareholder and beneficial owner, if any, in such business; and

(d) A description of all agreements, arrangements and understandings (including their names) in connection with the proposal of such business by such shareholder.

A Notice of Proposal must be given, either by personal delivery or by United States mail postage prepaid, and received by the Corporation with respect to an annual meeting of shareholders, not earlier than the close of business on the one hundred twentieth (120^{th}) day and not later than the close of business on the ninetieth (90^{th}) day, prior to the first anniversary of the preceding year's annual meeting. A Notice of Proposal to be considered at a special meeting of shareholders must be given in the manner set forth above and be received not later than the close of business on the tenth (10^{th}) day following the date on which the meeting was first publicly announced or if there was no public announcement, not later than the close of business on the tenth (10^{th}) day following the date on which the notice of the scheduled meeting was first mailed to the shareholders. No Notice of Proposal may be in excess of five hundred (500) words. The Secretary of the Corporation shall notify a shareholder in writing whether his or her Notice of Proposal has been made in accordance with all the requirements of this Section 12. The chairman of the meeting may refuse to acknowledge the proposal of any shareholder not made in strict compliance with all such requirements.

ARTICLE IV

DIRECTORS

Section 1. Authority and Size of Board. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. The number of directors of the Corporation (exclusive of directors to be elected by the holders of any one or more series of the preferred stock voting separately as a class or classes) that shall constitute the Board of Directors shall be that number determined by the Board of Directors from time to time, but not less than nine (9) directors nor more than thirteen (13) directors.

Section 2. Classification of Board and Filing of Vacancies. Subject to applicable law, the directors shall be divided into three (3) classes, each class to be as nearly equal in number as possible. The directors of the first class shall hold office until the annual meeting of stockholders to be held in 1984 and until their respective successors are duly elected and qualified or their resignation or removal. The directors of the second class shall hold office until the annual meeting of stockholders to be held in 1985 and until their respective successors are duly elected and qualified or their resignation or removal. The directors of the third class shall hold office until the annual meeting of stockholders to be held in 1986 and until their respective successors are duly elected and qualified or their resignation or removal. Subject to the foregoing and to the last sentence of this first paragraph of Section 2 of Article IV, at each annual meeting of stockholders, commencing at the annual meeting to be held in 1984, the successors to the class of directors whose term shall then expire shall be elected to hold office until the third succeeding annual meeting and until their successors shall be duly elected and qualified or their resignation or removal. Any vacancies in any class of the Board of Directors for any reason, and any newly created directorships resulting from any increase in the number of directors, may be filled only by the Board of Directors, acting by vote of a majority of the Continuing Directors and at least eighty percent (80%) of the Board of Directors, and any directors so chosen shall hold office for the remaining term of the class of directors into which he or she has been appointed and until their respective successors shall be duly elected and qualified or their resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director. No person shall be elected as a director (a) after he or she attains age seventy-two (72) or (b) for a term which expires later than the annual meeting of stockholders at or immediately after which such person attains age seventy-two (72).

Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation (a) the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of stockholders and vacancies created with respect to any directorship of the directors so elected may be filled in the manner specified by such preferred stock, and (b) this Section 2 of Article IV shall be deemed to be construed and/or modified so as to permit the full implementation of the terms and conditions relating to election of directors of any series of preferred stock that has been or may be designated by the Board of Directors.

Section 3. Resignation and Removal of Directors. A director may resign by written notice to the Corporation, which resignation is effective upon its receipt by the Corporation or at a subsequent time as set forth in the written notice of resignation. Notwithstanding any other provisions of the Articles of Incorporation or the Bylaws of the Corporation, any one or more directors of the Corporation may be removed at any time, with or without cause, but only by either (a) the affirmative vote of a majority of the Continuing Directors and at least eighty percent (80%) of the Board of Directors, or (b) the affirmative vote, at a meeting of the stockholder called for that purpose, of the holders of at least eighty percent (80%) of the voting power of the then outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors voting together as a single class.

Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of preferred stock shall have the right, voting separately as a class, to elect one or more directors of the Corporation, the provision of this Section 3 of Article IV shall not apply with respect to the director or directors elected by such holders of preferred stock.

Section 4. Place of Meetings and Records. The directors shall hold their meetings and maintain the minutes of the proceedings of meetings of shareholders, Board of Directors, and committees, if any, and keep the books of records of account for the Corporation in such place or places, within or outside the State of Michigan, as the Board may from time to time determine.

Section 5. Annual Meetings of Directors. The newly elected directors shall hold their first meeting, without notice other than this bylaw, at the same place and immediately after the annual meeting of the shareholders at which they are elected, or the time and place of such meeting may be fixed by consent in writing of all the directors.

Section 6. Regular Meetings of the Board. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board or by the chairman or vice chairman of the Board of Directors, or the president. Any notice given of a regular meeting need not specify the business to be transacted or the purpose of the meeting.

Section 7. Special Meetings of the Board. Special meetings of the Board may be called by the chairman or vice chairman of the Board of Directors or the president on at least two (2) days' notice to each director by mail or overnight courier or twenty-four (24) hours' notice either personally, by telephone, by telegram, by facsimile or by electronic or digital transmission. Special meetings shall be called by any one of them in like manner and on like notice on the written request of any two (2) directors. The notice need not specify the business to be transacted or the purpose of the special meeting. The notice shall specify the place of the special meeting.

Section 8. Meeting Attendance or Participation as Waiver of Notice. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless he or she at the beginning of the meeting, or upon his or her arrival, objects to the meeting or the transacting of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting.

Section 9. Meeting Participation by Means of Communication Equipment. Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or of such committee by means of a conference telephone or similar communication equipment by means of which all persons participating in the meeting can communicate with the other participants, and participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

Section 10. Quorum and Vote. At all meetings of the Board or a committee thereof, a majority of the members of the Board of Directors then in office or members of such committee, but not less than two (2) (if there are at least two members of the Board or such committee) shall constitute a quorum for the transaction of business. The act of a majority of the members present at any meeting at which there is a quorum shall be the act of the Board of Directors or the committee. If a quorum shall not be present at any meeting of the Board of Directors or a committee, the members present may adjourn the meeting from time to time and to another place without notice other than announcement at the meeting until a quorum shall be present.

Section 11. Action Without Meeting. Any action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if, before or after the action, all members of the Board of Directors then in office or of such committee consent thereto in writing. Such written consent shall be filed with the minutes of the proceedings of the Board of Directors or committee. The consent has the same effect as a vote of the Board of Directors or such committee for all purposes.

Section 12. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any committee. In the absence or in the event of the disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. A committee and each member thereof shall serve at the pleasure of the Board.

Any committee, to the extent provided in the resolution of the Board or in these Bylaws, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. No committee, however, shall have the power or authority to amend the Articles of Incorporation or Bylaws of the Corporation, adopt an agreement of merger or share exchange, recommend to the shareholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommend to the shareholders a dissolution of the Corporation or a revocation of a dissolution, or fill vacancies in the Board of Directors. No committee shall have the power or authority to declare a distribution, dividend or authorize the issuance of shares unless such power is granted to such committee by specific resolution of the Board of Directors. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The committees shall keep regular minutes of their proceedings and report the same to the Board when required. If a committee is designated as an Executive Committee, its members shall consist of the Chairman and/or Chief Executive Officer, and such other directors as shall be designated by the Board of Directors.

Section 13. Compensation. By affirmative vote of a majority of directors in office, and irrespective of the personal interest of any of them, the Board of Directors may establish reasonable compensation for directors for services to the Corporation as directors, officers, or members of committees. Directors may be paid a fixed sum for attendance at each meeting of the Board or of a committee, or an annual salary or retainer, or issued shares of company common stock or any combination of the above. Directors may also be reimbursed for reasonable expenses incurred in attending each meeting of the Board or meeting of a committee.

Section 14. Directors Emeritus. A director who has served the Corporation with distinction and who has retired from the Board may be elected a Director Emeritus by the affirmative vote of a majority of the full Board of Directors. A Director Emeritus shall be elected for life, subject only to his or her resignation or removal by a vote of a majority of the full Board of Directors. A Director Emeritus shall not have any of the responsibilities or liabilities of a director, or any of a director's rights, powers, privileges, or compensation. Reference in these Bylaws to “directors” shall not mean or include Directors Emeritus.

Section 15. Evaluation of Certain Offers. The Board of Directors shall not approve, adopt or recommend any offer of any person or entity, other than the Corporation, to make a tender or exchange offer for any capital stock of the Corporation, to merge or consolidate the Corporation with any other entity or to purchase or otherwise acquire all or substantially all of the assets or business of the Corporation unless and until the Board of Directors shall have first evaluated the offer and determined that the offer would be in compliance with all applicable laws and that the offer is in the best interests of the Corporation and its stockholders. In connection with its evaluation as to compliance with laws, the Board of Directors may seek and rely upon an opinion of legal counsel independent from the offeror and it may test such compliance with laws in any state or federal court or before any state or federal administrative agency which may have appropriate jurisdiction. In connection with its evaluation as to the best interests of the Corporation and its stockholders, the Board of Directors shall consider all factors which it deems relevant, including without limitation:

(a) The adequacy and fairness of the consideration to be received by the Corporation and/or its stockholders under the offer considering historical trading prices of the Corporation's stock, the price that might be achieved in a negotiated sale of the Corporation as a whole, premiums over trading prices which have been proposed or offered with respect to the securities of other companies in the past in connection with similar offers and the future prospects for this Corporation and its business;

(b) The potential social and economic impact of the offer and its consummation on this Corporation, its employees, customers and vendors; and

(c) The potential social and economic impact of the offer and its consummation on the communities in which the Corporation and any subsidiaries operate or are located.

ARTICLE V

OFFICERS

Section 1. Officers. The officers of the Corporation shall consist of a president, a treasurer, and a secretary, all of whom shall be elected by the Board of Directors. In addition, the Board of Directors may elect a chairman of the Board of Directors, a vice chairman of the Board of Directors, and one or more vice presidents (the number thereof to be determined by the Board of Directors) and such assistant secretaries and assistant treasurers as desired. Each officer shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. None of the officers of the Corporation, other than the chairman, the vice chairman, and the president need be directors. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting of Shareholders and may be elected at any other meeting. Any two or more offices may be held by the same person, but an officer shall not execute, acknowledge or verify any instrument in more than one capacity if the instrument is required by law to be executed, acknowledged or verified by two or more officers.

Section 2. Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors. The Board may, by specific resolution, empower the chairman, the president or the Executive Committee, if such a committee has been designated by the Board, to appoint such officers or agents and to determine their powers and duties.

Section 3. Removal. The chairman, vice chairman and president may be removed at any time, with or without cause, but only by the affirmative vote of a majority of the whole Board of Directors. All vice presidents, the secretary and the treasurer may be removed at any time, with or without cause, by the president or by majority vote of directors present at any meeting. Any assistant secretary or assistant treasurer, or subordinate officer or agent appointed pursuant to Section 2 of this Article, may be removed at any time, with or without cause, by majority vote of directors present at any meeting, by the president, or by any committee or other officer empowered so to do by resolution of the Board.

Section 4. Chairman and Vice Chairman. The chairman of the Board of Directors shall preside at all meetings of the Board of Directors and at all meetings of shareholders. The chairman shall also perform such other duties as from time to time may be assigned to him or her by the Board of Directors. If the chairman dies or is unable to perform the duties of the chairman for any other reason, the vice chairman shall preside at all meetings of the shareholders and at all meetings of the Board of Directors. The vice chairman shall not succeed to any of the other rights, powers or duties of the chairman. The vice chairman shall also perform such other duties as from time to time may be assigned to him or her by the Board of Directors.

Section 5. President. The president shall be the chief executive officer of the corporation, shall have general supervision, direction and control of the business of the Corporation and shall have the general powers and duties of management usually vested in or incident to the office of the president and chief executive officer of a corporation. The president shall be a member of the Executive Committee, if such a committee is designated by the Board of Directors. In the absence or inability to act of the chairman and vice chairman of the Corporation, the president shall preside at all meetings of the shareholders and all meetings of the Board of Directors. The president shall also have such other powers and duties as from time to time may be assigned to him or her by the Board of Directors. Except as the Board of Directors shall authorize the execution thereof in some other manner, the president shall execute bonds, mortgages and other contracts on behalf of the Corporation and shall cause the seal to be affixed to any instrument requiring it. If the president dies or becomes unable to perform the duties of this office for any other reason, the Board of Directors shall appoint a successor to be the president of the Corporation.

Section 6. Vice Presidents. Each vice president shall have such powers and shall perform such duties as shall be assigned to him or her by the Board of Directors, and may be designated by such special title as the Board of Directors shall approve.

Section 7. Treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. The treasurer shall deposit all monies and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors or the president, taking proper vouchers for such disbursements. The treasurer shall render to the president and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his or her transactions as treasurer and of the financial condition of the Corporation. In general, the treasurer shall perform all the duties incident to the office of treasurer and such other duties as may be assigned to him or her by the Board of Directors or the president.

Section 8. Secretary. The secretary shall give, or cause to be given, notice of all meetings of shareholders and directors required by law or by these Bylaws, and all other notices so required. If the secretary is absent or refuses or neglects, so to do, any such notice may be given by any person directed to do so by the chairman or vice chairman of the Board of Directors, the president, or by the directors upon whose written request the meeting is called as provided in the Bylaws. Unless otherwise directed by the Board of Directors, the secretary shall record all the proceedings of the meetings of the Corporation and of the directors in one or more books to be kept for that purpose, and shall perform all duties incident to the office of the secretary and such other duties as may be assigned to him or her by the directors, the chairman of the Board of Directors, or the president. The secretary shall have the custody of the seal of the Corporation and shall affix the same to all instruments requiring it, when Authorized by the directors, the chairman of the Board of Directors, or the president, and attest the same.

Section 9. Assistant Treasurers and Assistant Secretaries. Assistant treasurers and assistant secretaries, if any shall be elected, shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the treasurer or the secretary, respectively, or by the president or the Board of Directors.

Section 10. Salaries. The salaries and other compensations of the officers shall be fixed from time to time by or under the direction of the Board of Directors. No officer shall be prevented from receiving a salary or other compensation by reason of the fact that he or she is also a director of the Corporation.

Section 11. Bonds. If the Board of Directors shall so require, the treasurer, any assistant treasurer and any other officer or agent of the Corporation shall give bond to the Corporation in such amount and with such surety as the Board of Directors may deem sufficient, conditioned upon the faithful performance of their respective duties and offices and any other conditions approved by the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

Section 3. Checks. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VII

MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of this Corporation shall end on the Saturday nearest the 31st day of May in each year.

Section 2. Notices. Whenever any written notice is required to be given under the provisions of any law, the Articles of Incorporation for this Corporation, or by these Bylaws, it shall not be construed or interpreted to mean personal notice, unless expressly so stated, and any notice so required shall be deemed to be sufficient if given in writing by facsimile or electronic or digital transmission with confirmation, overnight courier or first class mail, by depositing the same in a United States Post Office box, postage prepaid, addressed to the person entitled thereto at his address as it appears on the records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. Shareholders not entitled to vote shall not be entitled to receive notice of any meetings, except as otherwise provided by law or these Bylaws.

Section 3. Waiver of Notice. Whenever any notice is required to given under the provisions of any law, or the Articles of Incorporation for this Corporation, or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Voting of Securities. Securities of another corporation, foreign or domestic, standing in the name of the this Corporation, which are entitled to vote shall be voted, in person or by proxy, by the chairman of the Board or the president of this Corporation or by such other or additional persons as may be designated by the Board of Directors.

Section 5. Seal. The corporate seal of the Corporation shall be in such form as may be authorized and adopted by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

INDEMNIFICATION

Directors and officers of the Corporation shall be indemnified as of right to the fullest extent now or hereafter permitted by law in the connection with any threatened, pending or completed civil, criminal, administrative or investigative action, suit or proceeding (whether brought by or in the name of the Corporation, a subsidiary or otherwise and whether formal or informal) in which a director or officer is a witness or which is brought against a director or officer in his or her capacity as a director, officer, employee, agent or fiduciary of the Corporation or of any corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which the director or officer was serving at the request of the Corporation. Persons who are not directors or officers of the Corporation may be similarly indemnified in respect of such service to the extent authorized at any time by the Board of Directors of the Corporation. The Corporation may purchase and maintain insurance to protect itself and any such director, officer or other person against any liability asserted against him or her and incurred by him or her in respect of such service whether or not the Corporation would have the power to indemnify him or her against such liability by law or under the provisions of this Article. The provisions of this Article shall be applicable to actions, suits or proceedings, whether arising from acts or omissions occurring before or after the adoption hereof, and to directors, officers and other persons who have ceased to render such service, and shall inure to the benefit of the heirs, executors and administrators of the directors, officers and other person referred to in this Article. The right of indemnity provided pursuant to this Article shall not be exclusive and the Corporation may provide indemnification to any person, by agreement or otherwise, on such terms and conditions as the Board of Directors may approve. Any agreement for indemnification of any director, officer, employee or other person may provide indemnification rights which are broader or otherwise different from those set forth in, or provided pursuant to, or in accordance with, this Article. Any amendment, alteration, modification, repeal or adoption of any provision in these Bylaws inconsistent with this Article VIII shall not adversely affect any indemnification right or protection of a director, officer, employee or other person of the Corporation existing at the time of such amendment, alteration, modification, repeal or adoption. In addition, in connection with an action or suit brought by or in the right of the Corporation as described in Section 562 of the Michigan Business Corporation Act, a director shall be indemnified as of right to the fullest extent permitted by law for expenses, including attorneys' fees, actually and reasonably incurred.

ARTICLE IX

AMENDMENTS

Except as otherwise provided below, these Bylaws may be added to, altered, amended or repealed and new and other bylaws may be made, altered or added to by a vote of a majority of the members of the Board of Directors then in office at any regular or special meeting of the Board, and without prior notices of intent to do so, except that neither Section 2 or 3 of Article IV shall be amended unless such amendment is adopted by the affirmative vote of a majority of the Continuing Directors and at least eighty percent (80%) of the Board of Directors, and these Bylaws may also be added to, altered, amended or repealed and new or other bylaws made and adopted by vote of the holders of a majority of the voting shares of capital stock issued and outstanding at any annual or special meeting, unless a greater plurality is required by law or by the Articles of Incorporation, if notice of the proposed alteration or repeal of the bylaw to be made is contained in the notice of such meeting. Notwithstanding the foregoing, Section 1 of Article IV may not be modified except by the affirmative vote of the holders of the majority of the voting shares of capital stock issued and outstanding at any annual or special meeting.

The foregoing Bylaws, adopted by the Board of Directors of Herman Miller, Inc. on March 18, 1986, have been restated in their entirety to incorporate amendments adopted by the Board of Directors on November 17, 1987, December 22, 1987, May 10, 1988, July 11, 1990, and October 4, 1990, January 6, 1997, October 1, 2002, January 13, 2004 and April 25, 2005, September 24, 2007, April 22, 2008, July 21, 2008, and April 18, 2011.

Exhibit 10.1

(*EXECUTIVE'S NAME)*

CHANGE IN CONTROL AGREEMENT

THIS AGREEMENT is entered into as of _____________, 20__, by and between Herman Miller, Inc., a Michigan corporation, and James E. Christenson (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. <u>Definitions</u>. 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 35 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)(d) shall be satisfied; and **provided further** that, for purposes of clause (B), (i) a Change in Control shall not occur solely because any Person becomes the beneficial owner of 35 percent or more of the Outstanding Company Common Stock or 35 percent or more of the Outstanding Company Voting Securities by reason of an acquisition by the Company of Outstanding Company Common Stock or Outstanding Company Voting Securities that reduces the number of outstanding shares of Outstanding Company Common Stock or Outstanding Company Voting Securities and (ii) if, after such acquisition by the Company, such Person becomes the beneficial owner of any additional shares of Outstanding Company Common Stock or any additional Outstanding Company Voting Securities, 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 within any 24-month period 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 (the "Surviving Corporation") (or, if applicable, the ultimate parent corporation that beneficially owns all or substantially all of the outstanding voting securities entitled to vote generally in the election of directors of the Surviving Corporation) and more than 60 percent of the combined voting power of the then outstanding securities of the Surviving Corporation (or such ultimate parent corporation) entitled to vote generally in the election of directors is represented by the shares of Outstanding Company Common Stock and the Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such reorganization, merger or consolidation (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such reorganization, merger or consolidation) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and 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, 35 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, 35 percent or more of the then outstanding shares of common stock of such corporation or 35 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 of the corporation resulting from such reorganization, merger or consolidation (the "Surviving Corporation") (or, if applicable, the ultimate parent corporation that beneficially owns all or substantially all of the outstanding voting securities entitled to vote generally in the election of directors of the Surviving Corporation) and more than 60 percent of the combined voting power of the then outstanding securities of the Surviving Corporation (or such ultimate parent corporation) entitled to vote generally in the election of directors is represented by the shares of Outstanding Company Common Stock and the Outstanding Company Voting Securities, respectively, that were outstanding immediately prior to such reorganization, merger or consolidation (or, if applicable, is represented by shares into which such Outstanding Company Common Stock and Outstanding Company Voting Securities were converted pursuant to such reorganization, merger or consolidation) and such ownership of common stock and voting power among the holders thereof is in substantially the same proportions as their ownership, immediately prior to such reorganization, merger or consolidation, of the Outstanding Company Common Stock and 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, 35 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, 35 percent or more of the then outstanding shares of common stock thereof or 35 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) except as otherwise provided in Section 1(p), 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 10 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 adverse 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 any material adverse respect 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 any position held by the Executive with the Company immediately prior to such Change in Control 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) a reduction of at least 5% in the aggregate benefits provided to the Executive and the Executive's dependents under the Company's employee benefit plans (including, without limitation, retirement, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) in which the Executive is participating immediately prior to such Change in Control; or

(5) the failure of the Company to obtain the assumption agreement from any successor as contemplated in Section 9(b).

For purposes of this Agreement, any good faith determination of Good Reason made by the Executive shall be presumed to be correct, subject to the Company proving the contrary; provided, however, that 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 or any replacement thereof.

(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) or Section 1(j)(3); (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) “Target Bonus” has the meaning stated in the Incentive Cash Bonus Plan.

(o) “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. Notwithstanding anything in this Agreement to the contrary, if (i) the Executive's employment terminates prior to a Change in Control for a reason that would have entitled the Executive to payments and benefits from the Company under Sections 3(a) and (b) if it had occurred following a Change in Control; (ii) the Executive reasonably demonstrates that such termination (or Good Reason event) was at the request of a third party who had indicated an intention or taken steps reasonably calculated to effect a Change in Control; and (iii) a Change in Control involving such third party (or a party competing with such third party to effectuate a Change in Control) does occur, then for purposes of this Agreement, the date immediately prior to the date of such termination of employment or event constituting Good Reason shall be treated as a Change in Control. For purposes of determining the timing of payments and benefits to the Executive under Section 3, the date of the actual Change in Control shall be treated as the Executive's Date of Termination under Section 1(f), and for purposes of determining the amount of payments and benefits to the Executive under Section 3, the date the Executive's employment is actually terminated shall be treated as the Executive's Date of Termination under Section 1(f).

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 a Good Reason specified in Section 1(j)(2) or Section 1(j)(3) 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;

(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. <u>Obligations of the Company Upon Termination of Employment</u>.

(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, and (iii) 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 4) 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 any 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. For purposes of the preceding sentence any amount received by the Executive on account of the termination of the Incentive Cash Bonus Plan will be treated as an amount paid on account of the termination of Executive's employment.

(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 two 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 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. <u>Withholding Taxes</u>. 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.

5. 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 reasonable 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.

6. 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.

7. Amendment or 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, other than pursuant to Section 1(p), 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 amendment or termination of this Agreement, which amendment or termination shall not become effective until the date fixed by the Board therefor, which date shall be at least 180 days after notice thereof is given by the Company to the Executive in accordance with Section 10; **provided, however**, that no such action shall be taken by the Board, without the written consent of the Executive, (i) 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 or (ii) following a Change in Control.

8. Scope of Agreement. Nothing in this Agreement shall be deemed to entitle the Executive to continued employment with the Company or its subsidiaries and, except as provided in Section 1(p), 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. This Agreement shall supersede in its entirety the Severance Agreement between the Company and the Executive dated May 15, 2001, which shall terminate and have no further effect as of the date of this Agreement.

9. 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 9(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.

10. 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 915 San Jose, S.E. Grand Rapids, Michigan 49506, 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.

11. 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 11(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

12. 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.

13. Compliance with Section 409A. It is intended that any amounts payable under this Agreement will comply with Section 409A of the Code and treasury regulations relating thereto so as not to subject the Executive to the payment of any interest and tax penalty which may be imposed under Section 409A of the Code, and the Agreement shall be interpreted and construed in accordance with such intention. Any provision of the Agreement that would cause the Executive to be subject to the payment of any such interest or tax penalty shall be disregarded, and the timing of the payments or benefits provided herein shall be modified accordingly.

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. Except as provided in Section 7, 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 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 name typed here)

EXHIBIT 21

HERMAN MILLER, INC., SUBSIDIARIES

The company's principal subsidiaries are as follows.

Name	Ownership	Jurisdiction of Incorporation
Colebrook Bosson Saunders, Inc.	100% Company	Michigan
Colebrook Bosson Saunders, Ltd.	100% Company	England, U.K.
Colebrook Bosson Saunders, Pty. Ltd.	100% Company	Austrailia
Convia, Inc.	100% Company	Delaware
Coro Acquisition Corporation-California	100% Company	California
Geiger International, Inc.	100% Company	Delaware
Herman Miller Asia (PTE.) Ltd.	100% Company	Singapore
Herman Miller (Australia) Pty., Ltd.	100% Company	Australia
Herman Miller Canada	100% Company	Canada
Herman Miller Furniture (India) Pvt. Ltd.	100% Company	India
Herman Miller Global Customer Solutions, Inc.	100% Company	Michigan
Herman Miller Global Customer Solutions (Hong Kong), Inc.	100% Company	Hong Kong
Herman Miller Japan, Ltd.	100% Company	Japan
Herman Miller, Ltd.	100% Company	England, U.K.
Herman Miller Mexico S.A. de C.V.	100% Company	Mexico
Herman Miller (Ningbo) Furniture Co. Ltd.	100% Company	China
Herman Miller OP Spectrum Inc.	100% Company	Michigan
Integrated Metal Technologies, Inc.	100% Company	Michigan
Meridian, Inc.	100% Company	Michigan
Milsure Insurance, Ltd.	100% Company	Barbados
Nemschoff Chairs, Inc.	100% Company	Wisconsin
Office Pavilion South Florida, Inc.	100% Company	Florida
OP Spectrum LLP	100% Company	Pennsylvania
OP Ventures, Inc.	100% Company	Colorado
OP Ventures of Texas, Inc.	100% Company	Texas

Exhibit 23(a)-Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements Nos. 2-84202, 333-04367, 333-42506, 333-04365, 333-122282, 333-04369, 333-122283 on Form S-8 and No. 333-157364 on Form S-3 of Herman Miller, Inc. and subsidiaries of our reports dated July 26, 2011, with respect to the consolidated financial statements and schedule of Herman Miller, Inc, and subsidiaries, and the effectiveness of internal control over financial reporting of Herman Miller, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year ended May 28, 2011.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
July 26, 2011

Exhibit 31(a)

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
OF HERMAN MILLER, INC. (THE "REGISTRANT")

I, Brian C. Walker, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended May 28, 2011, of Herman Miller, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2011

/s/ Brian C. Walker
Brian C. Walker
Chief Executive Officer

Exhibit 31(b)

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER
OF HERMAN MILLER, INC. (THE "REGISTRANT")

I, Gregory J. Bylsma, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended May 28, 2011, of Herman Miller, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2011

/s/ Gregory J. Bylsma
Gregory J. Bylsma
Chief Financial Officer

Exhibit 32(a)

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
OF HERMAN MILLER, INC. (THE "COMPANY")

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

I, Brian C. Walker, Chief Executive Officer of the company, certify to the best of my knowledge and belief pursuant to Section 906 of Sarbanes-Oxley Act of 2002 that:

(1) The Annual Report on Form 10-K for the period ended May 28, 2011, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the company.

Dated: July 26, 2011

/s/ Brian C. Walker
Chief Executive Officer

The signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Herman Miller, Inc. and will be retained by Herman Miller, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER
OF HERMAN MILLER, INC. (THE "COMPANY")

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

I, Greg J. Bylsma, Chief Financial Officer of the company, certify to the best of my knowledge and belief pursuant to Section 906 of Sarbanes-Oxley Act of 2002 that:

(1) The Annual Report on Form 10-K for the period ended May 28, 2011, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the company.

Dated: July 26, 2011

/s/ Gregory J. Bylsma
Chief Financial Officer

The signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Herman Miller, Inc. and will be retained by Herman Miller, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.