

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

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

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

For Quarter Ended August 30, 2014

Commission File No. 001-15141

HERMAN MILLER, INC.

A Michigan Corporation

ID No. 38-0837640

855 East Main Avenue, Zeeland, MI 49464-0302

Phone (616) 654 3000

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

Yes ☒ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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 “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

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 ☒

Common Stock Outstanding at October 6, 2014 - 59,485,049 shares

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FOR THE QUARTER ENDED AUGUST 30, 2014  
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**HERMAN MILLER, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Dollars in Millions, Except Per Share Data)  
(Unaudited).

	Three Months Ended	
	August 30, 2014	August 31, 2013
Net sales	\$ 509.7	\$ 468.1
Cost of sales	324.1	298.1
Gross margin	185.6	170.0
Operating expenses:		
Selling, general, and administrative	126.7	114.4
Design and research	16.7	16.5
Total operating expenses	143.4	130.9
Operating earnings	42.2	39.1
Other expenses:		
Interest expense	4.7	4.5
Other, net	—	0.1
Earnings before income taxes and equity income	37.5	34.5
Income tax expense	12.4	12.0
Equity earnings from nonconsolidated affiliates, net of tax	0.1	—
Net earnings	25.2	22.5
Net earnings attributable to noncontrolling interests	—	—
<b>Net earnings attributable to Herman Miller, Inc.</b>	<b>\$ 25.2</b>	<b>\$ 22.5</b>
Earnings per share — basic	\$ 0.43	\$ 0.38
Earnings per share — diluted	\$ 0.42	\$ 0.38
Dividends declared, per share	\$ 0.140	\$ 0.125
Other comprehensive income, net of tax		
Foreign currency translation adjustments	(0.5)	(0.7)
Pension and post-retirement liability adjustments	0.4	1.4
Other comprehensive income (loss)	(0.1)	0.7
Comprehensive income	25.1	23.2
Comprehensive income attributable to noncontrolling interests	—	—
<b>Comprehensive income attributable to Herman Miller, Inc.</b>	<b>\$ 25.1</b>	<b>\$ 23.2</b>

See accompanying notes to condensed consolidated financial statements.

**HERMAN MILLER, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in Millions Except Share Data)  
(Unaudited).

	August 30, 2014	May 31, 2014
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 66.7	\$ 101.5
Marketable securities	10.9	11.1
Accounts receivable, net	190.9	204.3
Inventories, net	133.8	78.4
Prepaid expenses and other	62.9	56.5
<b>Total current assets</b>	<b>465.2</b>	<b>451.8</b>
Property and equipment, at cost	831.6	789.2
Less — accumulated depreciation	(603.8)	(594.0)
<b>Net property and equipment</b>	<b>227.8</b>	<b>195.2</b>
Goodwill	302.5	228.2
Indefinite-lived intangibles	96.0	40.9
Other amortizable intangibles, net	57.6	44.2
Other noncurrent assets	47.6	30.6
<b>Total Assets</b>	<b>\$ 1,196.7</b>	<b>\$ 990.9</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt	\$ 50.0	\$ 50.0
Accounts payable	153.3	136.9
Accrued compensation and benefits	63.2	65.0
Accrued warranty	25.7	25.2
Other accrued liabilities	99.6	79.0
<b>Total current liabilities</b>	<b>391.8</b>	<b>356.1</b>
Long-term debt	300.0	200.0
Pension and post-retirement benefits	17.3	18.2
Other liabilities	70.0	44.5
<b>Total Liabilities</b>	<b>779.1</b>	<b>618.8</b>
Redeemable noncontrolling interests	25.8	—
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)	11.9	11.9
Additional paid-in capital	125.4	122.4
Retained earnings	294.2	277.4
Accumulated other comprehensive loss	(38.0)	(37.9)
Key executive deferred compensation plans	(1.7)	(1.7)
<b>Total Stockholder's Equity</b>	<b>391.8</b>	<b>372.1</b>
<b>Total Liabilities, Redeemable Noncontrolling Interest, and Stockholders' Equity</b>	<b>\$ 1,196.7</b>	<b>\$ 990.9</b>

See accompanying notes to condensed consolidated financial statements.

**HERMAN MILLER, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**CASH FLOWS**  
(Dollars in Millions).  
(Unaudited).

	Three Months Ended	
	August 30, 2014	August 31, 2013
Cash Flows from Operating Activities:		
Net earnings	\$ 25.2	\$ 22.5
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	12.0	11.1
Stock-based compensation	3.0	2.8
Excess tax benefits from stock-based compensation	(0.3)	(0.7)
Pension and post-retirement expenses	0.3	3.4
Deferred taxes	(2.8)	(2.9)
Gain on sales of property and dealers	—	(0.2)
Other, net	(0.2)	—
(Increase) decrease in current assets	7.1	(3.3)
Increase (decrease) in current liabilities	(2.0)	6.6
Decrease in non-current liabilities	(0.3)	(1.1)
<b>Net Cash Provided by Operating Activities</b>	<b>42.0</b>	<b>38.2</b>
Cash Flows from Investing Activities:		
Marketable securities purchases	—	(0.4)
Marketable securities sales	0.2	0.2
Acquisitions, net of cash received	(153.8)	—
Capital expenditures	(8.2)	(6.5)
Other, net	(0.8)	0.5
<b>Net Cash Used in Investing Activities</b>	<b>(162.6)</b>	<b>(6.2)</b>
Cash Flows from Financing Activities:		
Dividends paid	(8.3)	(7.3)
Proceeds from issuance of long-term debt	184.0	—
Payments of long-term debt	(84.0)	—
Common stock issued	1.0	6.1
Common stock repurchased and retired	(1.2)	(3.8)
Excess tax benefits from stock-based compensation	0.3	0.7
Purchase of noncontrolling interests	(5.5)	—
Other, net	0.1	—
<b>Net Cash Provided by/(Used in) Financing Activities</b>	<b>86.4</b>	<b>(4.3)</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(0.6)	(0.3)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(34.8)</b>	<b>27.4</b>
Cash and Cash Equivalents, Beginning of Period	101.5	82.7
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 66.7</b>	<b>\$ 110.1</b>

See accompanying notes to condensed consolidated financial statements.

**HERMAN MILLER, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**STOCKHOLDERS' EQUITY**  
(Dollars in Millions).  
(Unaudited).

	Three Months Ended	
	August 30, 2014	August 31, 2013
<b>REDEEMABLE NONCONTROLLING INTERESTS</b>		
Balance at beginning of year	\$ —	\$ —
Redeemable noncontrolling interests related to DWR acquisition	25.7	—
Share based compensation expense	0.1	—
Net income attributable to redeemable noncontrolling interests	—	—
<b>Redeemable noncontrolling interests</b>	<b>\$ 25.8</b>	<b>\$ —</b>
<b>STOCKHOLDERS' EQUITY</b>		
<b>Preferred Stock</b>		
Balance at beginning of year and end of period	\$ —	\$ —
<b>Common Stock</b>		
Balance at beginning of year	11.9	11.7
Exercise of stock options	—	0.1
Balance at end of period	11.9	11.8
<b>Additional Paid-in Capital</b>		
Balance at beginning of year	122.4	102.9
Repurchase and retirement of common stock	(1.2)	(3.8)
Exercise of stock options	0.6	5.6
Stock-based compensation expense	2.9	2.8
Excess tax benefit for stock-based compensation	0.2	0.6
Restricted stock units released	0.1	—
Employee stock purchase plan issuances	0.4	0.4
Balance at end of period	125.4	108.5
<b>Retained Earnings</b>		
Balance at beginning of year	277.4	331.1
Net income attributable to Herman Miller, Inc.	25.2	22.5
Dividends declared on common stock (per share - 2015: \$0.140; 2014; \$0.125)	(8.4)	(7.4)
Balance at end of period	294.2	346.2
<b>Accumulated Other Comprehensive Loss</b>		
Balance at beginning of year	(37.9)	(124.3)
Other comprehensive income (loss)	(0.1)	0.7
Balance at end of period	(38.0)	(123.6)
<b>Key Executive Deferred Compensation</b>		
Balance at beginning of year	(1.7)	(1.9)
Deferred compensation plan	—	—
Balance at end of period	(1.7)	(1.9)
<b>Noncontrolling Interests</b>		
Balance at beginning of year	—	—
Noncontrolling interests related to DWR acquisition	5.8	—
Purchase of noncontrolling interests	(5.8)	—
Balance at end of period	—	—
<b>Total Stockholders' Equity</b>	<b>\$ 391.8</b>	<b>\$ 341.0</b>

**HERMAN MILLER, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. BASIS OF PRESENTATION**

The condensed consolidated financial statements have been prepared by Herman Miller, Inc. ("the company") in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. Management believes the disclosures made in this document are adequate with respect to interim reporting requirements.

The accompanying unaudited condensed consolidated financial statements, taken as a whole, contain all adjustments which are of a normal recurring nature necessary to present fairly the financial position of the company as of August 30, 2014. Operating results for the three months ended August 30, 2014, are not necessarily indicative of the results that may be expected for the year ending May 30, 2015. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the company's Form 10-K filing for the year ended May 31, 2014.

**2. NEW ACCOUNTING STANDARDS**

***Recently Adopted Accounting Guidance***

During the first quarter of fiscal 2015, the company adopted Accounting Standards Update ("ASU") 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists," which defines the presentation requirements of an unrecognized tax benefit, or a portion of an unrecognized tax benefit, in the financial statements. The adoption of this standard did not have a material impact on the consolidated financial statements.

***Accounting Guidance Issued But Not Adopted as of August 30, 2014***

During the first quarter of fiscal 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period." This ASU provides more specificity regarding the treatment of share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. This guidance is effective for annual and interim reporting periods beginning after December 15, 2015. The adoption of this standard is not expected to have a material impact on the consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is the single, comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under U.S. GAAP. The core principle of the standard is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective for annual and interim periods beginning on or after December 15, 2016, and early adoption is not permitted. The company is currently evaluating the impact of adopting this guidance.

**3. FISCAL YEAR**

The company's fiscal year ends on the Saturday closest to May 31. Fiscal 2015, the year ending May 30, 2015, and fiscal 2014, the year ended May 31, 2014, each contain 52 weeks. The first quarter of fiscal 2015 and fiscal 2014 each contained 13 weeks.

**4. ACQUISITIONS AND DIVESTITURES**

***Design Within Reach Acquisition***

On July 28, 2014, the company acquired the majority of the outstanding equity of Design Within Reach, Inc. ("DWR"), a Stamford, Connecticut based, leading North American marketer and seller of modern furniture, lighting, and accessories primarily serving consumers and design trade professionals. The acquisition of DWR advances the company's strategy of being both an industry and consumer brand by expanding the company's reach into the consumer sector.

The company purchased an ownership interest in DWR equal to approximately 81 percent for \$155.0 million in cash. As a result of the transaction, the company estimates it will receive future tax benefits with a present value of approximately \$10 million. Additionally, certain senior management of DWR received fully-vested stock options, with a value of \$1.7 million, in the equity of a newly formed consumer-facing subsidiary that DWR merged into as a result of the transaction. These fully-vested equity awards are recorded in the Condensed Consolidated Balance Sheet within "Redeemable noncontrolling interests".

Subsequent to the initial transaction, the company purchased an additional 4 percent of DWR stock from the remaining public shareholders for approximately \$5.8 million in cash, of which \$0.3 million was still yet to be paid at the end of the quarter. The remaining 15 percent of DWR stock was contributed by DWR executives into the newly formed consumer business subsidiary, along with the assets of the company's

existing Consumer business. After these transactions, the redeemable noncontrolling interests in the newly formed subsidiary, known as Herman Miller Consumer Holdings, Inc. ("HMCH"), was approximately 7 percent. The remaining HMCH shareholders have a put option to require the company to repurchase their remaining interest over a five year period from the date of issuance of such shares. As a result, these noncontrolling interests are not included within Stockholders' Equity within the Condensed Consolidated Balance Sheets, but rather, are included within Redeemable Noncontrolling Interests.

The company financed the acquisition of DWR using a combination of existing cash and \$127.0 million of borrowings on its available unsecured credit facility. Acquisition-related expenses for the transaction were \$2.0 million for the quarter and included legal and professional services fees.

The following table summarizes the fair values of the assets acquired and the liabilities assumed from Design Within Reach on July 28, 2014. The allocation of the purchase price is still considered preliminary and is based upon valuation information available and estimates made at July 28, 2014. The company is still finalizing information related to the valuation and useful lives of intangible assets, deferred income taxes, and goodwill. The valuation process is not complete and the final determination of the fair values may result in further adjustments to the values presented below:

**Valuation as of July 28, 2014**

(In millions)	Fair Value
Purchase price	\$ 155.0
Fair value of the assets acquired:	
Cash	1.2
Accounts receivable	2.4
Inventory	47.4
Other current assets	5.5
Long term deferred tax asset	3.7
Goodwill	74.4
Other intangible assets	69.6
Property	32.0
Other long term assets	2.4
Total assets acquired	238.6
Fair value of liabilities assumed:	
Accounts payable	20.8
Current deferred tax liabilities	0.6
Accrued compensation and benefits	1.6
Other accrued liabilities	12.3
Long term deferred tax liability	16.4
Other long term liabilities	0.4
Total liabilities assumed	52.1
Redeemable noncontrolling interests	25.7
Noncontrolling interests	5.8
Net assets acquired	\$ 155.0

The goodwill stemming from the transaction in the amount of \$74.4 million was preliminarily recorded as "Goodwill" in the Condensed Consolidated Balance Sheet and allocated to the Consumer reportable segment. The goodwill recognized is attributable primarily to the assembled workforce and expected synergies from DWR and the total amount of this goodwill is not deductible for tax purposes.



Intangible assets acquired as a result of the acquisition of Design Within Reach were preliminarily valued at \$69.6 million. These amounts are reflected in the values presented in the table below:

**Intangible Assets Acquired from the DWR Acquisition**

(In millions)	Fair Value	Useful Life
Trade Names and Trademarks	\$ 55.1	Indefinite
Exclusive Distribution Agreements	0.2	1.5 years
Customer Relationships	13.1	10 - 16 years
Product Development Designs	1.2	7 years
Total Intangible Assets Acquired	<u>\$ 69.6</u>	

The following table provides net sales and results of operations from DWR included in the company's results since the July 28, 2014 acquisition. Included in the results from DWR was an increase in cost of sales of \$1.6 million and a decrease in sales of \$1.4 million stemming from inventory-related purchase accounting adjustments.

**DWR Results of Operations**

(In millions)	July 28, 2014 - August 30, 2014
DWR Net sales	\$ 21.6
Intercompany sales elimination	(1.6)
Net sales impact to Herman Miller, Inc.	<u>\$ 20.0</u>

Net loss	\$ (1.6)
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**China Manufacturing and Distribution Acquisition**

On September 30, 2013, the company acquired certain assets from Dongguan Sun Hing Steel Furniture Factory Ltd (DGSH) which together, constituted the acquisition of a business. The acquired business is a manufacturing and distribution operation in Dongguan, China. Subject to the finalization of certain post-closing adjustments, consideration transferred to acquire the net assets of DGSH consisted of \$8.2 million in cash, of which \$6.7 million was paid during the second and third quarters of fiscal 2014. The final payment is expected to be made within the next 12 months.

**Divestitures**

During the first quarter of fiscal 2014, the company completed the sale of one wholly-owned contract furniture dealership in Oregon. The effect of this transaction on the company's consolidated financial statements was not material.

**5. INVENTORIES, NET**

(In millions)	August 30, 2014	May 31, 2014
Finished goods	\$ 112.0	\$ 58.2
Raw materials	21.8	20.2
Total	<u>\$ 133.8</u>	<u>\$ 78.4</u>

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 ("FIFO").

**6. GOODWILL AND INDEFINITE-LIVED INTANGIBLES**

Goodwill and other indefinite-lived intangible assets included in the Condensed Consolidated Balance Sheets consist of the following as of August 30, 2014 and May 31, 2014:

(In millions)	Goodwill	Indefinite-lived Intangible Assets	Total Goodwill and Indefinite-lived Intangible Assets
May 31, 2014	\$ 228.2	\$ 40.9	\$ 269.1
Foreign currency translation adjustments	(0.1)	—	(0.1)
DWR acquisition	74.4	55.1	129.5
August 30, 2014	<u>\$ 302.5</u>	<u>\$ 96.0</u>	<u>\$ 398.5</u>

## 7. EMPLOYEE BENEFIT PLANS

### *Pension Plans and Post-Retirement Medical Insurance*

During the second quarter of fiscal 2014, the company settled the remaining obligations associated with its primary domestic defined benefit pension plans. Plan participants received vested benefits from the plan assets by electing either a lump sum distribution, roll-over contribution to other 401(k) or individual retirement plans, or an annuity contract with a qualifying third-party provider. These payments resulted in the settlement of the primary domestic defined benefit pension plans, thus relieving the company of any further obligation.

### *Components of Net Periodic Benefit Costs*

(In millions)	Three Months Ended			
	Pension Benefits		Other Post-Retirement Benefits	
	August 30, 2014	August 31, 2013	August 30, 2014	August 31, 2013
Domestic:				
Interest cost	\$ —	\$ 2.6	\$ 0.1	\$ 0.1
Expected return on plan assets	—	(1.9)	—	—
Net amortization loss	—	2.4	—	—
Net periodic benefit cost	<u>\$ —</u>	<u>\$ 3.1</u>	<u>\$ 0.1</u>	<u>\$ 0.1</u>
International:				
Interest cost	\$ 1.2	\$ 1.0		
Expected return on plan assets	(1.5)	(1.2)		
Net amortization loss	0.5	0.4		
Net periodic benefit cost	<u>\$ 0.2</u>	<u>\$ 0.2</u>		

## 8. EARNINGS PER SHARE

The following table reconciles the numerators and denominators used in the calculations of basic and diluted earnings per share (EPS).

	Three Months Ended	
	August 30, 2014	August 31, 2013
<b>Numerators:</b>		
Numerator for both basic and diluted EPS, net earnings - in millions	\$ 25.2	\$ 22.5
<b>Denominators:</b>		
Denominator for basic EPS, weighted-average common shares outstanding	59,295,859	58,727,106
Potentially dilutive shares resulting from stock plans	615,993	609,736
Denominator for diluted EPS	<u>59,911,852</u>	<u>59,336,842</u>
Antidilutive equity awards not included in weighted-average common shares - diluted	709,206	781,558

The total antidilutive equity awards not included in the weighted-average common shares for the first quarter of fiscal 2015 and fiscal 2014 were 709,206 shares and 781,558 shares, respectively. Included within these amounts were options to purchase 684,249 shares and 749,631 shares, respectively.

The company has certain share-based payment awards that meet the definition of participating securities. The company has evaluated the impact on EPS of all participating securities under the two-class method, noting the impact on EPS was immaterial.

#### 9. STOCK-BASED COMPENSATION

The company's stock-based compensation expense for the three month periods ended August 30, 2014 and August 31, 2013 was \$3.0 million and \$2.8 million, respectively. The related income tax effect was \$1.1 million and \$1.0 million for the three month periods ended August 30, 2014 and August 31, 2013, respectively.

Stock-based compensation expense recognized in the Condensed Consolidated Statements of Comprehensive Income for the three month periods ended August 30, 2014 and August 31, 2013 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 are estimated based on historical experience.

For the three month period ended August 30, 2014, the company issued 30,878 shares of common stock related to the exercise of stock options and 112,615 shares of common stock related to the vesting of restricted stock units.

For the three month period ended August 31, 2013, the company issued 286,157 shares of common stock related to the exercise of stock options and 87,642 shares of common stock related to the vesting of restricted stock units.

#### *Stock Option Plans*

The company has stock option plans under which options to purchase the company's stock are granted to employees, directors, and consultants 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 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. The company estimates the issuance date fair value of stock options on the date of grant using the Black-Scholes model.

#### *Herman Miller Consumer Holdings Stock Option Plan*

Certain employees have been granted, as rollover grants from the acquisition of DWR, options to purchase stock of HMCH, a subsidiary of the company, at a price equal to the exercise price of the original DWR stock options. These awards are fully vested and exercisable at the new rollover grant date, and expire at the end of the window period that follows the fifth anniversary of the grant date. Certain employees were also granted new options to purchase stock of HMCH at a price not less than the market price of HMCH common stock on the date of grant. Under the current award program, these options are potentially exercisable between one year and five years from date of grant and expire at the end of the window period that follows the fifth anniversary of the grant date. Vesting is based on the performance of HMCH over a period of five years. Compensation expense is determined based on grant-date fair value and the number of common shares projected to be issued and is recognized over the requisite service period.

#### *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% of the market price. The company recognizes pre-tax compensation expense related to the market value discount.

#### *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 the rights of a shareholder, subject to certain restrictions on transferability and 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 lapses. The compensation expense for these awards is based on the closing stock price on the date of grant. The company recognizes the related compensation expense on a straight-line basis over the requisite service period.

#### *Restricted Stock Units*

The company grants restricted stock units to certain key employees. The awards generally cliff-vest after a three or five-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 issued, free of restrictions, after the vesting period. The compensation expense for these awards is based on the closing stock price on the date of grant. Compensation expense related to these awards is recognized over the requisite service period. Dividend equivalent awards are credited quarterly. The units do not entitle participants the rights of shareholders of common stock, such as voting rights, until shares are issued after the vesting period.

#### *Performance Share Units*

The company has granted performance share units to certain key employees. 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 or the company's financial performance based on certain total shareholder return results as compared to a selected group of peer companies. 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.

#### 10. INCOME TAXES

The effective tax rates for the three months ended August 30, 2014 and August 31, 2013, were 33.0 percent and 34.7 percent, respectively. The company's United States federal statutory rate is 35 percent. The effective rate in the first quarter of fiscal 2015 was below the statutory percentage primarily due to the release of a valuation allowance against a foreign deferred tax asset related to financing costs.

The company had income tax accruals associated with uncertain tax benefits totaling \$1.3 million as of both August 30, 2014 and August 31, 2013.

The company recognizes interest and penalties related to uncertain tax benefits through income tax expense in its Condensed Consolidated Statement of Comprehensive Income. Interest and penalties recognized in the company's Condensed Consolidated Statement of Comprehensive Income during the three month periods ended August 30, 2014 and August 31, 2013 were negligible. As of both August 30, 2014 and August 31, 2013, the company's recorded liability for potential interest and penalties related to uncertain tax benefits totaled \$0.5 million.

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 the audits. Tax changes related to these audits, if any, are not expected to be material to the company's Condensed Consolidated Statements of Comprehensive Income.

For the majority of tax jurisdictions, the company is no longer subject to state, local or non-United States income tax examinations by tax authorities for fiscal years before 2011.

#### 11. FAIR VALUE MEASUREMENTS

The following describes the methods the company uses to estimate the fair value of financial assets and liabilities, which have not significantly changed in the current period:

*Available-for-sale securities* — The company's available-for-sale marketable securities primarily include mortgage-backed debt securities, government obligations and corporate debt securities and are recorded at fair value using quoted prices for similar securities.

*Deferred compensation plan* — The company's deferred compensation plan primarily includes various domestic and international mutual funds that are recorded at fair value using quoted prices for similar securities.

*Foreign currency exchange contracts* — The company's 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 August 30, 2014 and May 31, 2014.

(In millions)

	Fair Value Measurements	
	August 30, 2014	May 31, 2014
	Quoted Prices with Other Observable Inputs (Level 2)	Quoted Prices with Other Observable Inputs (Level 2)
<u>Financial Assets</u>		
Available-for-sale marketable securities:		
Asset-backed securities	\$ 0.4	\$ 0.4
Corporate securities	1.0	1.2
Government obligations	7.9	7.9
Mortgage-backed securities	1.6	1.6
Foreign currency forward contracts	0.3	0.2
Deferred compensation plan	6.9	6.3
Total	<u>\$ 18.1</u>	<u>\$ 17.6</u>
<u>Financial Liabilities</u>		
Foreign currency forward contracts	\$ 0.1	\$ 0.1
Total	<u>\$ 0.1</u>	<u>\$ 0.1</u>

The company does not hold any level 3 investments. The following is a summary of the carrying and market values of the company's marketable securities as of the respective dates.

(In millions)	August 30, 2014			
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Asset-backed securities	\$ 0.4	\$ —	\$ —	\$ 0.4
Corporate securities	1.0	—	—	1.0
Government obligations	7.9	—	—	7.9
Mortgage-backed securities	1.6	—	—	1.6
Total	<u>\$ 10.9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10.9</u>

  

(In millions)	May 31, 2014			
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Asset-backed securities	\$ 0.4	\$ —	\$ —	\$ 0.4
Corporate securities	1.2	—	—	1.2
Government obligations	7.9	—	—	7.9
Mortgage-backed securities	1.6	—	—	1.6
Total	<u>\$ 11.1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 11.1</u>

Adjustments to the fair value of available-for-sale securities are recorded as increases or decreases, net of income taxes, within accumulated other comprehensive loss in stockholders' equity. The cost of securities sold is based on the specific identification method; realized gains and losses resulting from such sales are included in the Condensed Consolidated Statements of Comprehensive Income within "Other, net".

The company reviews its investment portfolio for any unrealized losses that would be deemed other-than-temporary and require the recognition of an impairment loss in earnings. 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, the company's intent to hold the investment, and whether it is more likely than not that the company will be required to sell the investment before recovery of the cost basis. The company also considers the type of security, related industry and sector performance, and published investment ratings. 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.

Maturities of debt securities included in marketable securities as of August 30, 2014, are as follows.

(In millions)	Cost	Fair Value
Due within one year	\$ 5.2	\$ 5.2
Due after one year through five years	5.6	5.6
Due after five years through ten years	0.1	0.1
Total	\$ 10.9	\$ 10.9

## 12. COMMITMENTS 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 the various costs associated with the company's warranty program and are included in the Condensed Consolidated Balance Sheets under "Accrued warranty." General warranty reserves are based on historical claims experience and other currently available information. These reserves are adjusted once an issue is identified and the actual cost of correction becomes known or can be estimated.

(In millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Accrual Balance — beginning	\$ 25.2	\$ 24.8
Accrual for warranty matters	6.5	4.9
Settlements and adjustments	(6.0)	(5.1)
Accrual Balance — ending	\$ 25.7	\$ 24.6

### Guarantees

The company is periodically required to provide performance bonds in order to do business with certain customers. These arrangements are common and generally have terms ranging between one and three years. The bonds are required to provide assurance to customers that the products and services they have purchased will be installed and/or provided properly and without damage to their facilities. The bonds are provided by various bonding agencies; however, the company is ultimately liable for claims that may occur against them. As of August 30, 2014, the company had a maximum financial exposure related to performance bonds totaling approximately \$8.4 million. The company has no history of claims, nor is it aware of circumstances that would require it to pay under any of these arrangements. The company also 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 August 30, 2014 and May 31, 2014.

The company has entered into standby letter of credit arrangements for purposes of protecting various insurance companies and lessors against default on insurance premium and lease payments. As of August 30, 2014, the company had a maximum financial exposure from these standby letters of credit totaling approximately \$10.6 million, all of which is considered usage against the company's revolving credit facility. 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 August 30, 2014 and May 31, 2014.

### Contingencies

The company leases a facility in the United Kingdom under an agreement that expired in June 2011, and the company is currently leasing the facility on a month-to-month basis. 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. 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 million and \$3.0 million, depending on the outcome of future plans and negotiations. As a result, an estimated liability of \$1.3 million and \$1.5 million was recorded under the caption "Other accrued liabilities" in the Condensed Consolidated Balance Sheets as of August 30, 2014, and May 31, 2014, respectively.

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.

### 13. DEBT

The company's Series A Senior Notes are due on January 3, 2015. Due to this upcoming maturity, \$50 million is classified within the Condensed Consolidated Balance Sheet as "Current maturities of long-term debt".

On July 21, 2014, the company entered into a third amendment and restatement of the syndicated revolving line of credit, which provides the company with up to \$250 million in revolving variable interest borrowing capacity and includes an "accordion feature" allowing the company to increase, at its option and subject to the approval of the participating banks, the aggregate borrowing capacity of the facility by \$125 million. The facility expires in July 2019 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 if borrowings are outstanding. As of August 30, 2014, the total debt outstanding related to borrowings against this facility was \$100.0 million. These borrowings are included within Long-term debt in the Condensed Consolidated Balance Sheet. The total usage against the facility was \$110.6 million, of which \$10.6 million related to outstanding letters of credit.

During the second quarter of fiscal 2014, the company entered into a revolving line of credit, which provides the company with approximately \$5.0 million in revolving variable interest borrowing capacity. The company intends to utilize the revolver, which is denominated in Chinese Renminbi, to meet working capital cash flow needs at its South China operations. The uncommitted facility is subject to changes in bank approval and outstanding borrowings bear interest at rates based on a benchmark lending rate. As of August 30, 2014 and May 31, 2014, there were no borrowings against this facility.

During the second quarter of fiscal 2013, the company entered into a revolving line of credit, which provides the company with approximately \$5.0 million in revolving variable interest borrowing capacity. The company intends to utilize the revolver, which is denominated in Chinese Renminbi, to meet working capital cash flow needs at its Ningbo, China operations. The uncommitted facility is subject to changes in bank approval and outstanding borrowings bear interest at rates based on a benchmark lending rate. Each draw on the line of credit is subject to a maximum period of one year and corresponding interest is payable on the maturity date of each draw. As of August 30, 2014 and May 31, 2014, there were no borrowings against this facility.

During the second quarter of fiscal 2012, the company entered into an amendment and restatement of the syndicated revolving line of credit, which provided the company with up to \$150 million in revolving variable interest borrowing capacity and included an "accordion feature", which allowed the company to increase, at its option and subject to the approval of the participating banks, the aggregate borrowing capacity of the facility by \$75 million. This facility was replaced by the third amendment and restatement that occurred on July 21, 2014. As of May 31, 2014, total usage against this facility was \$4.9 million, all of which related to outstanding letters of credit.

### 14. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table provides an analysis of the changes in accumulated other comprehensive income (loss) for the three months ended August 30, 2014 and August 31, 2013:

(In millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Cumulative translation adjustments at beginning of period	\$ (11.1)	\$ (14.0)
Translation adjustments	(0.5)	(0.7)
Balance at end of period	(11.6)	(14.7)
Pension and other post-retirement benefit plans at beginning of period	(26.8)	(110.3)
Adjustments to pension and other post-retirement benefit plans	—	(0.3)
Reclassification to earnings - cost of sales (net of tax \$0.0, \$(0.3))	—	0.5
Reclassification to earnings - operating expenses (net of tax \$(0.1), \$(0.8))	0.4	1.2
Balance at end of period	(26.4)	(108.9)
Total accumulated other comprehensive loss	\$ (38.0)	\$ (123.6)

### 15. OPERATING SEGMENTS

Following the acquisition of DWR, we realigned the composition of our reportable segments to reflect the new operational and management divisions of the business. As a result, our previously defined "Specialty and Consumer" structure has been divided into two separate segments. The "Specialty" segment includes the operations associated with our Geiger, Maharam, and Herman Miller Collection business units. Under the new structure, the company's "Consumer" business segment includes the results of our combined North American consumer

wholesale and retail business, including DWR. Prior year results have been revised to reflect this change. The North American and ELA segments were not affected by these changes.

The company's reportable segments consist of North American Furniture Solutions, ELA ("EMEA, Latin America, and Asia Pacific") Furniture Solutions, Specialty, and Consumer. The North American Furniture Solutions reportable 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. ELA Furniture Solutions includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings, in the EMEA, Latin America, and Asia-Pacific geographic regions. Specialty includes the operations associated with the design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, and Herman Miller Collection products. The Consumer segment includes the operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as, direct to consumer sales through eCommerce and Design Within Reach studios.

The company also reports a "Corporate" category consisting primarily of unallocated corporate expenses including restructuring, impairment, and acquisition-related costs.

The accounting policies of the reportable operating segments are the same as those of the company. Additionally, the company employs a methodology for allocating corporate costs and assets with the underlying objective of this methodology being 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 appropriate. The majority of corporate costs are allocated to the operating segments; however, certain costs 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. For example, restructuring charges that are reflected in operating earnings are allocated to the "Corporate" category.

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 periods indicated.



(In millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Net Sales:		
North American Furniture Solutions	\$ 321.1	\$ 318.2
ELA Furniture Solutions	95.4	81.6
Specialty	54.6	52.0
Consumer	38.6	16.3
Corporate	—	—
Total	<u>\$ 509.7</u>	<u>\$ 468.1</u>

Depreciation and Amortization:		
North American Furniture Solutions	\$ 7.2	\$ 7.1
ELA Furniture Solutions	2.2	2.0
Specialty	1.7	1.7
Consumer	0.9	0.3
Corporate	—	—
Total	<u>\$ 12.0</u>	<u>\$ 11.1</u>

Operating Earnings:		
North American Furniture Solutions	\$ 36.2	\$ 34.0
ELA Furniture Solutions	3.1	(0.1)
Specialty	2.9	1.8
Consumer	2.3	3.4
Corporate	(2.3)	—
Total	<u>\$ 42.2</u>	<u>\$ 39.1</u>

Capital Expenditures:		
North American Furniture Solutions	\$ 4.2	\$ 4.5
ELA Furniture Solutions	1.9	1.4
Specialty	1.1	0.6
Consumer	1.0	—
Corporate	—	—
Total	<u>\$ 8.2</u>	<u>\$ 6.5</u>

(In millions)	August 30, 2014	May 31, 2014
Total Assets:		
North American Furniture Solutions	\$ 486.5	\$ 457.0
ELA Furniture Solutions	241.1	244.8
Specialty	156.5	157.7
Consumer	235.0	18.8
Corporate	77.6	112.6
Total	<u>\$ 1,196.7</u>	<u>\$ 990.9</u>

Total Goodwill:		
North American Furniture Solutions	\$ 135.8	\$ 135.8
ELA Furniture Solutions	42.5	42.6
Specialty	49.8	49.8
Consumer	74.4	—
Corporate	—	—
Total	<u>\$ 302.5</u>	<u>\$ 228.2</u>

## Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that affected the company's financial condition, earnings and cash flows during the periods included in the accompanying condensed consolidated financial statements and should be read in conjunction with the company's Annual Report on Form 10-K for the fiscal year ended May 31, 2014. References to "Notes" are to the footnotes included in the condensed consolidated financial statements.

### Discussion of Current Business Conditions

During the first quarter, we acquired a majority ownership stake in Design Within Reach, Inc. ("DWR"), a Stamford, Connecticut based marketer and seller of modern furniture, lighting, and accessories primarily serving consumers and design trade professionals. The acquisition closed on July 28, 2014 and, as a result of this timing, our results for the quarter reflect only 5 weeks of DWR's results of operations. Our purchase of DWR represents an important step in our strategy to extend the reach of our brand into the consumer and design trade markets. It also represents a step toward our goal of enhancing the awareness and connection of the Herman Miller brand to the users and specifiers of products sold within our core contract furniture business (an ambition we refer to as shifting from an "Industry" to "Industry+Consumer" focus).

Following the acquisition of DWR, we realigned the composition of our reportable segments to reflect the new operational and management divisions of the business. As a result, our previously defined "Specialty and Consumer" structure has been divided into two separate segments. The "Specialty" segment includes the operations associated with our Geiger, Maharam, and Herman Miller Collection business units. Under the new structure, the company's "Consumer" business segment includes the results of our combined North American consumer wholesale and retail business, including DWR. The North American and ELA segments were not affected by these changes.

In the first quarter of fiscal 2015, our consolidated net sales increased 8.9 percent from the same quarter of last fiscal year to \$509.7 million. Additionally, orders in the first quarter were \$517.0 million, which was an improvement of 9.7 percent compared to the prior year period. Coupled with the strong growth in sales and orders was enhanced profitability, which was shown by the growth in operating earnings and diluted earnings per share of 7.9% and 10.5%, respectively (8.3% and 9.3% on an Adjusted Non-GAAP basis <sup>(1)</sup>). Adjusted EBITDA <sup>(1)</sup> also improved by 8.4 percent as compared to the first quarter of last year.

Sales for the quarter within Herman Miller's North American reportable segment were \$321.1 million, an increase of 0.9 percent from the same quarter last fiscal year. New orders in the first quarter of \$312.7 million were 4.7 percent higher than the year ago period. Compared to the prior year period, sales to the United States Federal Government declined. However, we were pleased with the strength of orders, which were up compared to the first quarter of last year; a further sign of stability in this market sector.

ELA delivered a strong first quarter, highlighted by net sales of \$95.4 million, which represents a 16.9 percent increase from the first quarter of fiscal 2014. The strength of ELA for the quarter was most notable in the United Kingdom and within western and central continental Europe, which experienced growth of approximately \$11 million versus the prior year. New orders in the quarter of \$111.8 million were up 12.7 percent on a year-over-year basis.

Net sales in the first quarter within Herman Miller's Specialty segment totaled \$54.6 million. This represents a 5.0 percent increase over sales in the same quarter last year. New orders in this segment were \$57.1 million in the first quarter, which represents an increase of 6.9 percent on a year-over-year basis.

The Consumer segment reported net sales of \$38.6 million in the first quarter, which is an increase of 136.8 percent from the same quarter of last fiscal year. Orders in the first quarter of \$35.4 million were 77.9 percent above the prior year. On an organic basis, adjusting for the partial-quarter consolidation of DWR, segment sales still improved significantly and were 14.1 percent higher than the first quarter of fiscal 2014.

Capital expenditures totaled \$8.2 million for the three months ended August 30, 2014, a decrease of \$1.7 million compared to the same three month period of fiscal 2014. We anticipate our full year capital spending to be approximately \$65.0 million to \$70.0 million.

We believe the overall economic environment in North America remains positive, highlighted by improving employment and ABI trends, strong corporate profits, solid orders from the United States Federal Government, and more recently, a long-awaited acceleration in construction activity. Those indicators are reflected in BIFMA's positive forecast for 2015. While we are not certain that the industry will achieve the significant growth shown in these projections, we do believe that demand will gain traction as we move into the second quarter.

The remaining sections within Item 2 include additional analysis of our three months ended August 30, 2014, including discussion of significant variances compared to the prior year period.

(1) Non-GAAP measurements; see accompanying reconciliations and explanations.

### Reconciliation of Non-GAAP Financial Measures

This report contains references to Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA and Adjusted earnings per share – diluted, all of which are Non-GAAP financial measures. Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted are calculated by excluding from Gross Margin, Operating expenses, Operating earnings, EBITDA and Earnings per share – diluted items that we believe are not indicative of our ongoing operating performance. Such items consist of expenses associated with restructuring actions taken to adjust our cost structure to the current business climate, transition-related expenses, including amortization and settlement expenses, relating to defined benefit pension plans that we have terminated ("legacy pension expenses"), expenses associated with the valuation of inventories under purchase accounting, and transaction expenses associated with our acquisition of DWR. The legacy pension expenses include settlements caused by the transition to a defined contribution program and the net periodic benefit expenses associated with the terminated plans, subsequent to September 1, 2012. We present Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted because we consider them to be important supplemental measures of our performance and believe them to be useful in analyzing ongoing results from operations.

Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted are not measurements of our financial performance under GAAP and should not be considered an alternative to Gross margin, Operating expenses, Operating earnings and Earnings per share – diluted under GAAP. Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. In addition, in evaluating Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted, you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing prominence of our GAAP results and using Adjusted gross margin, Adjusted operating expenses, Adjusted operating earnings, Adjusted EBITDA, and Adjusted earnings per share – diluted only as a supplement.

The following table reconciles Gross margin to Adjusted gross margin for the periods indicated.

(Dollars in millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Gross margin	\$ 185.6	\$ 170.0
Percentage of net sales	36.4%	36.3%
Add: Inventory purchase accounting adjustments	3.0	1.4
Add: Legacy pension expenses	—	1.0
Adjusted gross margin	\$ 188.6	\$ 172.4
Adjusted gross margin as a percentage of net sales	37.0%	36.8%

The following table reconciles Operating expenses to Adjusted operating expenses for the periods indicated.

(Dollars in millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Operating expenses	\$ 143.4	\$ 130.9
Percentage of net sales	28.1%	28.0%
Less: Acquisition Expenses	2.0	—
Less: Legacy pension expenses	—	2.1
Adjusted operating expenses	\$ 141.4	\$ 128.8
Adjusted operating expenses as a percentage of net sales	27.7%	27.5%

The following table reconciles Operating earnings to Adjusted operating earnings and Adjusted EBITDA for the periods indicated.

(Dollars in millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Operating earnings	\$ 42.2	\$ 39.1
Percentage of net sales	8.3%	8.4%
Add: Inventory purchase accounting adjustments	3.0	1.4
Add: Acquisition expenses	2.0	—
Add: Legacy pension expenses	—	3.1
Adjusted operating earnings	\$ 47.2	\$ 43.6
Less: Other, net	—	0.1
Add: Depreciation and amortization	12.0	11.1
Adjusted EBITDA	59.2	54.6
Adjusted operating earnings as a percentage of net sales	9.3%	9.3%

The following table reconciles Earnings per share – diluted to Adjusted earnings per share – diluted for the periods indicated.

	Three Months Ended	
	August 30, 2014	August 31, 2013
Earnings per share – diluted	\$ 0.42	\$ 0.38
Add: Inventory step-up expenses	0.03	0.02
Add: Acquisition expenses	0.02	—
Add: Legacy pension expenses	—	0.03
Adjusted earnings per share – diluted	\$ 0.47	\$ 0.43

#### Analysis of First Quarter Results

The following table presents certain key highlights from the results of operations for the periods indicated.

(In millions, except per share data)	Three Months Ended		
	August 30, 2014	August 31, 2013	Percent Change
Net sales	\$ 509.7	\$ 468.1	8.9%
Cost of sales	324.1	298.1	8.7%
Gross margin	185.6	170.0	9.2%
Total operating expenses	143.4	130.9	9.5%
Operating earnings	42.2	39.1	7.9%
Other expenses, net	4.7	4.6	2.2%
Earnings before income taxes and equity income	37.5	34.5	8.7%
Income tax expense	12.4	12.0	3.3%
Equity income, net of tax	0.1	—	n/a
Net earnings	\$ 25.2	\$ 22.5	12.0%
Net earnings attributable to redeemable noncontrolling interests	—	—	n/a
<b>Net earnings attributable to Herman Miller, Inc.</b>	<b>\$ 25.2</b>	<b>\$ 22.5</b>	<b>12.0%</b>
Earnings per share - diluted	\$ 0.42	\$ 0.38	10.5%
Orders	\$ 517.0	\$ 471.2	9.7%
Backlog	\$ 322.7	\$ 275.7	17.0%

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

	Three Months Ended	
	August 30, 2014	August 31, 2013
Net sales	100.0%	100.0%
Cost of sales	63.6	63.7
Gross margin	36.4	36.3
Total operating expenses	28.1	28.0
Operating earnings	8.3	8.4
Other expenses, net	0.9	1.0
Earnings before income taxes and equity income	7.4	7.4
Income tax expense	2.4	2.6
Equity earnings from nonconsolidated affiliates, net of tax	—	—
Net earnings	4.9	4.8
Net earnings attributable to redeemable noncontrolling interests	—	—
Net earnings attributable to Herman Miller, Inc.	4.9	4.8

#### Consolidated Sales

Sales for the first quarter of fiscal 2015 compared to the same period in fiscal 2014 increased \$41.6 million, or 8.9 percent. The increase was primarily attributable to the acquisition of DWR in the first quarter of fiscal 2015, as well as increases to sales volumes, changes in pricing - net of discounting, and the favorable impact of changes in foreign currency. In addition to the increases from DWR, sales volumes also increased due to the ELA segment, which demonstrated significant improvements in sales within the EMEA region relative to the first quarter of fiscal 2014. This improvement was realized mainly in the United Kingdom and within western and central continental Europe. There was no one significant item driving the rest of the increase, but rather, it was caused mainly by better sales volumes resulting from an improvement in general economic factors, primarily in the North American business segment. These increases were partially offset by the impact of dealer divestitures and a decrease in sales volumes to the United States Federal Government.

The following table presents the quantification of the changes in the fiscal 2015 first quarter net sales for the three month period compared to the same periods in fiscal 2014.

(In millions)	Three Month Period
First Quarter Fiscal 2014 Net sales	\$ 468.1
Acquisitions and divestitures	
DWR acquisition, net of intercompany elimination	20.0
Dealer divestitures	(2.6)
Impact from foreign currency	1.0
Net changes in pricing	1.7
United States Federal Government volumes	(6.2)
EMEA sales volumes	10.7
Change in sales - general	17.0
First Quarter Fiscal 2015 Net sales	\$ 509.7

#### Performance versus the Domestic Contract Furniture Industry

We monitor the trade statistics reported by BIFMA, the trade association for the United States domestic office furniture industry, and consider them an indicator of industry-wide sales and order performance. BIFMA publishes statistical data for the contract segment within the United States furniture market. The United States contract segment is primarily composed of large to mid-size corporations serviced by a network of dealers. The office supply segment is primarily made up of smaller customers serviced by wholesalers and retailers. We primarily participate, and believe we are a leader in, the contract segment. 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 and lessens our dependence on the United States office furniture market.

We also use BIFMA statistical information as a benchmark for the performance of our domestic United States business (as defined by BIFMA), as well as the performance of our competitors. The timing of large project-based business may affect comparisons to this data. We remain cautious about reaching conclusions regarding changes in market share based on analysis of data on a short term basis. Instead, we believe such conclusions should only be reached by analyzing comparative data over several quarters.

While the sales and order data for our North American reportable segment provide a relative comparison to BIFMA, it is not intended to be an exact comparison. The data we report to BIFMA is consistent with the BIFMA definition of office furniture “consumption.” This definition differs slightly from the categorization we have presented in this report. Notwithstanding this difference, we believe our presentation provides the reader with a more relevant comparison.

For the three month period ended August 30, 2014, the company's domestic United States shipments, as defined by BIFMA, increased 1.1 percent year-over-year, while the company's domestic orders were flat. BIFMA reported an estimated year-over-year increase in shipments of 2.0 percent and an increase in orders of 3.4 percent for the comparable period.

#### Performance versus the Consumer Furnishings Sector

Similar to BIFMA, we also monitor trade statistics reported by the U.S. Census Bureau, which reports monthly retail sales growth data across a number of retail categories, including *Home Furnishings Stores*. This information provides a relative comparison to our Consumer reportable segment, but is not intended to be an exact comparison. The average monthly year-over-year growth rate in sales for the *Home Furnishings Stores* category for the three month period ended July 31, 2014, was approximately 3 percent. By comparison, organic net sales growth in our Consumer segment, for the three months ended August 30, 2014, was approximately 14 percent.

#### Consolidated Gross Margin

Consolidated gross margin in the first quarter was 36.4 percent of net sales, an increase of 10 basis points from 36.3 percent in the first quarter of fiscal 2014. The benefit captured from price increases, net of incremental discounting, had the effect of increasing gross margin by approximately 20 basis points. This benefit drove an increase in net sales of approximately \$1.7 million during the first quarter of fiscal 2015, relative to the first quarter of the prior year.

The acquisition of DWR impacted gross margin unfavorably by approximately 20 basis points as compared to the first quarter of the prior year. Inventory-related purchase accounting adjustments accounted for a decrease in gross margin of 60 basis points. Excluding these purchase accounting adjustments, DWR delivered a 40 basis point increase to gross margin. The remaining inventory-related purchase accounting expense is expected to be incurred during the second quarter of fiscal 2015.

Improvements in manufacturing efficiency and leverage at several manufacturing facilities in the United States and in the United Kingdom had the effect of improving gross margin by 60 basis points. This improvement was offset by increased commodity pricing, which drove a decrease in gross margin of 30 basis points compared to the first quarter of fiscal 2014. The remaining decrease in gross margin was due to unfavorable product and channel mix.

The first quarter Adjusted gross margin<sup>(1)</sup> increased 20 basis points to 37.0 percent as compared to an Adjusted gross margin in the first quarter of fiscal 2014 of 36.8 percent. The improvement in the Adjusted gross margin is due to benefits captured from price increases (net of incremental discounting), improvements in manufacturing efficiency and leverage, and the acquisition of DWR.

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

Period Ended	Three Months Ended		
	August 30, 2014	August 31, 2013	Change
Direct materials	41.8%	40.8%	1.0 %
Direct labor	6.0	6.5	(0.5)
Manufacturing overhead	9.3	10.6	(1.3)
Freight and distribution	6.5	5.8	0.7
Cost of sales	63.6%	63.7%	(0.1)%

(1) Non-GAAP measurements; see accompanying reconciliations and explanations.

Direct material costs as a percent of net sales, in the first quarter of fiscal 2015, increased 100 basis points as compared to the first quarter of fiscal 2014. The increase in material costs as a percent of net sales was primarily related to the impact of inventory-related purchase accounting adjustments stemming from the acquisition of DWR, which accounted for a 60 basis point increase. Unfavorable pricing of commodities also drove an increase in direct material cost percentage of 30 basis points, which was partially offset by the benefit from improvements in pricing, net of discounting, in the amount of 10 basis points. The remaining increase in direct material costs in the current quarter was driven by product mix.

Direct labor was 6.0 percent of net sales for the first quarter of fiscal 2015, a decrease of 50 basis points from the same period last year. This reduction was primarily due to the acquisition of DWR and the impact of pricing improvements, net of discounting.

Manufacturing overhead was 9.3 percent of net sales for the first quarter of fiscal 2015, a decrease of 130 basis points from the first quarter of the prior year. The decrease in manufacturing overhead as a percent of net sales was primarily due to the favorable impact of the acquisition of DWR and a reduction in legacy pension expenses, which provided a favorable impact to the manufacturing overhead percentage of 40 and 20 basis points, respectively. The sale of an owned dealer, lower cost of employee incentives, and better leverage at the manufacturing facility in the United Kingdom each provided improvement of 10 basis points. The remaining decrease in the manufacturing overhead percentage was due to the favorable impact of changes in the product and channel mix compared to the prior year period.

Freight and distribution expense, as a percentage of sales, was 6.5 percent for the first quarter of fiscal 2015, which is an increase of 70 basis points compared to the prior year. This was driven primarily by the acquisition of DWR, which increased the freight percentage by approximately 30 basis points. The remainder of the increase resulted from general cost increases for common carrier services and product mix.

#### Operating Expenses and Operating Earnings

Operating expenses increased \$12.5 million for the first quarter of fiscal 2015 compared to the same period in fiscal 2014. This increase was principally driven by the acquisition of DWR, which added \$8.3 million of operating expenses in the current three month period. Legal, consulting, and other transaction-related costs were also incurred in relation to the acquisition of DWR, which increased operating expenses by an additional \$2.0 million as compared to the first quarter of the prior fiscal year. Also contributing to the increase in operating expenses from the first quarter of fiscal 2014 to the first quarter of fiscal 2015 was the unfavorable impact of foreign currency and increased warranty costs from increased customer specific claims, which increased operating expenses \$0.7 million and \$1.6 million, respectively.

These increases in operating expenses were offset by decreases related to the divestiture of an owned dealer (\$0.9 million), marketing expenses (\$1.3 million), and the benefit of decreased legacy pension expenses (\$2.1 million) due to the termination of our primary domestic defined benefit pension plan. The remaining change was related to increases in various other operating expenses, none of which were material individually, compared to the prior year period.

The following table presents the quantification of the changes in fiscal 2015 operating expenses for the first quarter compared to the same period in fiscal 2014.

(In millions)	Three Months
First Quarter Fiscal 2014 Operating expenses	\$ 130.9
Selling, general & administrative change	
Acquisitions and divestitures	
DWR acquisition	8.3
Dealer divestitures	(0.9)
Legacy pension expenses	(2.1)
Marketing and selling costs	(1.3)
Impact from foreign currency	0.7
Warranty	1.6
Acquisition-related transaction costs	2.0
Other	4.2
First Quarter Fiscal 2015 Operating expenses	\$ 143.4

Operating earnings in the first quarter of fiscal 2015 were \$42.2 million, compared to operating earnings of \$39.1 million in the same period of last fiscal year. The increase in operating earnings relates to improvements in gross margin of \$15.6 million, net of an increase in operating expenses of \$12.5 million.

#### Other Income/Expense and Income Taxes

Other expense of \$4.7 million in the first quarter of fiscal 2015 was \$0.1 million higher compared to the prior year period. The increase in the current period was due to an increase in interest expense related to the amount borrowed to finance the acquisition of DWR.

The effective tax rates for the three months ended August 30, 2014 and August 31, 2013 were 33.0 percent and 34.7 percent, respectively. The relative reduction in the effective tax rate this quarter is due to the release of a valuation allowance against a foreign deferred tax asset related to financing costs.

#### Reportable Operating Segments

The business is comprised of various operating segments as defined by generally accepted accounting principles in the United States. These operating segments are determined on the basis of how the company internally reports and evaluates financial information used to make operating decisions. Due to the previously mentioned realignment of our reportable segments, the structure of the segments below has changed and prior year results have been revised to reflect these updates. For external reporting purposes, the company has identified the following reportable segments:

- *North American Furniture Solutions* — 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 North American Furniture Solutions reportable segment is the aggregation of two operating segments. In addition, the company has determined that both operating segments within the North American Furniture Solutions reportable segment each represent reporting units.
- *ELA Furniture Solutions* — Includes EMEA, Latin America, and Asia-Pacific operations associated with the design, manufacture and sale of furniture products, primarily for work-related settings.
- *Specialty* — Includes operations associated with the design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, and Herman Miller Collection products.
- *Consumer* — Includes operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as direct to consumer sales through the eCommerce and Design Within Reach retail studios.

The company also reports a corporate category consisting primarily of, as applicable, unallocated corporate expenses including restructuring and other related expenses (including impairment expenses). The current quarter and prior year period segment results are as follows:

(In millions)		Three Months Ended		
		August 30, 2014	August 31, 2013	Change
<b>Net Sales:</b>				
North American Furniture Solutions	\$	321.1	\$ 318.2	\$ 2.9
ELA Furniture Solutions		95.4	81.6	13.8
Specialty		54.6	52.0	2.6
Consumer		38.6	16.3	22.3
Corporate		—	—	—
<b>Total</b>	<b>\$</b>	<b>509.7</b>	<b>\$ 468.1</b>	
<b>Operating Earnings:</b>				
North American Furniture Solutions	\$	36.2	\$ 34.0	\$ 2.2
ELA Furniture Solutions		3.1	(0.1)	3.2
Specialty		2.9	1.8	1.1
Consumer		2.3	3.4	(1.1)
Corporate		(2.3)	—	(2.3)
<b>Total</b>	<b>\$</b>	<b>42.2</b>	<b>\$ 39.1</b>	

Further information regarding the reportable operating segments can be found in Note 15.



#### North American Furniture Solutions

Net sales within the North American Furniture Solutions reportable segment ("North America") increased \$2.9 million to \$321.1 million in the first quarter, representing a 0.9 percent increase from the first quarter last year. Decreased sales to the federal government drove a decrease in volume of \$6.2 million. The current quarter also experienced a \$2.6 million decrease in sales due to the divestiture of an owned dealer. The impact of foreign currency decreased the first quarter fiscal 2015 net sales by approximately \$0.8 million compared to the same period last year. Pricing terms that were more favorable in the current quarter drove an increase in sales of \$0.3 million. There was no one significant factor driving the rest of the change in sales for the three month period, compared to the same period in the prior year. Rather, the remaining increase was due mainly to an improvement in general economic factors.

Operating earnings for North America in the first quarter of fiscal 2015 were \$36.2 million, or 11.3 percent of net sales, compared to operating earnings for the first quarter of fiscal 2014 of \$34.0 million or 10.7 percent of net sales. The increase in operating earnings was driven by a decrease in legacy pension costs of \$2.7 million. The decrease in legacy pension costs was caused by the termination of the company's primary domestic defined benefit pension plans during the second quarter of fiscal 2014. Decreased marketing and selling costs of \$2.7 million also contributed to the improvement in operating earnings compared to the first quarter of last year. An increase in freight costs of \$2.7 million as compared to the first quarter of fiscal 2014 offset the favorable impact of decreased legacy pension expenses and marketing and selling costs. The rest of the change related to the unfavorable effect of changes in foreign currency, offset by the impact of the sale of an owned dealer.

#### ELA Furniture Solutions

Net sales within the ELA Furniture Solutions reportable segment were \$95.4 million in the first quarter, an increase of \$13.8 million from the first quarter of fiscal 2014. Net sales improved relative to the same period in the prior year due to changes in foreign currency exchange rates and improved discounting, which drove increases of \$1.9 million and \$1.0 million, respectively. Growth in sales volumes within the EMEA region compared to the first quarter of fiscal 2014, mainly in the UK and continental Europe, drove an increase of approximately \$10.7 million.

Operating earnings within ELA were \$3.1 million for the first quarter of fiscal 2015 as compared to an operating loss of \$0.1 million for the first quarter of fiscal 2014. The increase was driven by improved gross margin performance, attributable to increased leverage and efficiency, offset partially by an increase in material costs of \$0.8 million.

#### Specialty

Net sales for the first quarter within the Specialty reportable segment were \$54.6 million compared to \$52.0 million in the prior year period. Net sales during the quarter increased primarily due to improved sales volumes of Geiger wood products.

Operating earnings within Specialty were \$2.9 million for the first quarter of fiscal 2015 or 5.3 percent of net sales. This compares to operating earnings of \$1.8 million or 3.5 percent of net sales in the same period in the prior fiscal year. Operating earnings for the first quarter of fiscal 2015 increased due to inventory-related purchase accounting adjustments that were recognized in the first quarter of the prior year, related to the acquisition of Maharam, in the amount of \$1.4 million. Decreased legacy pension and employee incentive costs in the amounts of \$0.5 million and \$0.3 million, respectively, also contributed to the increase in operating earnings in the current period. These increases in operating earnings were partially offset by an increase in marketing and selling costs of \$0.6 million. The rest of the change in operating earnings compared to the first quarter of fiscal 2014 was due primarily to increased warranty costs.

#### Consumer

Net sales for the first quarter within the Consumer reportable segment were \$38.6 million compared to \$16.3 million in the prior year period. Net sales during the quarter increased by \$20.0 million due to the acquisition of DWR. The remaining change in net sales was primarily driven by increases in pricing and higher sales volumes within the company's existing consumer wholesale and eCommerce business.

Operating earnings within Consumer were \$2.3 million for the first quarter of fiscal 2015 or 6.0 percent of net sales. This compares to operating earnings of \$3.4 million or 20.9 percent of net sales in the same period in the prior fiscal year. Operating earnings for the period declined due to the impact of inventory-related purchase accounting adjustments, stemming from the acquisition of DWR, in the amount of \$3.0 million. Excluding these adjustments, operating earnings increased from the acquisition of DWR by approximately \$0.4 million. The rest of the change in operating earnings was driven by the year-over-year increase in sales within the company's existing consumer wholesale and eCommerce business.

### Financial Condition, Liquidity, and Capital Resources

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

(In millions)	Three Months Ended	
	August 30, 2014	August 31, 2013
Cash and cash equivalents, end of period	\$ 66.7	\$ 110.1
Marketable securities, end of period	10.9	11.0
Cash provided by operating activities	42.0	38.2
Cash used in investing activities	(162.6)	(6.2)
Cash used in financing activities	86.4	(4.3)
Capital expenditures	(8.2)	(6.5)
Stock repurchased and retired	(1.2)	(3.8)
Common stock issued	1.0	6.1
Dividends paid	(8.3)	(7.3)
Interest-bearing debt, end of period	350.0	250.0
Available unsecured credit facility, end of period <sup>(1)</sup>	139.4	142.7

<sup>(1)</sup> Amounts shown are net of outstanding letters of credit of \$10.6 million and \$7.3 million as of August 30, 2014 and August 31, 2013, respectively, which are applied against the company's unsecured credit facility.

### Cash Flow — Operating Activities

Cash generated from operating activities was \$42.0 million for the three month period ended August 30, 2014, as compared to \$38.2 million in the prior year.

### Three Month Period August 30, 2014

Changes in working capital balances drove an inflow of cash totaling \$5.1 million. The main factors driving the increase in cash from working capital were a decrease in accounts receivable of \$15.2 million and an increase in accrued income taxes of \$8.7 million. These factors more than offset drivers within working capital that decreased cash, such as an increase in inventory of \$8.3 million, a decrease of accrued compensation and benefits of \$3.3 million, and a decrease in trade accounts payable of \$5.9 million.

### Three Month Period August 31, 2013

Through the first three months of fiscal 2014, changes in working capital balances drove an inflow of cash totaling \$3.3 million. The main factors driving the increase in cash from working capital were a decrease in accounts receivable of \$4.8 million and an increase in accrued income taxes of \$15.1 million. These factors more than offset drivers within working capital that decreased cash, such as an increase in prepaid expenses of \$6.0 million and a decrease in accrued compensation and benefits of \$6.5 million.

### Cash Flow — Investing Activities

Included in the first quarter fiscal 2015 investing activities are net cash outflows of \$159.3 million related to the acquisition of Design Within Reach. The company also purchased \$8.2 million of capital assets in fiscal 2015 compared to \$6.5 million in the three month period of fiscal 2014. At the end of the first quarter of fiscal 2015, there were outstanding commitments for capital purchases of \$16.9 million compared to \$8.8 million for the same period in the prior year. The company expects full-year capital purchases to be between \$65.0 million and \$70.0 million primarily related to planned investments in the company's facilities and equipment. This compares to full-year capital spending of \$40.8 million in fiscal 2014.

### Cash Flow — Financing Activities

Cash inflows from financing activities were \$86.4 million for the fiscal 2015 three month period compared to cash outflows of \$4.3 million in the first three months of the prior year. Cash inflow from net borrowings on our revolving credit facility were \$100.0 million during the first quarter of fiscal 2015 as compared to none during the first quarter of the prior year. Cash outflows for dividend payments were \$8.3 million and \$7.3 million for the three month periods of fiscal 2015 and fiscal 2014, respectively. Dividend payments during fiscal 2015 reflected the increased quarterly dividend of \$0.14 per share that the company implemented during the third quarter of fiscal 2014. Cash inflows for stock issuances related to employee benefit programs were \$1.0 million and \$6.1 million during the three month periods of fiscal 2015 and fiscal 2014, respectively.

On July 21, 2014, the company entered into a third amendment and restatement of the syndicated revolving line of credit, which provides the company with up to \$250 million in revolving variable interest borrowing capacity and includes an "accordion feature" allowing the company to increase, at its option and subject to the approval of the participating banks, the aggregate borrowing capacity of the facility by \$125 million. The facility expires in July 2019 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 if borrowings are outstanding. As of August 30, 2014, total usage against this facility was \$110.6 million, of which \$10.6 million related to outstanding letters of credit. At the end of the first quarter of fiscal 2015, the availability under this credit facility was \$139.4 million. The provisions of the private placement notes and unsecured credit facility require that the company adhere to certain covenant restrictions and maintain certain performance ratios. The company was in compliance with all such restrictions and performance ratios for the first quarter and expects to remain in compliance in the foreseeable future.

At the end of the first quarter of fiscal 2015, the company had cash and cash equivalents of \$66.7 million including \$51.4 million of cash and cash equivalents held outside the United States. In addition, the company had marketable securities of \$10.9 million held by one of its international subsidiaries. The subsidiary holding the company's marketable securities is taxed as a United States taxpayer at the company's election; consequently, for tax purposes, all United States tax impacts for this subsidiary have been recorded. The company currently has no plans to repatriate cash from foreign subsidiaries during fiscal 2015. The company has \$5.1 million of cash held outside of the United States for which all United States taxes have been recorded. The company's intent is to permanently reinvest the remainder of the cash outside of the United States. The company's plans do not indicate a need to repatriate these balances to fund United States operations.

The company believes cash on hand, cash generated from operations, and the borrowing capacity will provide adequate liquidity to fund near term and future business operations and capital needs.

#### Contractual Obligations

Contractual obligations associated with ongoing business and financing activities will require cash payments in future periods. A table summarizing the amounts and estimated timing of these future cash payments was provided in the company's annual report on Form 10-K filing for the year ended May 31, 2014.

#### Guarantees

The company provides 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 FASB ASC Topic 460, *Guarantees*, as described in Note 12 to the condensed consolidated financial statements.

#### Variable Interest Entities

On occasion, the company provides financial support to certain independent dealers in the form of term loans, lines of credit, and/or loan guarantees that may represent variable interests in such entities. As of August 30, 2014, the company was not considered to be the primary beneficiary of any such dealer relationships under FASB ASC Topic 810, *Consolidation*. Accordingly, the company is not required to consolidate the financial statements of any of these entities as of August 30, 2014.

#### Contingencies

See Note 12 to the condensed consolidated financial statements.

#### Critical Accounting Policies

The company strives to report financial results clearly and understandably. The company follows accounting principles generally accepted in the United States in preparing its consolidated financial statements, which require certain estimates and judgments that affect the financial position and results of operations for the company. The company continually reviews the accounting policies and financial information disclosures. A summary of the more significant accounting policies that require the use of estimates and judgments in preparing the financial statements is provided in the company's annual report on Form 10-K filing for the year ended May 31, 2014. During the first three months of fiscal 2015, there were no material changes in the accounting policies and assumptions previously disclosed.

#### New Accounting Standards

See Note 2 to the condensed consolidated financial statements.

#### Safe Harbor Provisions

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 beliefs, assumptions, current expectations, estimates and projections about the office furniture industry, the economy and the company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," "should," variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. These risks include, without limitation, employment and general economic conditions, the pace of economic activity in the United States and in our international markets, the estimate and timing of anticipated pension expenses and defined benefit plan pension contributions, the pace and level of government procurement, the increase in white collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, competitive pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, currency fluctuations, the ability to increase prices to absorb the additional costs of raw 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 success of newly introduced products, our ability to obtain targeted margins from new products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, the outcome of pending litigation or governmental audits or investigations, political risk in the international markets we serve, and other risks identified in our filings with the Securities and Exchange Commission. Therefore, actual results and outcomes may materially differ from what we express or forecast. Furthermore, Herman Miller, Inc. undertakes no obligation to update, amend, or clarify forward-looking statements.

### Item 3: Quantitative and Qualitative Disclosures About Market Risk

The information concerning quantitative and qualitative disclosures about market risk contained in the company's Annual Report on Form 10-K for its fiscal year ended May 31, 2014 is incorporated herein by reference.

#### Direct Material Costs

The company is exposed to risks arising from market price changes for certain direct materials used in its manufacturing processes. The largest direct material costs incurred by the company are for steel, plastic/textiles, wood particleboard, and aluminum components. The market price of plastics and textiles are sensitive to the cost of oil and natural gas. The cost of wood particleboard has been impacted by continual downsizing of production capacity in the wood market. Aluminum component prices are sensitive to changes in energy costs associated with the conversion of raw materials to aluminum ingots.

#### Foreign Exchange Risk

The company manufactures its products in the United States, United Kingdom and China. The company also sources completed products and product components from both inside and 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 United States 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, European euro, Canadian dollar, Australian dollar, Japanese yen, Mexican peso, Brazilian real, Indian rupee, South African rand, Hong Kong dollar and Chinese renminbi. As of August 30, 2014, fifteen contracts in total were placed to offset various currency exposures. To offset net asset exposure denominated in non-functional currency, ten forward contracts were placed, including forward contracts to sell 6.1 million euros, 0.5 million Australian dollars, 0.4 million Canadian dollars, 16.6 million Hong Kong dollars, 8.0 million South African rand, and 5.5 million United States dollars. Conversely, five contracts were placed to offset the company's net liability exposure denominated in non-functional currency. These five contracts included forward contracts to buy 17.7 million United States dollars, and 0.6 million euros.

As of May 31, 2014, the company had outstanding, sixteen forward currency instruments designed to offset either net asset or net liability exposure that was denominated in non-functional currencies. To offset net asset exposure denominated in non-functional currency, eight forward contracts were placed, including forward contracts to sell 10.5 million Hong Kong dollars, 7.7 million euros, 5.4 million United States dollars, 10.0 million South African rand, 1.1 million Canadian dollars, and 0.4 million Australian dollars. Conversely, eight contracts were placed to offset the company's net liability exposure denominated in non-functional currency. These eight contracts included forward contracts to buy 0.5 million British pound sterling, 0.7 million euros and 18.5 million United States dollars.

### Item 4: Controls and Procedures

#### Evaluation of Disclosure Controls and Procedures

Under the supervision of, 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 August 30, 2014, and have concluded that as of that date, the company's disclosure controls and procedures are effective.

#### Changes in Internal Control Over Financial Reporting

Other than the acquisition of DWR, which management is in the process of evaluating its impact on the company's internal control over financial reporting, there were no changes in the company's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the quarterly period ended August 30, 2014, that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

HERMAN MILLER, INC.  
PART II — OTHER INFORMATION

Item 1: Legal Proceedings

Referred to in Note 12 of the condensed consolidated financial statements.

Item 1A: Risk Factors

Other than the risk factors discussed below, there have been no material changes in the assessment of the company's risk factors from those set forth in the Annual Report on Form 10-K for the year ended May 31, 2014. The following risk factors have been added as a result of the company's acquisition of DWR, which closed on July 28, 2014.

**We are unable to control many of the factors affecting consumer spending, and declines in consumer spending on furnishings could reduce demand for our products.**

The operations of our Consumer segment are sensitive to a number of factors that influence consumer spending, including general economic conditions, consumer disposable income, unemployment, inclement weather, availability of consumer credit, consumer debt levels, conditions in the housing market, interest rates, sales tax rates and rate increases, inflation, and consumer confidence in future economic conditions. Adverse changes in these factors may reduce consumer demand for our products, resulting in reduced sales and profitability.

**Business transacted through our Consumer segment may expose us to cybersecurity risks and costs associated with credit card fraud and identity theft that could cause us to incur unexpected expenses and loss of revenue.**

We collect certain customer-specific data, including credit card information, in connection with orders placed through our e-commerce websites, direct-to-consumer catalog marketing program, and DWR retail studios. In order for these sales channels to function and develop successfully, we and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information and other personal information on our customers, securely over public and private networks. Third parties may have or develop the technology or knowledge to breach, disable, disrupt or interfere with our systems or processes or those of our vendors. Although we take the security of our systems and the privacy of our customers' confidential information seriously, and we believe we take reasonable steps to protect the security and confidentiality of the information we collect, we cannot guarantee that our security measures will effectively prevent others from obtaining unauthorized access to our information and our customers' information. The techniques used to obtain unauthorized access to systems change frequently and are not often recognized until after they have been launched. Any person who circumvents our security measures could destroy or steal valuable information or disrupt our operations. Any security breach could cause consumers to lose confidence in the security of our information systems including our e-commerce websites or stores and choose not to purchase from us. Any security breach could also expose us to risks of data loss, litigation, regulatory investigations and other significant liabilities. Such a breach could also seriously disrupt, slow or hinder our operations and harm our reputation and customer relationships, any of which could harm our business.

In addition, states and the federal government are increasingly enacting laws and regulations to protect consumers against identity theft. Also, as our business expands globally, we are subject to data privacy and other similar laws in various foreign jurisdictions. If we are the target of a cybersecurity attack resulting in unauthorized disclosure of our customer data, we may be required to undertake costly notification procedures. Compliance with these laws will likely increase the costs of doing business. If we fail to implement appropriate safeguards or to detect and provide prompt notice of unauthorized access as required by some of these laws, we could be subject to potential claims for damages and other remedies, which could harm our business.

**A number of factors that affect our ability to successfully implement our retail studio strategy, including opening new locations and closing existing studios, are beyond our control. These factors may harm our ability to increase the sales and profitability of our retail operations.**

Approximately 60% of the sales within our Consumer segment are generated by our DWR retail studios. Our ability to open additional studios or close existing studios successfully will depend upon a number of factors beyond our control, including:

- General economic conditions
- Identification and availability of suitable studio locations
- Success in negotiating new leases and amending or terminating existing leases on acceptable terms
- The success of other retailers in and around our retail locations
- Ability to secure required governmental permits and approvals
- Hiring and training skilled studio operating personnel
- Landlord financial stability

**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.

The retail furnishings market is highly competitive. We compete with national and regional furniture retailers and department stores. In addition, we compete with mail order catalogs and online retailers focused on home furnishings. We compete with these and other retailers for customers, suitable retail locations, vendors, qualified employees and management personnel. Some of our competitors have significantly greater financial, marketing and other resources than we possess. This may result in our competitors being quicker at the following: adapting to changes, devoting greater resources to the marketing and sale of their products, generating greater national brand recognition, or adopting more aggressive pricing policies. In addition, increased catalog mailings by our competitors may adversely affect response rates to our own catalog mailings. As a result, increased competition may adversely affect our future financial performance.

**Item 2: Unregistered Sales of Equity Securities and Use of Proceeds**

**(A) Issuer Purchases of Equity Securities**

The following is a summary of share repurchase activity during the quarter ended August 30, 2014.

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 (in millions)
6/1/14 - 6/28/14	685	\$ 31.86	685	\$ 150.3
6/29/14 - 7/26/14	38,130	\$ 30.49	38,130	\$ 149.1
7/27/14 - 8/30/14	111	\$ 30.18	111	\$ 149.1
Total	<u>38,926</u>		<u>38,926</u>	

No repurchase plans expired or were terminated during the first quarter of fiscal 2015, nor do any plans exist under which the company does not intend to make further purchases.

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

**Item 3: Defaults upon Senior Securities — None**

**Item 4: Mine Safety Disclosures — Not applicable**

**Item 5: Other Information — None**

Item 6: Exhibits

The following exhibits (listed by number corresponding to the Exhibit table as Item 601 in Regulation S-K) are filed with this Report:

Exhibit Number Document

4	Instruments defining the rights of security holders
	(a) Specimen copy of Herman Miller, Inc., common stock
	(b) Dividend Reinvestment Plan for Shareholders of Herman Miller, Inc.
10	Material Contracts
	(a) Form of Herman Miller, Inc. 2011 Long-Term Incentive Plan Performance Share Unit Award <sup>(1)</sup>
	(b) Employment Agreement between John Edelman and Design Within Reach <sup>(1)</sup>
	(c) Employment Agreement between John McPhee and Design Within Reach <sup>(1)</sup>
	(d) Stockholders' Agreement between HM Springboard, Inc., Herman Miller, Inc., John Edelman, and John McPhee <sup>(1)(2)</sup>
	(e) HM Springboard, Inc. Stock Option Plan <sup>(1)(2)</sup>
31.1	Certificate of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certificate of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certificate of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certificate of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

<sup>(1)</sup> Denotes compensatory plan or arrangement.

<sup>(2)</sup> Subsequent to the agreement, the legal name of the company was changed from HM Springboard, Inc. to Herman Miller Consumer Holdings, Inc.



## SIGNATURES

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

HERMAN MILLER, INC.

October 8, 2014

/s/ Brian C. Walker

Brian C. Walker  
Chief Executive Officer  
(Duly Authorized Signatory for Registrant)

October 8, 2014

/s/ Gregory J. Bylsma

Gregory J. Bylsma  
Chief Financial Officer  
(Duly Authorized Signatory for Registrant)

COMMON STOCK

PAR VALUE \$.20

COMMON STOCK

THIS CERTIFICATE IS TRANSFERABLE  
IN CANTON, MA, JERSEY CITY, NJ AND  
COLLEGE STATION, TX



Certificate  
Number

Shares

**HERMAN MILLER, INC.**

INCORPORATED UNDER THE LAWS OF THE STATE OF MICHIGAN

THIS CERTIFIES THAT

CUSIP 600544 10 0

SEE REVERSE FOR CERTAIN DEFINITIONS

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF COMMON STOCK, PAR VALUE \$.20, OF

**Herman Miller, Inc.** transferable on the share register of the Company in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned by the Transfer Agent.

**Witness** the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

A handwritten signature in cursive script, reading 'Brian C. Welch'.

President and Chief Executive Officer

A handwritten signature in cursive script, reading 'James E. Christensen'.

Secretary



DATED

COUNTERSIGNED AND REGISTERED:  
**COMPUTERSHARE TRUST COMPANY, N.A.**  
TRANSFER AGENT AND REGISTRAR,

By \_\_\_\_\_  
AUTHORIZED SIGNATURE

## **Computershare Investment Plan**

### **A Dividend Reinvestment Plan for Herman Miller, Inc. Common Stock**

For registered shareholders of

This plan is sponsored and administered by  
Computershare Trust Company, N.A.  
**Not by** Herman Miller, Inc.

## Computershare Investment Plan (CIP<sup>SM</sup>)

The Computershare Investment Plan (“CIP”) is a dividend reinvestment plan that provides an alternative to traditional methods of buying, holding, and selling shares in Herman Miller, Inc. (“Herman Miller”).

### CIP allows you to:

- Invest small amounts. Purchases are in dollar amounts, rather than a certain number of shares, so you can own fractional shares.
- Save money. CIP transaction fees are generally lower than commissions and fees charged by a stockbroker.
- Automatically build your investment over time. Your dividends will be reinvested and, if you wish, you can buy additional stock with automatic monthly deductions from your bank account or by check.

### How CIP works

Through CIP, you can purchase and sell Herman Miller shares directly, rather than dealing with a broker.

### You can set up your CIP account so that you:

- Buy the same dollar amount of stock every month through automatic monthly deductions from your bank account.
- Purchase stock by authorizing a one-time online bank debit, or by sending in a check and completed transaction form.

You can also combine these choices. For example, you may choose to purchase every month through automatic monthly deductions and supplement with occasional purchases by check.

CIP is designed for long-term investors who wish to invest and build their share ownership over time.

### Eligibility

CIP is available to any registered shareholder owning at least one share of Herman Miller stock. Regulations in certain countries may, however, limit or prohibit participation in this type of plan. Registered shareholders residing outside the United States who wish to participate in CIP should first contact their financial or legal advisors to determine whether they are subject to any governmental regulations prohibiting their participation.

If you are a beneficial owner of Herman Miller stock having your shares registered in the name of a bank, broker or other nominee, you need to first make arrangements with the organization in whose name your shares are registered to have the shares transferred into your own name. Once the shares are registered in your name, you may then join CIP by following the instructions in “How do I enroll in CIP?”

This brochure provides a general overview and summary of CIP. The detailed Terms and Conditions can be found starting on page 7. Please be sure you read and understand the Terms and Conditions before enrolling in CIP.

## **Questions and Answers**

### **How do I enroll in CIP?**

As an existing registered shareholder of Herman Miller, you may enroll by completing and submitting an enrollment form. Minimum and maximum investment amounts, as well as any applicable fees, can be found on page 17. Computershare will purchase whole and fractional shares of Herman Miller stock to equal the dollar amount of your check, less any applicable fees.

Alternatively, you may enroll online at [www.computershare.com/investor](http://www.computershare.com/investor).

### **How do I purchase additional stock?**

You may purchase additional stock for your CIP account in three ways: by regular monthly electronic deductions, by one-time online bank debit and by check.

- You may authorize automatic monthly deductions from your bank account by completing and returning an authorization form, or you may submit a request online at [www.computershare.com/investor](http://www.computershare.com/investor).
- You may authorize a one-time online bank debit from your U.S. bank account by going to [www.computershare.com/investor](http://www.computershare.com/investor).
- You may make optional cash investments by sending a check (in U.S. dollars) made payable to “Computershare” along with a completed transaction form which is attached to each statement you receive.

Computershare will purchase whole and fractional shares of Herman Miller stock to equal each amount you invest, less any applicable fees. Any fees, as well as minimum and maximum purchase amounts, can be found on page 17.

Keep in mind that the value of the stock can go down as well as up. The past performance of Herman Miller stock is not necessarily an indicator of future performance. There can be no guarantee that the stock you purchase through CIP will gain in value or retain its current value.

**When are shares purchased?**

Shares will be purchased with cash investments at least weekly. The transaction will occur within five business days after your funds are received by Computershare, assuming the applicable market is open for trading.

**May I contribute shares I already own into my CIP account?**

Yes. If you hold paper stock certificates you may send them unsigned to the address shown on page 16 via overnight delivery or some other form of traceable mail, with return receipt requested, and properly insured.

You may also contribute any book-entry shares. Please call Computershare at 866-768-5723 or 781-575-3400 for more information.

Computershare will credit your book-entry registered shares to your CIP account free of charge.

**Can CIP shares be changed to registered shares?**

You may request that your CIP shares be transferred to registration in your name. These shares will be held in book-entry form.

You may request shares be issued in certificate form in your name. To obtain a stock certificate for any or all of the whole shares in your CIP account, simply access your account online at [www.computershare.com/investor](http://www.computershare.com/investor), or call or write to Computershare (see page 16 for contact information). For more information about how certificates are issued, see the Terms and Conditions starting on page 7.

**Are dividends reinvested through the CIP?**

CIP will automatically reinvest dividends on shares as you direct. Please see the enrollment form for participation options available.

Computershare will purchase whole and fractional shares of Herman Miller stock to equal the dollar amount of the reinvested dividends, less any applicable fees and tax withholdings. See the Terms and Conditions starting on page 7 for specific details on dividend reinvestment.

You may change your reinvestment instruction through the Internet, by telephone or in writing at any time. If Computershare receives the notice of change after a dividend record date, Computershare may defer changing your reinvestment option until the next dividend payment date.

### **How do I transfer shares or give them as gifts?**

You may transfer or gift shares from your CIP account by completing a Transfer of Ownership Form. A Transfer of Ownership Form is available to download and print at [www.computershare.com/investor](http://www.computershare.com/investor). Transfers may be made in book-entry form or in certificate form. To obtain instructions for transferring your shares, please download transfer instructions from the Computershare website. Or, you may call the telephone number listed on page 16, and request Computershare to send you transfer instructions and the Transfer of Ownership Form.

### **How do I sell shares?**

You may sell all or a portion of the whole shares of stock in your CIP account at any time, upon request. Just visit [www.computershare.com/investor](http://www.computershare.com/investor) and register as an Investor Centre member. Sales requests can also be submitted via telephone or mailed to the address on page 16 together with the transaction form included with your statement.

You have two choices when making a sale, depending on how you submit your sale request, as follows:

**Market Order:** A market order is a request to sell shares promptly at the current market price. Market order sales are only available at [www.computershare.com/investor](http://www.computershare.com/investor) through Investor Centre or by telephone.

**Batch Order:** A batch order is an accumulation of all sales requests for a security submitted together as a collective request. Batch orders are submitted on each market day, assuming there are sale requests to be processed. Sale instructions for batch orders received by Computershare will be processed no later than five business days after the date on which the order is received (except where deferral is required under applicable federal or state laws or regulations), assuming the applicable market is open for trading and sufficient market liquidity exists. All sale requests received in writing will automatically be treated as batch order sale requests.

For more information about the timing, processing and pricing of sale requests, see the Terms and Conditions starting on page 7. Please also see the fee schedule on page 17, as Market Order and Batch Order sale requests are subject to different fees.

All sale instructions are final when Computershare receives them. Your sale instructions cannot be stopped or cancelled. Computershare may, for various reasons, require a transaction request to be submitted in writing. Please contact Computershare to determine if there are any limitations applicable to your particular sale request.

Sales processed on accounts lacking a valid Form W-9 certifying the accuracy of your taxpayer identification number for U.S. holders, or a Form W-8BEN for non-U.S. holders, will be subject to backup withholding tax at the then effective rate. By furnishing the appropriate form to Computershare before the sale takes place, you will avoid subjecting your sales proceeds to backup withholding tax. Forms are available at [www.computershare.com/investor](http://www.computershare.com/investor) or by calling the telephone number listed on page 16.

If you prefer to sell your shares through a broker, you may request Computershare transfer shares electronically from your CIP account to your brokerage firm account. Alternatively, you may request a certificate which you may deliver to your broker. See the Terms and Conditions for more information about certificate requests.

If you wish to sell shares you own as certificates, you may deposit the certificates into your CIP account and then sell the shares through CIP.

If you elect to sell shares online at [www.computershare.com/investor](http://www.computershare.com/investor) through Investor Centre, you may utilize Computershare's international currency exchange service to convert your sale proceeds to your local currency prior to being sent to you. Receiving your sales proceeds in a local currency and having your check drawn on a local bank avoids the timely and costly "collection" process required for cashing U.S. dollar checks.

This service is subject to additional terms and conditions and fees, which you must agree to online.

#### **How do I keep track of my investments?**

You will receive a CIP statement showing the details of purchase and sale transactions. On each statement, you will find information on how to buy or sell shares through CIP and where to call for additional information.



The statement is your continuing record of the cost basis of your share purchases and should be retained for income tax purposes.

In addition, you will receive copies of the same shareholder communications sent to every shareholder of Herman Miller stock.

**What about taxes?**

Computershare will send a Form 1099-DIV to you and the U.S. Internal Revenue Service after each year-end, reporting any dividend income you received during the year (which may consist of dividends and any applicable fees paid on your behalf by Herman Miller).

If you sell shares through CIP, Computershare will send a Form 1099-B to you and the U.S. Internal Revenue Service showing the total proceeds of the transactions.

For non-U.S. persons, Computershare will send a Form 1042-S to you and the Internal Revenue Service after each year-end, reporting any dividend income you have received during the year.

We recommend that you keep your CIP statements, which are helpful for record keeping and tax purposes.

**How do I vote my shares?**

As you have the same rights as a registered shareholder, you will receive the same proxy material and can vote in the same manner.

**How do I end my participation in CIP?**

To terminate your CIP account, you can access your account online at [www.computershare.com/investor](http://www.computershare.com/investor). Termination requests can also be submitted via telephone or mailed to the address on page 16 together with the transaction form included with your statement.

For specific information about the process and timing of termination of your participation, see the Terms and Conditions starting on page 7.

**What if I have questions about the CIP?**

For more information on CIP, visit [www.computershare.com/investor](http://www.computershare.com/investor).

Any additional questions you have about buying or selling shares or any other CIP services should be directed to Computershare at the telephone number indicated on page 16. A Computershare customer service representative will assist you. Computershare, however, does not provide financial, accounting, legal or tax advice.

CIP is sponsored and administered by  
Computershare, not by Herman Miller.

**Terms and Conditions**

- 1. Computershare Trust Company, N.A. (“Computershare”), as agent for any Participant in Computershare CIP<sub>SM</sub> (CIP), will in accordance with each Participant’s authorization:
  - (a) accept deposits of shares and credit them to the Participant’s account in book-entry form;
  - (b) apply all funds received from an eligible Participant for the purchase of whole and fractional shares of stock for the Participant’s account;
  - (c) issue any dividends payable to the Participant either as a cash payment or as a purchase of additional whole and/or fractional shares;
  - (d) accept orders to sell shares as directed by the Participant in accordance with these Terms and Conditions.

All Participant authorizations under these Terms and Conditions include any necessary instruction to affiliates of Computershare acting as Computershare’s service agents.

- 2. **Purchases**  
For the purpose of making purchases on behalf of Participants, Computershare may combine each Participant’s funds (dividends and funds contributed) with those of all other Participants. Optional cash purchases may be initiated either by sending a check for the desired purchase amount payable to Computershare or by establishing an authorized electronic funds transfer from your checking or savings account. Computershare will not accept cash, traveler’s checks, money orders or third party checks. Computershare will, upon receipt, deposit such funds in an account maintained for the benefit of Participants.

Computershare will seek to invest funds it receives promptly, but in no event later than five business days after the funds are received, assuming the relevant markets are open and sufficient market liquidity exists (and except where deferral is required under applicable federal or state laws or regulations). Dividends will be reinvested promptly following receipt by Computershare assuming the relevant markets are open and sufficient market liquidity exists (and except where deferral is required under applicable federal or state laws or regulations).

The price per share of Herman Miller stock purchased for each CIP account, whether purchased with funds contributed or dividends, or both, shall be the weighted average price of all Herman Miller shares purchased by Computershare's broker net of fees for each aggregate order placed by Computershare and executed by the broker. Computershare will hold, in the name of its nominee, all shares of stock purchased or deposited for Participants and will establish and maintain CIP account records that reflect each Participant's separate interest.

### **3. Sales**

A Participant may sell (or obtain a certificate or certificates for) all shares or part of the whole shares of stock credited to his or her account at any time upon written request. Additionally, sales requests can be submitted online at [www.computershare.com/investor](http://www.computershare.com/investor) or via telephone.

Market order sale requests received by Computershare at [www.computershare.com/investor](http://www.computershare.com/investor) through Investor Centre or by telephone will be placed promptly upon receipt during market hours (normally 9:30 a.m. to 4:00 p.m. Eastern Time). Any orders received after 4:00 p.m. Eastern Time will be placed promptly on the next day the market is open. The price shall be the market price of the sale obtained by Computershare's broker net of fees.

Batch order sale requests received in writing, by telephone or at [www.computershare.com/investor](http://www.computershare.com/investor) through Investor Centre by Computershare will be processed no later than five business days after the date on which the order is received assuming the relevant markets are open and sufficient market liquidity exists (and except where deferral is required under applicable federal or state laws or regulations).

All sale requests received in writing will be submitted as batch order sales. In every case of a batch order sale, the price to each selling Participant shall be the weighted average sale price obtained by Computershare's broker net of fees for each aggregate order placed by Computershare and executed by the broker.

To maximize cost savings for batch order sale requests, Computershare will seek to sell shares in round lot transactions. For this purpose Computershare may combine each selling Participant's shares with those of other selling participants.

All sale instructions are final. Once Computershare has received the Participant's sale instructions, the request cannot be stopped or cancelled.

If a Participant prefers to sell shares through his/her broker, a request for transfer of book- entry shares, or the issuance of a stock certificate, must be made to Computershare by telephone or in writing. See page 16 for contact information.

**4. Transactions**

Computershare will cause its broker to effect purchases and sales on any securities exchange where such shares are traded, in the over-the-counter market, or by negotiated transactions, upon such terms with respect to price, delivery, etc., as Computershare may accept.

No interest will be paid on any funds received by Computershare pending purchase of shares. No Participant shall have any authority or power to direct the time or price at which shares may be purchased (or sold), or to select the broker or dealer through or from whom purchases (or sales) are to be made by Computershare. Neither the purchase price nor the sale price is determined until such time as the broker completes the trade. Computershare will return any funds contributed upon the request of the Participant, provided that Computershare receives the Participant's written notice of cancellation of his/her purchase instruction no later than two business days prior to the purchase date.

In the event that any Participant's check for a cash contribution is returned unpaid for any reason, or an authorized electronic funds transfer cannot be effected, Computershare will consider the request for investment of such funds null and void. Computershare shall immediately remove from the Participant's CIP account those shares, if any, purchased upon the prior credit of such funds.

Computershare shall thereupon be entitled to sell shares to satisfy any uncollected amount plus any applicable fees. If the net proceeds of the sale of such shares are insufficient to satisfy the balance of such uncollected amounts, Computershare shall be entitled to sell such additional shares from the Participant's CIP account as may be necessary to satisfy the uncollected balance.

For processing purchase and sale instructions from a Participant, Computershare will receive compensation in accordance with the fee schedule set forth on page 17 or in subsequent notices of fee changes. Fees are subject to change at any time, in accordance with Paragraph 10 of these Terms and Conditions, upon written notification to Participants.

#### **5. Terminations**

Participation in CIP may be terminated by the Participant at any time by instruction to Computershare. The form that is a part of a Participant's statement may be used for this purpose. Such notice should be sent to Computershare at the address indicated on page 16. A Participant may also terminate by telephone or through account access online at [www.computershare.com/investor](http://www.computershare.com/investor). A Participant's termination takes effect when such notice is received by Computershare except as otherwise provided in this Paragraph 5.

Alternatively, a Participant may direct that all of the shares, both whole and fractional, credited to his or her account be sold by Computershare. Sale requests shall be handled in accordance with Paragraph 3 of these Terms and Conditions. The proceeds of such sale, less any applicable fees and/or tax withholdings, will be sent to the Participant at the address of record.

Upon termination from CIP, any uninvested contributions will be returned promptly to the Participant.

In the event a Participant's notice of termination is received near a record date for an account whose dividends are to be reinvested, Computershare, in its sole discretion, may either distribute such dividends in cash or reinvest them in shares on behalf of the terminating Participant. In the event reinvestment is made, Computershare will process the termination as soon as practicable, but in no event later than five business days after the investment is completed.

Computershare may, for any reason and in its sole discretion, terminate any Participant's participation in CIP, effective immediately upon mailing via U.S. Post Office or courier service a notice of termination to the Participant at the Participant's address of record as maintained in its files. Upon issuing a notice of termination, Computershare will promptly refund any funds contributed and held pending investment.

**6. Agent's Discretion**

Computershare may, for various reasons, require a transaction request to be submitted in writing. Participants should contact Computershare to determine if their particular request, including any sales request, must be submitted in writing.

**7. Tax Consequences**

Although Computershare will reinvest dividends on CIP shares, the Participant remains solely responsible for any income taxes payable on such dividends. Dividend income (which may consist of dividends and any applicable fees paid on your behalf by Herman Miller) paid to Computershare on behalf of a Participant will be reported to the U.S. Internal Revenue Service on Form 1099-DIV, a copy of which will be sent to each Participant.

For non-U.S. persons, Computershare will send a Form 1042-S to the Participant and the Internal Revenue Service after each year-end, reporting any dividend income the Participant received during the year.

If a Participant sells shares through CIP, Computershare will send a Form 1099-B to the Participant and the U.S. Internal Revenue Service showing the total proceeds of the transactions.

IRS regulations require Participants to have a valid and effective tax certification form on file beforehand, in order to avoid the application of U.S. withholding taxes at the then effective rate to payments for dividends (including reinvested dividends) and/or sales proceeds. For U.S. persons, the Form W-9 is required. For non-U.S. persons, the Form W-8BEN is required. Any taxes withheld for the year will be shown on the tax information forms furnished by Computershare to Participants under IRS rules.

## Other Information

8. A Participant will have the sole right to vote shares held by Computershare through CIP.
9. Any stock dividend or shares of stock distributed pursuant to a stock split on shares held in a Participant's CIP account and shares registered in the name of the Participant both will be credited to such account, provided that such stock is of the same type, class and series as the stock held under CIP. In the event that rights are made available to subscribe to additional shares, debentures, or other securities, the whole shares held for a Participant under CIP may be combined with the other shares of the same class of stock registered in the name of the Participant for purposes of calculating the number of rights to be issued to such Participant.
10. Computershare shall not be liable for any action taken or omitted to be taken in connection with this agreement or the services provided herein, except that Computershare shall be liable for losses incurred as a direct result of Computershare's willful misconduct. In particular, but without limitation, Computershare shall not be responsible for any losses (1) arising out of failure to terminate a Participant's participation in CIP upon the Participant's death prior to receipt of written notice of death from an appropriate representative, and (2) with respect to the prices or times at which shares are purchased or sold for any Participant's account. Under no circumstances shall Computershare be liable for any special, indirect, incidental, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, lost profits), even if Computershare has been advised of the possibility of such loss or damage. Except as otherwise stated herein, the parties acknowledge that, in light of the unique characteristics of each instance in which services are to be performed, Computershare makes no representation that any of the services shall be performed at any set time or under any deadline, and Computershare shall not be liable for any change in the market value of any security at any time. Computershare shall not be liable for any loss or damage resulting from its inability to comply with these Terms and Conditions by reason of events beyond its reasonable control, including acts of war, terrorism, riots, civil emergencies, acts of God or nature, local or regional electrical or communications system breakdowns, or acts of civil or military authority.

Computershare reserves the right to amend or modify the provisions of this agreement (including fees), and to terminate CIP at any time, by sending a copy of such amendment or modification or notice of termination (that may be included with normal company mailings to shareholders) to the Participant. Such amendment or modification or notice of termination becomes effective thirty (30) days after sending, unless a different time period is set forth in the materials or required by law.

11. Computershare may, in its sole discretion, use a broker-dealer that is affiliated or unaffiliated with Computershare to execute purchase or sale transactions. In such event, the Participant recognizes that compensation paid in connection with those transactions will accrue to the sole benefit of Computershare or its service providers. Under no circumstances shall Computershare be responsible for any action taken or omitted to be taken by such affiliated or unaffiliated broker-dealer.
12. Computershare provides no advice and makes no recommendations with respect to any security that is eligible for CIP or any purchase or sale transaction initiated by a Participant. Securities are subject to investment risk including the possible loss of the principal invested. Any decision to purchase or sell any security that is eligible for CIP participation must be made by the individual Participant based upon his or her own research and judgment.
13. CIP accounts and the securities and the cash temporarily held for purchase of shares are not deposits of Computershare and are not insured by the Securities Investor Protection Corporation (SIPC), or any other federal or state agency.
14. CIP and the agreement between Computershare and each Participant, including these Terms and Conditions, shall be governed by the laws of the State of New York (without regard to the conflict of law principles), and the parties hereby consent to the jurisdiction of courts in Illinois, New Jersey, and Massachusetts (whether state or federal) over all matters relating to this agreement or the services provided by Computershare.



The signing and sending of a CIP enrollment form or the initiation of a transaction, including the deposit of shares by book-entry or by certificate (if held in certificate form) through CIP, shall constitute an offer by the individual shareholder to establish a principal-agency relationship with Computershare. Acceptance shall occur in the offices of Computershare upon receipt by Computershare of such forms or requests.

15. CIP is not designed for and may not be used by institutional investors or financial intermediaries.

**16. Statement of Ownership**

Computershare will confirm each trade for the Participant's CIP account and each share deposit or share transfer promptly after the account activity occurs. The statement will show the number of shares held by the Participant, the number of shares for which dividends are being reinvested, any cash received for purchase of shares, the price per share for any purchases or sales, and any applicable fees for each transaction charged to the Participant. For market order sales, the time of the sale will be provided. In the event the only activity in your account is the reinvestment of dividends or automatic monthly purchases, this activity will be confirmed in a statement on at least a quarterly basis. If Herman Miller pays an annual dividend and the only activity in your account for the calendar year is the reinvestment of such dividend, you will receive an annual statement.

These statements are a Participant's continuing record of the cost basis of his or her purchases and should be retained for income tax purposes. A service fee may be imposed for providing copies of statements for any period in a prior calendar year.

Participants will receive copies of the same shareholder communications sent to every holder of record of shares.

**17. Shares Owned**

The number of shares credited to a Participant's CIP account will be shown on his or her statements of account. All CIP shares will be held in electronic book-entry form. A Participant may request a certificate be issued at any time. Written requests for certificates for any number of whole shares held in a Participant's CIP account should be mailed to Computershare CIP at the address indicated on page 16. Any remaining whole shares and fraction of a share will continue to be credited to the Participant's CIP account.

- 18.** Laws may prevent residents of certain states or countries from participating in CIP although special arrangements with certain securities broker-dealers may be available. Affiliates of Herman Miller, as defined under the Securities Act of 1933 and the rules thereunder, are not eligible to purchase or sell shares under the CIP. Participants are responsible for determining their eligibility under such laws and under any special rules for Herman Miller employees that are Participants.
- 19.** The parties agree that each provision herein shall be treated as a separate and independent clause, and the unenforceability of any one clause shall not impair the enforceability of any other clause herein. In addition, if one or more of the provisions contained herein shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise, as to be unenforceable at law, such provision(s) shall be construed by the appropriate judicial body by limiting or reducing it or them so as to be enforceable to the maximum extent compatible with applicable law.

## How to contact Computershare

By Internet:

**[www.computershare.com/investor](http://www.computershare.com/investor)**

Please note that all transactions online shall be subject to the additional Investor Centre Terms and Conditions.

Call:

1-866-768-5723 (U.S. and Canada)

1-781-575-3400 (Outside U.S. and Canada)

Write: Computershare CIP

c/o Computershare Investor Services

P.O. Box 43078

Providence, RI 02940-3078

Be sure to include your name, address, account number, company name (both as shown on your statement) and daytime phone number on all correspondence.

For overnight delivery services: Computershare CIP

Computershare Investor Services

250 Royall Street, Mail Stop 1A Canton, MA 02021

## **Purchases**

### **Computershare CIP<sup>SM</sup> Schedule of Fees**

- The minimum cash purchase amount is \$25.
- Cash purchases are subject to a maximum annual amount of \$150,000.
- Each optional cash purchase by check or one time online bank debit will entail a transaction fee of \$5 plus \$0.05 per share\* purchased.
- If funds are automatically deducted from your checking or savings account, the transaction fee is \$2.50 plus \$0.05 per share\* purchased.
- Fees will be deducted from the purchase amount.
- Returned check fee is \$25.
- ACH reject fee is \$25.

### **Reinvestment of Dividends**

- Herman Miller pays the transaction fee and per share\* fee on your behalf.
- Participation Options
- Full reinvestment or Cash on all shares.

### **Sales**

- Each batch order sale will entail a transaction fee of \$10 plus \$0.12 per share\* sold.
- Each market order sale will entail a transaction fee of \$25 plus \$0.12 per share\* sold.
- Fees are deducted from the proceeds derived from the sale.

This schedule of fees is subject to change. See paragraph 10 in Terms and Conditions.

\*All per share fees include any brokerage commissions Computershare is required to pay.

**Computershare**

**HERMAN MILLER, INC. 2011 LONG-TERM INCENTIVE PLAN**  
**HMVA PERFORMANCE SHARE UNIT AWARD**

This certifies that Herman Miller, Inc. (the "Company") has on \_\_\_\_\_ (the "Award Date"), granted to \_\_\_\_\_ (the "Participant") an award (the "Award") of \_\_\_\_\_ Performance Share Units (the "Target Performance Shares") pursuant to and under the Herman Miller, Inc. 2011 Long-Term Incentive Plan (the "Plan") and subject to the terms set forth in this document. A copy of the Plan Prospectus has been delivered to the Participant and a copy of the Plan is available from the Company on request. The Plan is incorporated into this Award by reference, and in the event of any conflict between the terms of the Plan and this Award, the terms of the Plan will govern. Any terms not defined herein will have the meaning set forth in the Plan.

1. Definitions.

(a) "Actual Performance Shares" means the number of Performance Shares determined in accordance with subsection (b) (c) or (d) of Section 2 and payable to the Participant under Section 3 of this Award.

(b) "Average Herman Miller Value Added" means the sum of the Company's Value Added for each Year of the Performance Period divided by 3.

(c) "Average Capital" means the sum of the Company's capital at the end of each month during a Plan Year divided by 12.

(d) "Award Agreement" means the terms and conditions of the Award set forth in this agreement.

(e) "Capital Charge" means the Company's Average Capital for the Plan Year multiplied by the Cost of Capital

(f) "Common Stock" means the Company's \$.20 par value per share common stock.

(g) "Cost of Capital" means the Company's weighted cost of equity plus its weighted cost of debt, expressed as a percentage, as determined by the Committee in a manner consistent with the Manual.

(h) "EBITDA" means the Company's earnings calculated before charges for interest, taxes, depreciation and amortization as determined by the Committee in a manner consistent with the Manual.

(i) "Herman Miller Value Added" means the value added of the Company determined each Plan Year by deducting the Company's Capital Charge from EBITDA, as determined by the Committee in a manner consistent with the terms of the Manual.

(j) "Performance Period" means the period of three (3) consecutive Years beginning with the Year of the Award Date or in the event of a Shortfall, the Alternate Performance Period, if any approved by the Committee or in the event of a Change in Control, the Adjusted Performance Period provided in Section 2(d)(ii).

(k) "Performance Share" means the right to receive one (1) share of Common Stock subject to certain restrictions and on the terms and conditions contained in this Award and the Plan.

(l) "Retirement" means retirement under the Company's qualified retirement plans.

(m) "Target Herman Miller Value Added" means the target amount of Herman Miller Value Added for any Year which is sufficient to entitle the Participant to the target number of Performance Shares under this Award.

(n) "Vesting Period" means the period of thirty-six (36) consecutive months after the Award Date, (or the Alternate Performance Period in the event of a Change in Control) or in the event of a Shortfall, the period of sixty (60) consecutive months after the Award Date, if the Committee approves the use of an Alternate Performance Period.

(o) "Year" means the fiscal year of the Company.

2. Determination of Actual Performance Shares. The Actual Performance Shares in which the Participant will be eligible to vest will be as determined under this Section 2.

(a) Beginning of the Year Determinations. Within 90 days of the beginning of each Year, the Committee will establish the EBITDA, Cost of Capital and the Target Herman Miller Value Added for each Year of the Performance Period. If the Committee determines that vesting of Actual Performance Shares will be based in whole or in part upon the Herman Miller Value Added of any unit or subsidiary, then the Committee will also establish the EBITDA, Cost of Capital and Target Herman Miller Value Added for such units or subsidiaries.

(b) Year-End Determinations. As of the end of each Year the following determinations will be made consistent with the Manual;

(i) Determination of EBITDA and Capital Charge. Within ninety (90) days of the end of each Year of the Performance Period, the Committee will determine the EBITDA and Capital Charge for the just ended Year.

(ii) Determination of Herman Miller Value Added. Within ninety (90) days of the end of each Year and at the end of the Performance Period, the Committee will determine the amount of Herman Miller Value Added for each year and the average for any Performance Period.

(iii) Calculation of Actual Performance Shares. The Committee, within ninety (90) days after the end of the Performance Period, will determine the number of Actual Performance Shares in which the Participant will be eligible to vest. Except as provided in Sections (c) (d) or (e) below, the number of Actual Performance Shares which will be eligible to vest will be determined on a linear basis according to the following;

(A) if the Average Herman Miller Value Added is equal to or greater than \$187 million, then 200% of the Target Performance Shares will vest;

(B) if the Average Herman Miller Value Added is equal to \$165 million (the Target Herman Miller Value Added) then 100% of the Target Performance Shares will vest;

(C) If the Average Herman Miller Value Added is equal to \$150 million the 34% of the Target Performance Shares will Vest, and

(D) if The Average Herman Miller Value Added is less than \$150 million then 0% of the Target Performance Shares will vest.

(c) Shortfall. If the calculation under Section 2(b)(iii) above would result in less than 34% of the number of Target Performance Shares being eligible to vest, then a Shortfall will exist. In the event of a Shortfall, no Actual Performance Shares will vest or be issued unless the Committee authorizes the use of the Alternate Performance Period described in Section d below.

(d) Alternate Performance Period in the Event of a Shortfall. If a Shortfall occurs, the Committee, in its sole discretion, may elect to determine the Target Performance Shares based upon the Alternate Performance Period. If the Committee elects to exercise that discretion, (i) the Alternate Performance Period shall be the ' three (3) consecutive Years beginning with the first day of the Company's 2017 Year and (ii) the Actual Performance Shares shall be equal to 34% of the Target Performance Shares if Average Herman Miller Value Added equals or exceeds 75% of the Target Herman Miller Value Added during the Alternate Performance Period.

(e) Calculation of Actual Performance Shares after a Change in Control. If a Change in Control occurs, the Committee will determine the Participant's Actual Performance Shares in accordance with Section 2(a), subject to the following:

(i) The Committee will adjust the EBITDA for the Year in which the Change in Control occurs by multiplying the EBITDA actually achieved for that Year by a fraction, the numerator of which is the number of days in the period beginning of the first day of the Year and ending on the day prior to the effective date of the Change in Control, and the denominator of which is 365.



(ii) The Performance Period will end (the "Adjusted Performance Period") on the effective date of the Change in Control. The Committee will determine the Average EBITDA by adding the EBITDA for each Year of the Adjusted Performance Period and dividing the sum by the number of whole or partial Years in the Adjusted Performance Period.

3. Adjustments to Target Performance Shares.

(a) In the event that the Participant's employment with the Company or a Subsidiary terminates prior to the end of the Performance Period due to:

(i) Death;

(ii) Disability; or

(iii) Termination of Employment by the Company or a Subsidiary without Cause,

then the Participant's Target Performance Shares will be adjusted by multiplying the Participant's Target Performance Shares granted in this Award by a fraction, the numerator of which is the number of full calendar months, beginning on the first day of the Year of the Award Date and ending on the date on which the event described in Section 3(a) occurs, and the denominator of which is 36.

(b) In the event that the Participant's employment with the Company or a Subsidiary terminates prior to the end of the Performance Period due to Retirement, the Participant's Target Performance Shares will be adjusted as follows:

(i) If the Participant's Retirement occurs during the first Year of the Performance Period, the Participant's Target Performance Shares will be adjusted by multiplying the Participant's Target Performance Shares granted in this Award by a fraction, the numerator of which is the number of full calendar months, beginning on the first day of the Year of the Award Date and ending on the date of the Participant's Retirement, and the denominator of which is 12; and

(ii) No adjustment to the Participant's Target Performance Shares will be made if the Participant's Retirement occurs during the second or third Year of the Performance Period or during the Alternate Performance Period.

4. Vesting.

(a) Except as provided in Section 3 and 10 of this Award Agreement, and subject to the terms and conditions of this Award Agreement and the Plan, (i) the Participant's Actual Performance Shares will vest and become non-forfeitable at the expiration of the Vesting Period, if the Participant remains continuously employed by the Company or a Subsidiary through the last day of the Vesting Period; and (ii) if

Participant ceases to be employed by the Company or a Subsidiary through the last day of the Vesting Period, then Participant's rights to all of the Target Performance Shares granted in this Award will be immediately and irrevocably forfeited.

(b) Notwithstanding the provisions of Section 4(a) above, the Participant's Actual Performance Shares will vest and become non-forfeitable, except for reasons described in Section 10(b), at the expiration of the Vesting Period, in the event that the Participant's employment with the Company or a Subsidiary terminates prior to the end of the Vesting Period due to any of the following:

- (i) Retirement;
- (ii) Death;
- (iii) Disability; or
- (iv) Termination of Employment by the Company or a Subsidiary without Cause.

(c) For purposes of this Section 4, a Participant who begins an approved leave of absence from the Company or a Subsidiary after the Award Date and who returns to employment with the Company or a Subsidiary prior to the last day of the Vesting Period or prior to any of the events described in Section 4(b), above, following the leave of absence, will be considered to be continuously employed during the leave of absence.

(d) Notwithstanding the provisions of Section 4(a), above, the Participant's Actual Performance Shares will vest and become non-forfeitable upon the effective date of a Change in Control.

5. Rights of the Participant with Respect to Performance Shares.

(a) No Shareholder Rights. The Performance Shares granted pursuant to this Award as provided herein are a contingent right to receive Common Stock in the future, are not issued shares of Common Stock and do not and will not entitle Participant to any rights of a shareholder of Common Stock, including the right to vote or receive dividends. The rights of the Participant with respect to the Performance Shares will remain forfeitable at all times prior to the end of the Performance Period as provided in this Award Agreement and the Plan. Prior to conversion of Performance Shares into Common Stock, such Performance Shares will represent only an unsecured obligation of the Company.

(b) Conversion of Performance Shares; Issuance of Common Stock. No shares of Common Stock will be issued to Participant prior to the date on which the Performance Shares vest and the restrictions with respect to the Performance Shares lapse. Neither this Section 5(b) nor any action taken pursuant to or in accordance with

this Section 5(b) will be construed to create a trust of any kind. After any Performance Shares vest and any tax withholding obligations related to such Performance Shares have been satisfied pursuant to Section 9, the Company will, within 60 days thereafter, cause to be issued to the Participant or the Participant's legal representatives, beneficiaries or heirs, as the case may be, a stock certificate or book entry representing the number of shares of Common Stock in payment of such vested whole Performance Shares, unless a valid deferral has been made pursuant to Section 8, in which case such distribution will be made within 60 days after the date to which distribution has been deferred. The value of any fractional Performance Share will be paid in cash at the time certificates are delivered to Participant in payment of the Performance Shares based on the Fair Market Value of a share of Common Stock on the day preceding the date of distribution.

6. Restriction on Transfer.

(a) The Performance Shares and any rights under this Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by Participant otherwise than by will or by the laws of descent and distribution, and any such purported sale, assignment, transfer, pledge, hypothecation or other disposition will be void and unenforceable against the Company. In addition, during any Restricted Period no shares of Common Stock issued pursuant to this Award may be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of by Participant. Notwithstanding the foregoing, Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of Participant and receive any property distributable with respect to the Performance Shares upon the death of Participant.

(b) No transfer by will or the applicable laws of descent and distribution of any Performance Shares that vest by reason of Participant's death will be effective to bind the Company unless the Committee will have been furnished with written notice of such transfer and a copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer.

7. Adjustments to Performance Shares for Certain Corporate Transactions. Adjustments to Performance Shares will be determined in accordance with this Section 7.

(a) The Committee will make an appropriate and proportionate adjustment to the number of Target Performance Shares granted under this Award if:

(i) The outstanding shares of Common Stock are increased or decreased, as a result of merger, consolidation, sale of all or substantially all of the assets of the Company, reclassification, stock dividend, stock split, reverse stock split with respect to such shares of Common Stock or other securities, or

(ii) Additional shares or new or different shares or other securities are distributed with respect to such shares of Common Stock or other securities or exchanged for a different number or kind of shares or other securities through merger, consolidation, sale of all or substantially all of the assets of the Company, reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other distribution with respect to such shares of Common Stock or other securities.

(b) The Committee may make an appropriate and proportionate adjustment in the number of Target Performance Shares granted under this Award if the outstanding shares of Common Stock are increased or decreased as a result of a recapitalization or reorganization not included within Section 7(a) above.

8. Deferral of Distribution. A Participant may elect to defer the conversion of Performance Shares granted under this Award into Common Stock and the issuance of such Common Stock with respect thereto to a time later than that provided under Section 5(b). The Participant must file such election with the Committee at least 12 months prior to the date provided under Section 5(b) that such Performance Shares are scheduled to be converted into Common Stock and issued to the Participant. The Participant must specify in the election the date on which the Performance Shares granted under this Award will be converted to Common Stock and issued to Participant. The date elected must be at least five (5) years later than the date on which the Performance Shares would have been converted to Common Stock and issued to the Participant under Section 5.

9. Tax Withholding.

(a) In order to comply with all applicable federal, state, and local tax withholding laws or regulations, the Company may take such action as it deems appropriate to ensure that all applicable federal, state, and local payroll, withholding, income or other taxes, which are the sole and absolute responsibility of Participant are withheld or collected from Participant.

(b) In accordance with the terms of the Plan, and such rules as may be adopted by the Committee under the Plan, Participant may elect to satisfy Participant's federal, state, and local tax obligations and the Company's withholding obligation arising from the receipt of, or the lapse of restrictions relating to, the Performance Shares, by any of the following means or by a combination of such means set forth below. If the Participant fails to notify the Company of his or her election before the sixtieth (60th) day following the last day of the Performance Period, the Company will withhold shares of Common Stock as described in Section (ii), below.

(i) Tendering a payment to the Company in the form of cash, check (bank check, certified check or personal check) or money order payable to the Company;

(ii) Authorizing the Company to withhold from the shares of Common Stock otherwise to be delivered to the Participant a number of such shares having a Fair Market Value as of the date that the amount of the tax to be withheld is to be determined (the "Tax Date") less than or equal to the minimum amount of the Company's withholding tax obligation; or

(iii) Delivering to the Company unencumbered shares of Common Stock already owned by Participant having a Fair Market Value, as of the Tax Date, less than or equal to the minimum amount of the Company's withholding tax obligation. Any shares of Common Stock already owned by Participant referred to in this Section (iii) must have been owned by Participant for no less than six (6) months prior to the date delivered to the Company if such shares of Common Stock were acquired upon the exercise of an Option or upon the vesting of Restricted Stock or other Restricted Stock units.

The Company will not deliver any fractional share of Common Stock but will round the number of shares issued up or down to the nearest number of full shares. Participant's election must be made on or before the Tax Date.

10. Miscellaneous.

(a) Neither this Award nor the Plan confers on Participant any right with respect to the continuance of employment by the Company or any Subsidiary, nor will there be a limitation in any way on the right of the Company or any Subsidiary by which Participant is employed to terminate his or her employment at any time.

(b) The Participant agrees that, this Award and any Performance Shares and shares of Common Stock issuable pursuant to this Award Agreement shall be subject to forfeiture and adjustment as provided in the "Restatement," "Solicitation of Employees" and "Engaging in Competition" set out below;

(i) Restatement. In the event of a restatement of the Company's consolidated financial statements for any interim or annual period ("Restatement"), the Committee may determine that the Award exceeds the amount that would have been awarded or received had the Restatement been known at the time of the original Award or at the time of vesting of any Performance Shares. In the event that the Committee makes such a determination, the Company shall have the right: (i) in the instance of a Participant whose misconduct or violation of a Company policy causes such Restatement ("Cause"), to terminate, require forfeiture of, or adjust any Awards made to Participant and to require the repayment of any Actual Performance Shares and any Award or on any Actual Performance Shares, realized within twelve (12) months of the Restatement and; (ii) in the instance where a Participant is an officer subject to Section 16 of the Securities and

Exchange Act of 1934, and without regard to whether such Participant caused the Restatement, to adjust any vested or unvested Award made during the period covered by the Restatement to reflect the impact of the Restatement. Both the cause and the amount of adjustment and/or repayment shall be determined by the Committee in its sole discretion and its decision shall be final and binding upon the Participant(s).

(ii) Solicitation of Employees. In the event Participant solicits an employee of the Company for employment or other similar relationship with another employer during the Restricted Period, the Committee shall have the discretion to (i) forfeit this Award and/or (ii) forfeit any vested Award for which Actual Performance Shares have not been issued and/or (iii) to require repayment or return of any Actual Performance Shares. The occurrence of solicitation and amount of repayment shall be determined by the Committee in its sole discretion.

(iii) Engaging in Competition. In the event Participant or any [Affiliate] of Participant during the Restricted Period, directly or indirectly, either for Participant or for any other person or entity directly or indirectly engages in Competition with the Company anywhere in the world in which the Company then transacts business or solicit or attempt to solicit any person or entity who is or has been either 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 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, then the Committee will have the right to (i) terminate this Award (ii) to forfeit any vested Award for which Actual Performance Shares have not been issued and/or (iii) to require repayment or return of any Actual Performance Shares.

(iv) Participant agrees that any violation of Section 10(b)(ii) and/or (iii) would be highly injurious to the Company and would cause irreparable harm to the Company and also that the territorial, time and scope limitations set forth in Section 10(b)(ii) and (iii), 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 Participant agree, 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.

(v) The following definitions apply to this Section 10:

"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.

"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.

"Competing Products" means products manufactured by a Competing Business.

"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.

"Restricted Period" means the period of the Participant's employment with the Company, the balance if any of the Performance Period after the Participant's termination of employment and a period of two consecutive years after the Employee's termination of employment due to Retirement.

(c) The Company will not be required to deliver any shares of Common Stock upon vesting of any Performance Shares until the requirements of any federal or state securities laws, rules or regulations or other laws or rules (including the rules of any securities exchange) as may be determined by the Company to be applicable are satisfied.

(d) An original record of this Award Agreement and of the Participant's acceptance and acknowledgment will be held on file by the Company. This Award Agreement and the Participant's acknowledgment may be made either paper or electronic format as specified by the Company. To the extent there is any conflict between the terms contained in this Award Agreement and the terms contained in the original held by the Company, the terms of the original held by the Company will control.

(e) The Committee shall have full and exclusive discretionary power to make such adjustments and interpretations of this Award and the definition of EBITDA as it may deem necessary and proper. Such adjustments or interpretations shall be binding on the Participant.

11. Section 409A Compliance. To the extent applicable, it is intended that this Award Agreement comply with the provisions of Section 409A of the Internal Revenue Code ("Section 409A"). This Award Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause the Award Agreement to fail to satisfy Section 409A

will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A). If any payments under this Award Agreement constitute nonqualified deferred compensation subject to the requirements of Section 409A and are payable upon a termination of the Participant's employment, then all such payments shall be made only upon a "separation from service" within the meaning of Section 409A, and for purposes of determining the timing of such payments, Participant's termination shall not be considered to occur until he or she has incurred such a separation from service.

**HERMAN MILLER, INC.**

**By Brian C. Walker**

**Its Chief Executive Officer**

**ACCEPTANCE AND ACKNOWLEDGEMENT**

I accept the Award described herein and in the Plan, acknowledge receipt of a copy of this Award Agreement and the Plan Prospectus, and acknowledge that I have read them carefully and that I fully understand their contents.

**PARTICIPANT**

Dated \_\_\_\_ via electronic acceptance \_\_\_\_



**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (the "Agreement"), by and between Design Within Reach, Inc., a Delaware corporation (the "Company") and John Edelman (the "Executive"), is entered into effective as of July 28, 2014 (the "Effective Date").

WHEREAS, on the date hereof, Herman Miller, Inc., a Michigan corporation ("Herman Miller") is acquiring Company;

WHEREAS, prior to the date hereof, Executive served as the President and Chief Executive Officer of Company;

WHEREAS, the Company wishes to employ the Executive and for Executive to serve as its Chief Executive Officer, and the Executive wishes to continue to be so employed, subject to the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, and intending to be bound hereby, the parties agree as follows:

**1. Employment.**

1.1 **Term.** Subject to the termination provisions hereinafter set forth, the Company agrees to employ the Executive in accordance with the terms of this Agreement and the Executive agrees to accept such terms of employment, effective as of the Effective Date for a term of five (5) years (the "Initial Term"). Following the Initial Term, the term of employment under this Agreement shall be automatically renewed for successive one year periods ("Successive Terms") unless either party gives written notice of nonrenewal no earlier than sixty (60) days and no later than thirty (30) days prior to the end of the Initial Term or any Successive Terms, as applicable. As used herein, the word "Term" shall mean the Initial Term and any Successive Terms, as the context may require.

1.2 **At-Will Employment.** Notwithstanding Section 1.1, the Executive's employment with the Company shall be "at will," and either the Executive or the Company may terminate the Executive's employment at any time, for any reason, with or without Good Reason (as defined below) or with or without Cause (as defined below); provided, that such termination is subject to the termination provisions of Section 3 of this Agreement.

1.3 **Positions.** During the Initial Term and any Successive Terms, the Executive will serve as Chief Executive Officer of the Company, reporting directly to the Chief Executive Officer of Herman Miller. At all times during the Initial Term and any Successive Terms, the Executive shall be entitled to serve as a member of the Board of Directors of the Company (the "Board") (and, at the request of Executive, the boards of directors of any subsidiary of the Company), and the Company shall take all actions necessary to appoint Executive to the Board and to obtain requisite shareholder approval.

1.4 **Duties.** The Executive will perform such duties and functions as are customarily performed by the Chief Executive Officer of an enterprise the size and nature of the Company and its subsidiaries, including the duties and functions from time to time assigned to him by the Board of Directors of the Company (the "Board") as are commensurate with such positions. Without limiting the generality of the foregoing, the Executive will be responsible for all aspects of the Company's performance, including strategy, research and development, business development, sales and marketing, operations, manufacturing, corporate development, information management, finance and corporate communications. Executive's role with the Company will include broader responsibilities with respect to the management of the retail business of Herman Miller, and Executive will without additional compensation serve in such executive, officer and director roles within the group of companies including Herman Miller and its subsidiaries (the "Herman Miller Group") as requested from time to time by the Chief Executive Officer of Herman Miller provided such positions duties and responsibilities are commensurate with the Executive's position as Chief Executive Officer.

1.5 **Place of Performance.** The Executive's principal place of employment throughout the Term shall be in the Stamford, Connecticut metropolitan area, subject to reasonable travel required from time to time for business purposes.

1.6 **Time Devoted to Employment.** The Executive will devote his best efforts and his full business time and services to the performance of his duties under this Agreement (excluding periods of paid time off) and will not engage in any other employment, occupation, consulting or other business activity that is related to the business in which the Company is now involved or in which it becomes involved during the Term and will not engage in any other activities that are reasonably expected to interfere with the Executive's duties in accordance with this Agreement. Notwithstanding the foregoing, the Executive may (i) engage in charitable, community service and industry association activities, (ii) serve on the board of directors of other entities, and (iii) manage his own finances, so long as those activities do not interfere with the performance of his duties under this Agreement as determined by the Board. The Executive shall be permitted to retain all compensation in respect of any of the services or activities referred to in the preceding two sentences of this Section 1.6.

**2. Compensation, Equity, Expense Reimbursements and Benefits.**

2.1 **Base Salary.** During the Term, the Executive shall receive an annual salary of \$450,000 (such annualized base salary amount as increased from time to time hereinafter referred to as the "Base Salary"), paid in accordance with the Company's customary payroll practices as in effect from time to time (but in no event less often than monthly)). The Board and the Executive Compensation Committee of the Board of Directors of Herman Miller (the "Compensation Committee") shall review the Base Salary not less frequently than annually, which Base Salary may be increased (but not decreased) from time to time by the Board in its discretion, based upon the recommendations of the Compensation Committee.

2.2 Bonus. Executive will be entitled to a cash incentive bonus on the basis of his current plan in effect immediately prior hereto and attached as Exhibit A hereto, provided, however, such plan shall terminate effective August 31, 2014 and payment thereunder shall be paid to Executive in a lump sum payment promptly upon the financial closing of Company's books for August 2014 and no later than September 30, 2014. Effective September 1, 2014, Executive shall be eligible for an annual cash incentive bonus calculated in accordance with the incentive bonus plan attached as Exhibit B.

2.3 Equity Incentive Compensation. On the Effective Date, the Executive shall be eligible to participate in the Company's 2014 Equity Incentive Plan, a copy of which along with Executive's initial Option Award Agreement on 198,700 shares are attached as Exhibit C or such successor equity compensation plans as may be adopted by the Company from time to time.

2.4 Expenses. During the Term, the Executive will be entitled to reimbursement by the Company for all expenses reasonably incurred by him in connection with the performance of his duties, including, without limitation, travel and entertainment expenses reasonably related to the business of the Company. All expenses shall be incurred and paid in accordance with the policies and procedures established from time to time by the Company.

2.5 Vacation. The Executive shall be entitled to not less than five (5) weeks of paid vacation per year.

2.6 Other Benefits. During the Term, the Executive shall be entitled to participate in any benefit plans, policies or arrangements sponsored or maintained by the Company from time to time for its executive employees, including paid time off, health care benefits, and 40 I(k) plan and such benefit plans, policies or arrangements shall be no less favorable than the benefit plans, policies or arrangements that the Company provides or makes available from time to time to similarly situated senior executives of the Company. Notwithstanding the foregoing, the Executive's eligibility for and participation in any of the Company's employee benefit plans, policies or arrangements will be subject to the terms and conditions of such plans, policies or arrangements as they apply to other senior executives of the Company. Moreover, subject to the terms and conditions of such plans, policies or arrangements, the Company may amend, modify or terminate such plans, policies or arrangements at any time for any or no reason. Without limiting the foregoing, the Company shall pay the Executive's annual dues for the Young President's Organization and Executive shall be entitled to travel on business class for all travel scheduled to take four or more hours.

2.7 Office and Support Staff. During the Term, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments and with secretarial and support staff, consistent with Executive's office and support staff in effect during Executive's employment by Company prior to the Effective Date.

### 3. Termination.

3.1 In General. The Company may terminate the Executive's employment at any time by providing a written notice of a termination date pursuant to Section 3.5. The Executive may terminate his employment at any time upon written notice to the Company specifying the termination date, which must be at least thirty (30) but not more than ninety (90) days from the date of such notice. Upon any termination of the Executive's employment with the Company for any reason: (i) the Executive (unless otherwise requested by the Board) concurrently will resign all director, officer and other positions he holds with respect to the Company, its subsidiaries or affiliates; (ii) the Company will pay to the Executive all accrued but unpaid Base Salary, any unpaid portion of the Annual Bonus earned for the prior year and all accrued and unused vacation or paid time off through the date of termination; and (iii) except as explicitly provided in this Section 3 or otherwise pursuant to any employee benefits plan and/or the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or any similar state statute, all compensation and benefits will cease and neither the Company nor any of its affiliates will have any further liability or obligation to the Executive with respect to payments or benefits hereunder.

#### 3.2 Termination without Cause or for Good Reason.

If the Executive's employment by the Company ceases due to a termination by the Company without Cause or a resignation by the Executive for Good Reason and the Executive executes and does not revoke a general release of claims against the Company and its affiliates in a form generally then used by the Company that is consistent with the terms of this Agreement within sixty (60) days after such termination of employment (a "General Release"), in addition to the payments and benefits set forth in Section 3.1, the Company will (a) pay to the Executive, upon the last day of such sixty (60) day period (subject to any six-month delay required pursuant to Section 3.4), a lump sum cash amount equal to the sum of twelve (12) months of the Executive's Base Salary plus a pro-rated portion of the maximum Annual Bonus for the then-current year (and any unpaid portion of the Annual Bonus earned for the prior year) based on the number of full and/or partial months worked by the Executive during the then-current year and (b) in the event that the Executive elects to receive continued health care, premium reimbursement for a period of twelve (12) months or until the date Executive obtains alternate full-time employment pursuant to which he is covered by a group health insurance plan or is otherwise no longer eligible for COBRA continuation coverage, whichever first occurs.

3.2.1 For purposes of this Agreement, "Cause" means the Executive:

(a) has engaged in conduct that constitutes willful gross neglect or willful gross misconduct or willful gross malfeasance or fraud in the performance of the Executive's duties under this Agreement;

(b) has willfully and repeatedly refused or failed to follow specific, lawful and reasonable directions of the CEO of Herman Miller and the Board, after written notice is delivered to the Executive by the Company specifying the nature of the breach, and failure by the Executive to remedy the breach within thirty (30) days of receipt of the Company's notice;

(c) has willfully, substantially and habitually neglected to undertake good faith efforts to perform any material duty which is normally attached to his position (other than any such neglect resulting from his incapacity due to physical or mental illness), after written notice is delivered to the Executive by the Company specifying the nature of the breach, and failure by the Executive to remedy the breach within thirty (30) days of receipt of the Company's notice;

(d) has been convicted of a felony or a crime involving moral turpitude;

(e) has willfully violated any material written policy of the Company after receiving written notice specifying the details of such violation, unless the Executive remedied such violation within thirty (30) days of receipt of such written notice;

(f) has breached any material provision of this Agreement, after written notice is delivered to the Executive by the Company specifying the nature of such breach, and failure by the Executive to remedy such breach within thirty (30) days of receipt of the Company's notice; or

(g) has violated any statutory or common law duty of loyalty to the Company as determined in a final and non-appealable judgment by a court of competent jurisdiction.

3.2.2A For purposes of this Agreement, no act or failure to act by the Executive shall be considered "willful" unless it is done, or omitted to be done, in bad faith or without a reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution of the Board or upon the instructions of the CEO of Herman Miller or the Board or the Chairman of the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. Under no circumstances shall poor performance of the Executive be deemed to constitute Cause.

3.2.2 For purposes of this Agreement, "Good Reason" means:

(a) the assignment to the Executive of any duties that are inconsistent with, or materially impair his ability to perform, the duties of his position hereunder, or a diminution in the Executive's duties, authority, responsibilities or reporting relationships (after written notice is delivered to the Company by the Executive specifying the nature of the breach, and failure by the Company to remedy the breach within thirty (30) days of receipt of the Executive's notice);

(b) a reduction by the Company of the Executive's Base Salary or a material reduction in the target annual incentive opportunity as of the Effective Date or as increased thereafter, or the failure to pay when due any amounts due under this Agreement;

(c) a material breach by the Company of any provision of this Agreement (after written notice is delivered to the Company by the Executive specifying the nature of the breach, and failure by the Company to remedy the breach within thirty (30) days of receipt of the Executive's notice);

(d) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company as required by Section 5.3;

(e) any material reduction in the kind or level of employee benefits, fringe benefits or perquisites to which the Executive is entitled from time to time, (other than reductions in connection with changes made to the employee benefits plans themselves from time to time, provided such changes are applicable to all similarly situated employees of the Company) or a failure to provide any such benefits, fringe benefits or perquisites when due;

(f) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination within the meaning of Section hereof, and, otherwise in accordance with this Agreement, which, for purposes of this Agreement, shall be ineffective; or

(g) the relocation of the Executive's principal place of business outside of the Stamford, Connecticut metropolitan area, or the assignment to the Executive of unreasonable travel obligations.

3.3 Termination for Death or Disability. If the Board determines in good faith that a Disability (as defined below) of the Executive has occurred during the Term, it may provide the Executive with written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 14th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that the Executive shall not have returned to full-time performance of the Executive's duties with or without reasonable accommodation prior to the Disability Effective Date. For purposes of this Agreement, "Disability" shall mean the Executive is unable to substantially perform, with or without reasonable accommodation, the Executive's principal duties with the Company for ninety (90) consecutive days as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative, except that, if the Executive does not agree with a determination of his Disability (or a failure to make such determination), the question of the Executive's Disability will be subject to the certification of a physician jointly selected by the Executive or the Executive's legal representation and the Company. The costs of the physician will be paid by the Company. If the Executive's employment by the Company ceases due to a termination by reason of death or Disability, then the Company will provide to the Executive or his beneficiaries or other person described in Section 5.3 all wages earned through the date of such termination, plus any unpaid portion of the Annual Bonus earned for the prior year.

3.4 Section 409A. Notwithstanding any provision to the contrary in this Agreement, if the Executive is deemed at the time of his separation from service to be a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the “Code”), to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive’s benefits shall not be provided to Executive prior to the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s “separation from service” with the Company (as such term is defined in the regulations issued under Section 409A of the Code) or (b) the date of Executive’s death. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 3.4 shall be paid in a lump sum to the Executive without interest thereon and any remaining payments due under the Agreement shall be paid as otherwise provided herein.

3.5 Notice of Termination. Any termination of the Executive’s employment hereunder by the Company shall be communicated by Notice of Termination to the Executive in accordance with this Section 3.5. For purposes of this Agreement, a “Notice of Termination” means a written notice authorized by the Chief Executive Officer of Herman Miller and a majority of the Board that states the specific termination provision of this Agreement relied upon, sets forth in reasonable detail the facts and circumstances claimed to provide the basis for such termination of the Executive’s employment under the provision so indicated, and specifies the date of termination of the Executive’s employment, which (other than for a termination by the Company with Cause) shall be not less than fourteen (14), nor more than thirty (30) days, from the date such Notice of Termination is received by the Executive.

4. Restrictive Covenants. As consideration for all of the compensation and benefits to be provided, to the Executive pursuant to this Agreement, the Executive agrees to be bound by the provisions of this Section 4 (the “Restrictive Covenants”). The Restrictive Covenants will apply without regard to the reason for such termination, subject to Section 4.1.3 herein.

4.1 Covenant Not to Compete. The Executive covenants that, during the Term and for a period of twelve (12) months thereafter (the “Restricted Period”), he will not (except in his capacity as an employee or director of the Company) do any of the following directly or indirectly, anywhere in the United States, Canada, or Mexico, and each and every other country where the Business is then: conducted by (i) the Company, or (ii) any company in the Herman Miller Group that the Executive receives Confidential Information about or as to which he is or has been actively involved in as an officer, director, or otherwise as a high level executive in the Herman Miller Group (the “Restricted Territory”):

4.1.3 engage or participate in any business competitive with the Business (as defined below);

or

4.1.4 become interested in (as owner, stockholder, lender, partner, co-venturer, director, officer, employee, agent or consultant) any person, firm, corporation, association or other entity engaged in any business competitive with the Business; provided, however, that unless such holdings materially interfere with the Executive’s performance of his duties hereunder, Executive or his affiliates may hold up to 4.99% of the outstanding securities of any class of any publicly traded securities of any company and up to 4.99% of the outstanding securities of any class of any non-publicly traded company and such ownership shall not constitute a breach of this Section 4.1.2.

4.1.5 In the event of the Executive’s resignation without Good Reason or the expiration of this Agreement for any reason, then, during the Restricted Period, the Company shall, in its sole discretion, either: (i) continue to pay the Executive’s Base Salary until the termination of the Restricted Period, at a rate of 100% of the Executive’s Base Salary as in effect prior to the Executive’s termination of employment, payable at the times and on such terms consistent with the Company’s policies regarding compensation of the senior executives employed by the Company (subject to any required six-month delay under Section 3.4), until the Executive obtains employment with substantially similar salary and benefits to those in effect prior to the Executive’s termination of employment or (ii) waive the Restrictive Covenants in this Section 4.1 and in Section 4.2.1, provided that the Company shall inform Executive of its election of alternative (i) or (ii) at the commencement of the Restricted Period.

4.2 Covenant Not to Solicit. The Executive covenants that, during the Restricted Period and for twelve (12) months thereafter, he will not (except in his capacity as an employee or director of the Company) do any of the following, directly or indirectly, anywhere in the Restricted Territory:

4.2.1 solicit or call on for any purpose competitive with the Business any customer, supplier, licensor, licensee, contractor, agent, representative, advisor, strategic partner, distributor or other business relation with whom (i) Company, or (ii) any member of the Herman Miller Group is then-engaging in the Business and about which Executive has received Confidential Information during his employment with the Company or has been actively involved in as an employee, officer, director, or otherwise as a high level executive in the Herman Miller Group or any such prospective customer, supplier, licensor, licensee, contractor, agent, representative, advisor, strategic partner, distributor or other person that that such company shall have identified and solicited during the six (6) months preceding the termination of the Executive’s employment by the Company and about which Executive has received Confidential Information during his employment with the Company or has been actively involved in as an employee, officer, director, or otherwise as a high level executive in the Herman Miller organization;

4.2.2 influence or attempt to influence any employee, consultant, customer, supplier, licensor, licensee, contractor, agent, representative, advisor, strategic partner, distributor or other person to terminate or adversely modify any written or oral agreement, arrangement or course of dealing with (i) the Company or (ii) any member of the Herman Miller Group relating to the Business and about which Executive has received Confidential Information during his employment with the Company or has been actively involved in as an employee, officer, director, or otherwise as a high level executive in the Herman Miller Group; or

4.2.3 solicit for employment any person who has been employed or retained as an executive, officer, or senior designer within the twelve (12) months preceding the termination of the Executive's employment with the Company for any reason by (i) the Company or (ii) any entity in the Herman Miller Group (a) about which Executive has received Confidential Information during his employment with the Company, or (b) with which the Executive has been actively involved in his capacity as an employee, officer, director, or otherwise as a high level executive in the Herman Miller organization, except that the Executive's solicitation of John McPhee shall not be a breach of this Section 4.2.

4.3 Covenant Not to Make Disparaging Statements. The Executive agrees not to make or publish any disparaging statements about Company, any member of the Herman Miller Group or any of their respective directors, officers, agents, employees or representatives, and the Company and Herman Miller agree not to make or publish any disparaging statements about the Executive; provided, however, that the foregoing shall not prohibit at any time the Company from reporting or commenting regarding the Executive's business or professional conduct or actions occurring after the date of termination or the Company and/or the Executive from testifying truthfully in any judicial or administrative proceeding, responding truthfully to inquiries by any federal, state or local regulators or responding to statements by the other party that are in breach of this Section 4.3. Nothing contained in this Section 4.3 shall preclude either the Company or the Executive from enforcing their respective rights under this Agreement.

#### 4.4 Confidentiality.

4.4.1 The Executive shall maintain in confidence and shall not, either during the Term or at any time after his employment with the Company, except as permitted under the terms of this Agreement or as otherwise agreed to by the Company, communicate or disclose to, or use for the benefit of the Executive or any other person or entity, any proprietary or confidential information, trade secret or know-how belonging to the Company or any member of the Herman Miller Group (collectively, the "Confidential Information"), whether or not such Confidential Information is in written or permanent form, except to the extent required to perform his duties described in this Agreement. Such Confidential Information includes, but is not limited to, all business information, trade secrets, information about products, processes and services, technological information, intellectual property, confidential records, pricing information, accounting, merchandising, or marketing information, sales techniques, client, customer or manufacturer lists, information about client requirements, terms of contracts with suppliers and clients, internal business procedures, business methods used or developed by or for the Company or any member of the Herman Miller Group, computer codes, hardware system information, planning and financial information, product development plans, marketing plans and future business plans, and Confidential Information of customers or other third parties that has been disclosed to the Company in confidence.

4.4.2 Notwithstanding the foregoing, the term Confidential Information shall not include any information that (i) is or becomes available in the public domain, including information that is publicly known or generally utilized by others engaged in the same business as the Company, other than as a result of a disclosure by Executive in violation of this Agreement; (ii) is known by the Executive prior to his employment with the Company (or any predecessor thereto) or is developed by Executive outside the scope of his duties, on behalf of the Company, without using any Confidential Information; or (iii) is or becomes available to Executive from a source other than the Company, any member of the Herman Miller Group provided that such source is not, to Executive's actual knowledge, prohibited from disclosing such information by a contractual or fiduciary obligation to the Company. The foregoing obligations with respect to the Confidential Information extends to information belonging to customers and suppliers of the Company, any member of the Herman Miller Group who may have disclosed such information to the Company or the Executive as a result of the Executive's status as an employee of the Company. Notwithstanding any provision to the contrary herein, Executive shall be permitted to disclose Confidential Information to the extent required to be disclosed by applicable law or legal or regulatory process, provided that Executive shall provide the Company (to the extent practicable and legally permissible) with prompt written notice of any such requirement so that the Company may seek a protective order or other appropriate remedy (at the Company's sole expense), if it so chooses. In the event that such protective order or other remedy is not obtained, or the Company chooses not to seek such relief, the Executive agrees to furnish only that portion of the Confidential Information which the Executive believes is legally required to be disclosed and the Executive agrees to exercise reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information (provided that the Executive will not be required to expend any monies to do so).

4.4.3 Upon the termination of the Executive's employment, or at any time when so requested by the Company, the Executive agrees to promptly return or destroy all documents of the Company and any other property in the Executive's possession or control belonging to Company, and any other materials containing Confidential Information, including all copies of same, and records, notes, compilations or other matter relating thereto.

#### 4.5 Ownership of Product Ideas and Assignment.

4.5.1 Product Ideas. The Executive will disclose to the Company, during the Term, all Product Ideas of which the Executive becomes aware. "Product Ideas" shall mean all ideas, inventions, copyrightable expressions, research, plans for products or services, marketing plans, original works of authorship, know how, trade secrets, information, data, developments, discoveries, improvements, modifications, technology and designs, whether or not eligible for patent or copyright protection, which relate to the Business, made, conceived, expressed, developed, or actually or constructively reduced to practice by the Executive within the scope of Executive's employment solely or jointly with other Company employees or consultants retained by Company during the Term. Product Ideas shall not include any of the foregoing which are made, conceived, expressed, developed, or actually or constructively reduced to practice by Executive on his or her own time without using Company's equipment, supplies, facilities or trade secret information.

4.5.2 Ownership of Product Ideas and Assignment. The Executive acknowledges and agrees that the Product Ideas and any resulting patents or trademarks shall be the exclusive property of the Company, and that all of said Product Ideas shall be considered as “work made for hire” belonging to the Company. To the extent any such Product Ideas, under applicable law, may not be considered work made for hire by the Executive for the Company, the Executive hereby assigns and, upon its creation, automatically and irrevocably assigns to the Company, without any further consideration, all right, title and interest in and to such Product Ideas, including, without limitation, any copyright, other intellectual property rights, all contract and licensing rights, and all claims and causes of action of any kind with respect to such materials. The Company shall have the exclusive right to use the Product Ideas, whether original or derivative, for all purposes without additional compensation to the Executive. At the Company’s expense, the Executive will assist the Company to perfect the Company’s rights in the Product Ideas and to protect the Product Ideas throughout the world, including, without limitation, promptly executing and delivering such patent, copyright, trademark or other applications, assignments, descriptions and other instruments and to take such actions for and on behalf of the Executive as may be necessary to vest title to and/or defend or enforce the rights of the Company in the Product Ideas.

4.6 Business. For purposes of this Agreement, “Business” means (i) the business of the design, manufacture, market, distribution and sale of furniture, lighting, textiles, rugs and accessories, for consumer and commercial markets, at wholesale and retail levels, including, without limitation, through brick and mortar stores, catalog, telephone and internet sales, and (ii) those other elements of the business of the Herman Miller Group that Executive receives Confidential Information about or as to which he is actively involved with as an officer, director or otherwise as a high level executive in the Herman Miller Group.

4.7 Acknowledgements. The Executive acknowledges that the Restrictive Covenants are reasonable and necessary to protect the legitimate interests of the Company and its affiliates and that the duration and geographic scope of the Restrictive Covenants are reasonable given the nature of this Agreement and the position the Executive will hold within the Company. The Executive further acknowledges that the Restrictive Covenants are included herein in order to induce the Company to continue to employ the Executive pursuant to this Agreement and that the Company would not have entered into this Agreement in the absence of the Restrictive Covenants. Executive acknowledges that due to his envisaged role as an executive leader with the Herman Miller Group, he will be given access to confidential information from the entire Herman Miller Group and that he will be given detailed insight into the Herman Miller worldwide business.

#### 4.8 Remedies and Enforcement upon Breach.

4.8.1 Specific Enforcement. The Executive acknowledges that any breach by him, willfully or otherwise, of the Restrictive Covenants will cause continuing and irreparable injury to the Company for which monetary damages would not be an adequate remedy. The Executive shall not, in any action or proceeding to enforce any of the provisions of this Agreement, assert the claim or defense that such an adequate remedy at law exists. In the event of any such breach by the Executive, the Company shall have the right to enforce the Restrictive Covenants by seeking injunctive or other relief in any court, without any requirement that a bond or other security be posted, and this Agreement shall not in any way limit remedies of law or in equity otherwise available to the Company.

4.8.2 Judicial Modification. If any court determines that any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, such court shall have the power to modify such provision and, in its modified form, such provision shall then be enforceable.

4.8.3 Enforceability. If any court holds the Restrictive Covenants unenforceable by reason of their breadth or scope or otherwise, it is the intention of the parties hereto that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographic scope of such Restrictive Covenants.

4.8.4 Disclosure of Restrictive Covenants. The Executive agrees to disclose the existence and terms of the Restrictive Covenants to any employer that the Executive may work for during the Restricted Period.

### 5. Code Section 409A.

5.1.4 This Agreement shall be interpreted, construed and administered in a manner that does not cause the Executive to incur federal tax liability under Section 409A of the Code and payments and benefits under this Agreement are intended to comply with or be exempt from the provisions of Section 409A of the Code. If for any reason, such as imprecision in drafting, any provision of this Agreement (or of any award of compensation, including, without limitation, equity compensation or benefits) does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted in a manner consistent with such intent.

5.1.5 A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Code Section 409A upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean such a separation from service. The determination of whether and when a separation from service has occurred for purposes of this Agreement shall be made in accordance with the presumptions set forth in Section 1.409A-l(h) of the Treasury Regulations.

5.1.6 Any reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409A, including, without limitation, that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the year next following the year in which the applicable fees, expenses or other amounts were incurred; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits that the Company is obligated to pay or provide, in any given year shall not affect the expenses that the Company is obligated to reimburse, or the in-kind benefits that the Company is obligated to pay or provide, in any other year; (iii) the Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive's remaining lifetime.

5.1.7 For purposes of Section 409A of the Code, the Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. In no event may the Executive, directly or indirectly, designate the year of any payment to be made under this Agreement, to the extent such payment is subject to Code Section 409A.

5.2 Limitation on Payment and Benefits. Notwithstanding any provision of this Agreement to the contrary, in the event that any amount or benefit to be paid or provided under this Agreement or otherwise to the Executive constitutes a "parachute payment" within the meaning of Section 280G of the Code (as determined after considering any mitigating factors including, without limitation, a non-competition valuation), and but for this provision, would be subject to the excise tax imposed by Section 4999 of the Code, then the totality of those amounts payable under Section 3.2.1 of this Agreement shall be either: (a) delivered in full, or (b) delivered as to such lesser extent which would result in no portion of such payments and benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999 of the Code (and any equivalent state or local excise taxes), results in the receipt by the Executive on an after-tax basis, of the greatest amount of such payments and benefits, notwithstanding that all or some portion of such amount may be taxable under Section 4999 of the Code. Unless the Company and the Executive otherwise agree, any determination required under this provision shall be made in writing by a firm of independent public accountants selected by the Executive and reasonably acceptable to the Company (the "Accountants"), whose determination shall be conclusive and binding upon the Executive and the Company for all purposes. The Company and the Executive agree to furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this provision. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this provision. Any reduction of any amount required by this provision shall occur in the following order: (1) reduction of cash payments to the Executive under Section 3.2.1(a) of this Agreement or otherwise; and (2) reduction of other benefits paid or provided to the Executive under Section 3.2.1 (b) of this Agreement or otherwise.

5.3 Other Agreements. The Executive represents and warrants to the Company that there are no restrictions, agreements or understandings whatsoever to which he is a party that would prevent or make unlawful his execution of this Agreement, that would be inconsistent or in conflict with this Agreement or the Executive's obligations hereunder, or that would otherwise prevent, limit or impair the performance by the Executive of his duties under this Agreement.

5.4 Successors and Assigns. This Agreement shall be binding upon any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, and the Company shall require any such successor to expressly assume and agree in writing to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, or, in the event the Company remains in existence, the Company shall continue to employ the Executive under the terms hereof. No rights or obligations of the Company under this Agreement may otherwise be assigned or transferred by the Company. As used in this Agreement, the "Company" shall mean the Company and any successor to its business and/or assets which assumes or is obligated to perform this Agreement by contract, operation of law or otherwise. This Agreement shall inure to the benefit of and be enforceable by the Executive and his personal or legal representatives, executors, estate, trustee, administrators, successors, heirs, distributees, devisees and legatees. The Executive may not assign this Agreement or any rights hereunder, or delegate his duties under this Agreement, without the prior written consent of the Company; however, in the event of the death of the Executive, all rights to receive payments hereunder shall become rights of the Executive's devisee, legatee or other designee or the Executive's estate.

5.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the principles of conflicts of laws.

5.6 Arbitration. Unless otherwise prohibited by law or specified below, all disputes, claims and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation shall be resolved solely and exclusively by final and binding arbitration held in New York, New York through Judicial Arbitration & Mediation Services/Endispute ("JAMS") under the then existing JAMS arbitration rules. However, nothing in this Section is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. The Company will pay the direct costs and expenses of any such arbitration, including the fees and costs of the arbitrator. Each party in any such arbitration shall be responsible for its own attorneys' fees and related costs and necessary disbursements; provided, however, that in the event one party refuses to arbitrate and the other party seeks to compel arbitration by court order, if such other party prevails, except as may be prohibited by law, it shall be entitled to recover reasonable attorneys' fees and related costs and necessary disbursements; and provided further, however, that if the Executive is the prevailing party in the arbitration, the Executive shall be entitled to recover reasonable attorney's fees and related costs and necessary disbursements.

5.7 Indemnification; Directors' and Officers' Liability Insurance. During the Term and thereafter, the Company shall indemnify the Executive to the fullest extent permitted and/or required by law for actions or omissions of the Executive during the Term as an officer, director or

employee of the Company (or any of its affiliates) or as a fiduciary of any benefit plan of the foregoing, including, but not limited to, if the Executive is made a party, or compelled to testify or otherwise participate in any action, suit or proceeding, by reason of the fact that he is or was an officer, director or employee of the Company (or any of its affiliates) or as a fiduciary of any benefit plan of the foregoing. The Company will promptly advance to the Executive expenses incurred or to be incurred by him, including reasonable attorneys' fees, to defend any indemnification-eligible proceeding prior to its final disposition, after receipt by the Company of a written request from the Executive for such advance, together with documentation reasonably acceptable to the Board, subject to an undertaking by the Executive to pay back any advanced amounts for which it is determined that the Executive was not entitled to indemnification. If the Executive has any knowledge of any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, as to which the Executive may request indemnity under this provision, the Executive shall give the Company prompt written notice thereof; provided that the failure to give such notice shall not affect the Executive's right to indemnification. The Company shall be entitled to assume the defense of any such proceeding, and the Executive shall cooperate with such defense. During the Term (and thereafter for the period of any applicable statute of limitations), the Company and its Affiliates shall cover the Executive under its directors' and officers' liability insurance policy to the extent it and its Affiliates covers its other officers and directors.

5.8 No Mitigation; No Set-Off. In the event of any termination of the Executive's employment, he shall be under no obligation to seek other employment or take any other action by way of mitigation of the amounts payable, or benefits provided, to the Executive under any of the provisions of this Agreement. The Company's obligation to make the payments, and provide the benefits, provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by (a) any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others, or (b) any remuneration or benefits attributable to any subsequent employment with an unrelated person, or any self-employment, that the Executive may obtain. Any amounts due under Section 5 are considered reasonable by the Company and are not in the nature of a penalty.

5.9 Waivers; Separability. The waiver by either party hereto of any right hereunder or any failure to perform or breach by the other party hereto shall not be deemed a waiver of any other right hereunder or any other failure or breach by the other party hereto, whether of the same or a similar nature or otherwise. No waiver shall be deemed to have occurred unless set forth in a writing executed by or on behalf of the waiving party. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

5.10 Notices. All notices and communications that are required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or upon mailing by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Company, to:

c/o Herman Miller, Inc.  
855 East Main Street  
Zealand, MI 45464  
Attention: Tim Lopez  
Facsimile: (616) 654-7221

With a copy to:

Foley & Lardner LLP  
Attention: Kevin D. Makowski  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Tel: 414-297-5637  
Fax: 414-297-4900

If to the Executive, to:

John Edelman  
133 Spring Valley Road Ridgefield, CT 06877  
Tel: 203-438-3955

With a copy to:

White & Case LLP  
Attention: Nazim Zilkha  
1155 Avenue of the Americas  
New York, NY 10036  
Tel: (212) 819-8998  
Fax: (212) 354-81 13



Or to such other address as may be specified in a notice given by one party to the other party hereunder.

5.11 Entire Agreement; Amendments. This Agreement and the referenced Equity Plan and agreements contain the entire agreement and understanding of the parties with respect to the Executive's employment, and supersede and replace all prior and contemporaneous discussions, agreements and understandings of every nature relating to the subject matter, including but not limited to the Employment Agreement, dated as of December 14, 2009, by and between DWR and the Executive. This Agreement may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

5.12 Withholding. The Company will withhold from any payments due to the Executive hereunder, all taxes, FICA or other amounts required to be withheld pursuant to any applicable law.

5.13 Headings Descriptive. The headings of sections and paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

5.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

*[This space left blank intentionally; signature page follows]*

IN WITNESS WHEREOF, the Company and Executive have executed this Employment Agreement as of the Effective Date.

DESIGN WITHIN REACH, INC.

By: \_\_  
Name: \_\_  
Title: \_\_  
Date: \_\_

John Edelman

Date: \_\_

**EXHIBIT A**  
**INTERIM BONUS PLAN**

**See Attachment.**

## **EXHIBIT B**

### **FISCAL YEAR 2015 BONUS PLAN**

Effective September 1, 2014, Executive shall be eligible for an annual cash incentive bonus for fiscal year 2015 calculated in accordance with the HM Springboard, Inc. Executive Incentive Cash Bonus Plan (the "Plan"). For purposes of calculating Executive's Earned Bonus under the Plan:

- Plan EBITDA for the Plan Year shall be agreed to by Executive and the Company on or before August 11, 2014.
- Executive's Target Bonus Percentage shall be 60%
- The Bonus Interval shall be an amount equal to 20% of Plan EBITDA
- Any Earned Bonus shall be pro rated for the partial Plan Year from September 1, 2014 through May 31, 2015

Any Earned Bonus shall be paid 75% in the form of cash and 25% in the form of shares of HM Springboard's common stock, par value \$0.001 per share, which shall be subject to the terms and conditions set forth in the Stockholders' Agreement between Executive and HM Springboard, Inc.. The number of shares issued with respect to any Earned Bonus shall be based on the fair market value of the common stock as established by the then most recent Annual Appraisal (as defined in the Stockholders' Agreement) or Alternative Appraisal (as defined in the Stockholders' Agreement)

## **EXHIBIT C**

### **EQUITY INCENTIVE PLAN**



**EMPLOYMENT AGREEMENT**

THIS EMPLOYMENT AGREEMENT (the "Agreement"), by and between Design Within Reach, Inc., a Delaware corporation (the "Company") and John McPhee (the "Executive"), is entered into effective as of July 28, 2014 (the "Effective Date").

WHEREAS, on the date hereof, Herman Miller, Inc., a Michigan corporation ("Herman Miller") is acquiring Company;

WHEREAS, prior to the date hereof, Executive served as the Chief Operating Officer of Company;

WHEREAS, the Company wishes to employ the Executive and for Executive to serve as its President, and the Executive wishes to continue to be so employed, subject to the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, and intending to be bound hereby, the parties agree as follows:

**1. Employment.**

1.1 **Term.** Subject to the termination provisions hereinafter set forth, the Company agrees to employ the Executive in accordance with the terms of this Agreement and the Executive agrees to accept such terms of employment, effective as of the Effective Date for a term of five (5) years (the "Initial Term"). Following the Initial Term, the term of employment under this Agreement shall be automatically renewed for successive one year periods ("Successive Terms") unless either party gives written notice of nonrenewal no earlier than sixty (60) days and no later than thirty (30) days prior to the end of the Initial Term or any Successive Terms, as applicable. As used herein, the word "Term" shall mean the Initial Term and any Successive Terms, as the context may require.

1.2 **At-Will Employment.** Notwithstanding Section 1.1, the Executive's employment with the Company shall be "at will," and either the Executive or the Company may terminate the Executive's employment at any time, for any reason, with or without Good Reason (as defined below) or with or without Cause (as defined below); provided, that such termination is subject to the termination provisions of Section 3 of this Agreement.

1.3 **Positions.** During the Initial Term and any Successive Terms, the Executive will serve as President of the Company, reporting directly to the Chief Executive Officer of Herman Miller. At all times during the Initial Term and any Successive Terms, the Executive shall be entitled to serve as a member of the Board of Directors of the Company (the "Board") (and, at the request of Executive, the boards of directors of any subsidiary of the Company), and the Company shall take all actions necessary to appoint Executive to the Board and to obtain requisite shareholder approval.

1.4 **Duties.** The Executive will perform such duties and functions as are customarily performed by the President of an enterprise the size and nature of the Company and its subsidiaries, including the duties and functions from time to time assigned to him by the Board of Directors of the Company (the "Board") as are commensurate with such positions. Without limiting the generality of the foregoing, the Executive will be responsible for all aspects of the Company's performance, including strategy, research and development, business development, sales and marketing, operations, manufacturing, corporate development, information management, finance and corporate communications. Executive's role with the Company will include broader responsibilities with respect to the management of the retail business of Herman Miller, and Executive will without additional compensation serve in such executive, officer and director roles within the group of companies including Herman Miller and its subsidiaries (the "Herman Miller Group") as requested from time to time by the Chief Executive Officer of Herman Miller provided such duties and responsibilities are commensurate with the Executive's position as President.

1.5 **Place of Performance.** The Executive's principal place of employment throughout the Term shall be in the Stamford, Connecticut metropolitan area, subject to reasonable travel required from time to time for business purposes.

1.6 **Time Devoted to Employment.** The Executive will devote his best efforts and his full business time and services to the performance of his duties under this Agreement (excluding periods of paid time off) and will not engage in any other employment, occupation, consulting or other business activity that is related to the business in which the Company is now involved or in which it becomes involved during the Term and will not engage in any other activities that are reasonably expected to interfere with the Executive's duties in accordance with this Agreement. Notwithstanding the foregoing, the Executive may (i) engage in charitable, community service and industry association activities, (ii) serve on the board of directors of other entities, and (iii) manage his own finances, so long as those activities do not interfere with the performance of his duties under this Agreement as determined by the Board. The Executive shall be permitted to retain all compensation in respect of any of the services or activities referred to in the preceding two sentences of this Section 1.6.

**2. Compensation, Equity, Expense Reimbursements and Benefits.**

2.1 **Base Salary.** During the Term, the Executive shall receive an annual salary of \$450,000 (such annualized base salary amount as increased from time to time hereinafter referred to as the "Base Salary"), paid in accordance with the Company's customary payroll practices as in effect from time to time (but in no event less often than monthly)). The Board and the Executive Compensation Committee of the Board of Directors of Herman Miller (the "Compensation Committee") shall review the Base Salary not less frequently than annually, which Base Salary may be increased (but not decreased) from time to time by the Board in its discretion, based upon the recommendations of the Compensation Committee.

2.2 **Bonus.** Executive will be entitled to a cash incentive bonus on the basis of his current plan in effect immediately prior hereto and attached as Exhibit A hereto, provided, however, such plan shall terminate effective August 31, 2014 and payment thereunder shall be paid to Executive in a lump sum payment promptly upon the financial closing of Company's books for August 2014 and no later than September 30, 2014. Effective September 1, 2014, Executive shall be eligible for an annual cash incentive bonus calculated in accordance with the incentive bonus plan attached as Exhibit B.

2.3 Equity Incentive Compensation. On the Effective Date, the Executive shall be eligible to participate in the Company's 2014 Equity Incentive Plan, a copy of which along with Executive's initial Option Award Agreement on 198,700 shares are attached as Exhibit C or such successor equity compensation plans as may be adopted by the Company from time to time.

2.4 Expenses. During the Term, the Executive will be entitled to reimbursement by the Company for all expenses reasonably incurred by him in connection with the performance of his duties, including, without limitation, travel and entertainment expenses reasonably related to the business of the Company. All expenses shall be incurred and paid in accordance with the policies and procedures established from time to time by the Company.

2.5 Vacation. The Executive shall be entitled to not less than five (5) weeks of paid vacation per year.

2.6 Other Benefits. During the Term, the Executive shall be entitled to participate in any benefit plans, policies or arrangements sponsored or maintained by the Company from time to time for its executive employees, including paid time off, health care benefits, and 401(k) plan and such benefit plans, policies or arrangements shall be no less favorable than the benefit plans, policies or arrangements that the Company provides or makes available from time to time to similarly situated senior executives of the Company. Notwithstanding the foregoing, the Executive's eligibility for and participation in any of the Company's employee benefit plans, policies or arrangements will be subject to the terms and conditions of such plans, policies or arrangements as they apply to other senior executives of the Company. Moreover, subject to the terms and conditions of such plans, policies or arrangements, the Company may amend, modify or terminate such plans, policies or arrangements at any time for any or no reason. Without limiting the foregoing, Executive shall be entitled to travel on business class for all travel scheduled to take four or more hours.

2.7 Office and Support Staff. During the Term, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments and with secretarial and support staff, consistent with Executive's office accommodations and support staff in effect during Executive's employment by Company prior to the Effective Date.

### 3. Termination.

3.1 In General. The Company may terminate the Executive's employment at any time by providing a written notice of a termination date pursuant to Section 3.5. The Executive may terminate his employment at any time upon written notice to the Company specifying the termination date, which must be at least thirty (30) but not more than ninety (90) days from the date of such notice. Upon any termination of the Executive's employment with the Company for any reason: (i) the Executive (unless otherwise requested by the Board) concurrently will resign all director, officer and other positions he holds with respect to the Company, its subsidiaries or affiliates; (ii) the Company will pay to the Executive all accrued but unpaid Base Salary, any unpaid portion of the Annual Bonus earned for the prior year and all accrued and unused vacation or paid time off through the date of termination; and (iii) except as explicitly provided in this Section 3 or otherwise pursuant to any employee benefits plan and/or the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or any similar state statute, all compensation and benefits will cease and neither the Company nor any of its affiliates will have any further liability or obligation to the Executive with respect to payments or benefits hereunder.

#### 3.2 Termination without Cause or for Good Reason.

If the Executive's employment by the Company ceases due to a termination by the Company without Cause or a resignation by the Executive for Good Reason and the Executive executes and does not revoke a general release of claims against the Company and its affiliates in a form generally then used by the Company that is consistent with the terms of this Agreement within sixty (60) days after such termination of employment (a "General Release"), in addition to the payments and benefits set forth in Section 3.1, the Company will (a) pay to the Executive, upon the last day of such sixty (60) day period (subject to any six-month delay required pursuant to Section 3.4), a lump sum cash amount equal to the sum of twelve (12) months of the Executive's Base Salary plus a pro-rated portion of the maximum Annual Bonus for the then-current year (and any unpaid portion of the Annual Bonus earned for the prior year) based on the number of full and/or partial months worked by the Executive during the then-current year and (b) in the event that the Executive elects to receive continued health care, premium reimbursement for a period of twelve (12) months or until the date Executive obtains alternate full-time employment pursuant to which he is covered by a group health insurance plan or is otherwise no longer eligible for COBRA continuation coverage, whichever first occurs.

3.2.1 For purposes of this Agreement, "Cause" means the Executive:

(a) has engaged in conduct that constitutes willful gross neglect or willful gross misconduct or willful gross malfeasance or fraud in the performance of the Executive's duties under this Agreement;

(b) has willfully and repeatedly refused or failed to follow specific, lawful and reasonable directions of the CEO of Herman Miller and the Board, after written notice is delivered to the Executive by the Company specifying the nature of the breach, and failure by the Executive to remedy the breach within thirty (30) days of receipt of the Company's notice;

(c) has willfully, substantially and habitually neglected to undertake good faith efforts to perform any material duty which is normally attached to his position (other than any such neglect resulting from his incapacity due to physical or mental illness), after written notice is delivered to the Executive by the Company specifying the nature of the breach, and failure by the Executive to remedy the breach within thirty (30) days of receipt of the Company's notice;

(d) has been convicted of a felony or a crime involving moral turpitude;

(e) has willfully violated any material written policy of the Company after receiving written notice specifying the details of such violation, unless the Executive remedied such violation within thirty (30) days of receipt of such written notice;

(f) has breached any material provision of this Agreement, after written notice is delivered to the Executive by the Company specifying the nature of such breach, and failure by the Executive to remedy such breach within thirty (30) days of

receipt of the Company's notice; or

(g) has violated any statutory or common law duty of loyalty to the Company as determined in a final and non-appealable judgment by a court of competent jurisdiction.

3.2.2A For purposes of this Agreement, no act or failure to act by the Executive shall be considered "willful" unless it is done, or omitted to be done, in bad faith or without a reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act or failure to act based upon authority given pursuant to a resolution of the Board or upon the instructions of the CEO of Herman Miller or the Board or the Chairman of the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. Under no circumstances shall poor performance of the Executive be deemed to constitute Cause.

3.2.2 For purposes of this Agreement, "Good Reason" means:

(a) the assignment to the Executive of any duties that are inconsistent with, or materially impair his ability to perform, the duties of his position hereunder, or a diminution in the Executive's duties, authority, responsibilities or reporting relationships (after written notice is delivered to the Company by the Executive specifying the nature of the breach, and failure by the Company to remedy the breach within thirty (30) days of receipt of the Executive's notice);

(b) a reduction by the Company of the Executive's Base Salary or a material reduction in the target annual incentive opportunity as of the Effective Date or as increased thereafter, or the failure to pay when due any amounts due under this Agreement;

(c) a material breach by the Company of any provision of this Agreement (after written notice is delivered to the Company by the Executive specifying the nature of the breach, and failure by the Company to remedy the breach within thirty (30) days of receipt of the Executive's notice);

(d) any failure by the Company to obtain the assumption of this Agreement by any successor or assign of the Company as required by Section 5.3;

(e) any material reduction in the kind or level of employee benefits, fringe benefits or perquisites to which the Executive is entitled from time to time, (other than reductions in connection with changes made to the employee benefits plans themselves from time to time, provided such changes are applicable to all similarly situated employees of the Company) or a failure to provide any such benefits, fringe benefits or perquisites when due;

(f) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination within the meaning of Section 3.5 hereof, and, otherwise in accordance with this Agreement, which, for purposes of this Agreement, shall be ineffective; or

(g) the relocation of the Executive's principal place of business outside of the Stamford, Connecticut metropolitan area, or the assignment to the Executive of unreasonable travel obligations.

3.3 Termination for Death or Disability. If the Board determines in good faith that a Disability (as defined below) of the Executive has occurred during the Term, it may provide the Executive with written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 14th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that the Executive shall not have returned to full-time performance of the Executive's duties with or without reasonable accommodation prior to the Disability Effective Date. For purposes of this Agreement, "Disability" shall mean the Executive is unable to substantially perform, with or without reasonable accommodation, the Executive's principal duties with the Company for ninety (90) consecutive days as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative, except that, if the Executive does not agree with a determination of his Disability (or a failure to make such determination), the question of the Executive's Disability will be subject to the certification of a physician jointly selected by the Executive or the Executive's legal representation and the Company. The costs of the physician will be paid by the Company. If the Executive's employment by the Company ceases due to a termination by reason of death or Disability, then the Company will provide to the Executive or his beneficiaries or other person described in Section 5.3 all wages earned through the date of such termination, plus any unpaid portion of the Annual Bonus earned for the prior year.

3.4 Section 409A. Notwithstanding any provision to the contrary in this Agreement, if the Executive is deemed at the time of his separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent delayed commencement of any portion of the benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's benefits shall not be provided to Executive prior to the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive's "separation from service" with the Company (as such term is defined in the regulations issued under Section 409A of the Code) or (b) the date of Executive's death. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section 3.4 shall be paid in a lump sum to the Executive without interest thereon and any remaining payments due under the Agreement shall be paid as otherwise provided herein.

Notice of Termination. Any termination of the Executive's employment hereunder by the Company shall be communicated by Notice of Termination to the Executive in accordance with this Section 3.5. For purposes of this Agreement, a "Notice of Termination" means a written notice authorized by the Chief Executive Officer of Herman Miller and a majority of the Board that states the specific termination provision of this Agreement relied upon, sets forth in reasonable detail the facts and circumstances claimed to provide the basis for such termination of the Executive's employment under the provision so indicated, and specifies the date of termination of the Executive's employment, which (other than for a termination by the Company with Cause) shall be not less than fourteen (14), nor more than thirty (30) days, from the date such Notice of Termination is received by the Executive.

Restrictive Covenants. As consideration for all of the compensation and benefits to be provided, to the Executive pursuant to this Agreement, the Executive agrees to be bound by the provisions of this Section 4 (the "Restrictive Covenants"). The Restrictive Covenants will apply without regard to the reason for such termination, subject to Section 4.1.3 herein.

3.5 Covenant Not to Compete. The Executive covenants that, during the Term and for a period of twelve (12) months thereafter (the "Restricted Period"), he will not (except in his capacity as an employee or director of the Company) do any of the following, directly or indirectly, anywhere in the United States, Canada, or Mexico, and each and every other country where the Business is then: conducted by (i) the Company, or (ii) any company in the Herman Miller Group that the Executive receives Confidential Information about or as to which he is or has been actively involved in as an officer, director, or otherwise as a high level executive in the Herman Miller Group (the "Restricted Territory"):

3.5.1 engage or participate in any business competitive with the Business (as defined below);

or

3.5.2 become interested in (as owner, stockholder, lender, partner, co-venturer, director, officer, employee, agent or consultant) any person, firm, corporation, association or other entity engaged in any business competitive with the Business; provided, however, that unless such holdings materially interfere with the Executive's performance of his duties hereunder, Executive or his affiliates may hold up to 4.99% of the outstanding securities of any class of any publicly traded securities of any company and up to 4.99% of the outstanding securities of any class of any non-publicly traded company and such ownership shall not constitute a breach of this Section 4.1.2.

3.5.3 In the event of the Executive's resignation without Good Reason or the expiration of this Agreement for any reason, then, during the Restricted Period, the Company shall, in its sole discretion, either: (i) continue to pay the Executive's Base Salary until the termination of the Restricted Period, at a rate of 100% of the Executive's Base Salary as in effect prior to the Executive's termination of employment, payable at the times and on such terms consistent with the Company's policies regarding compensation of the senior executives employed by the Company (subject to any required six-month delay under Section 3.4), until the Executive obtains employment with substantially similar salary and benefits to those in effect prior to the Executive's termination of employment or (ii) waive the Restrictive Covenants in this Section 4. I and in Section 4.2. I , provided that the Company shall inform Executive of its election of alternative (i) or (ii) at the commencement of the Restricted Period.

3.6 Covenant Not to Solicit. The Executive covenants that, during the Restricted Period and for twelve (12) months thereafter, he will not (except in his capacity as an employee or director of the Company) do any of the following, directly or indirectly, anywhere in the Restricted Territory:

3.6.1 solicit or call on for any purpose competitive with the Business any customer, supplier, licensor, licensee, contractor, agent, representative, advisor, strategic partner, distributor or other business relation with whom (i) Company, or (ii) any member of the Herman Miller Group is then-engaging in the Business and about which Executive has received Confidential Information during his employment with the Company or has been actively involved in as an employee, officer, director, or otherwise as a high level executive in the Herman Miller Group or any such prospective customer, supplier, licensor, licensee, contractor, agent, representative, advisor, strategic partner, distributor or other person that that such company shall have identified and solicited during the six (6) months preceding the termination of the Executive's employment by the Company and about which Executive has received Confidential Information during his employment with the Company or has been actively involved in as an employee, officer, director, or otherwise as a high level executive in the Herman Miller organization;

3.6.2 influence or attempt to influence any employee, consultant, customer, supplier, licensor, licensee, contractor, agent, representative, advisor, strategic partner, distributor or other person to terminate or adversely modify any written or oral agreement, arrangement or course of dealing with (i) the Company or (ii) any member of the Herman Miller Group relating to the Business and about which Executive has received Confidential Information during his employment with the Company or has been actively involved in as an employee, officer, director, or otherwise as a high level executive in the Herman Miller Group; or

3.6.3 solicit for employment any person who has been employed or retained as an executive, officer, or senior designer within the twelve (12) months preceding the termination of the Executive's employment with the Company for any reason by (i) the Company or (ii) any entity in the Herman Miller Group (a) about which Executive has received Confidential Information during his employment with the Company, or (b) with which the Executive has been actively involved in his capacity as an employee, officer, director, or otherwise as a high level executive in the Herman Miller organization, except that the Executive's solicitation of John Edelman shall not be a breach of this Section 4.2.

3.7 Covenant Not to Make Disparaging Statements. The Executive agrees not to make or publish any disparaging statements about Company, any member of the Herman Miller Group or any of their respective directors, officers, agents, employees or representatives, and the Company and Herman Miller agree not to make or publish any disparaging statements about the Executive; provided, however, that the foregoing shall not prohibit at any time the Company from reporting or commenting regarding the Executive's business or professional conduct or actions occurring after the date of termination or the Company and/or the Executive from testifying truthfully in any judicial or administrative proceeding, responding truthfully to inquiries by any federal, state or local regulators or responding to statements by the other party that are in breach of this Section 4.3. Nothing contained in this Section 4.3 shall preclude either the Company or the Executive from enforcing their respective rights under this Agreement.

3.8 Confidentiality.

3.8.1 The Executive shall maintain in confidence and shall not, either during the Term or at any time after his employment with the Company, except as permitted under the terms of this Agreement or as otherwise agreed to by the Company, communicate or disclose to, or use for the benefit of the Executive or any other person or entity, any proprietary or confidential information, trade secret or know-how belonging to the Company or any member of the Herman Miller Group (collectively, the "Confidential Information"), whether or not such Confidential Information is in written or permanent form, except to the extent required to perform his duties described in this Agreement. Such Confidential Information includes, but is not limited to, all business information, trade secrets, information about

products, processes and services, technological information, intellectual property, confidential records, pricing information, accounting, merchandising, or marketing information, sales techniques, client, customer or manufacturer lists, information about client requirements, terms of contracts with suppliers and clients, internal business procedures, business methods used or developed by or for the Company or any member of the Herman Miller Group, computer codes, hardware system information, planning and financial information, product development plans, marketing plans and future business plans, and Confidential Information of customers or other third parties that has been disclosed to the Company in confidence.

3.8.2 Notwithstanding the foregoing, the term Confidential Information shall not include any information that (i) is or becomes available in the public domain, including information that is publicly known or generally utilized by others engaged in the same business as the Company, other than as a result of a disclosure by Executive in violation of this Agreement; (ii) is known by the Executive prior to his employment with the Company (or any predecessor thereto) or is developed by Executive outside the scope of his duties, on behalf of the Company, without using any Confidential Information; or (iii) is or becomes available to Executive from a source other than the Company, any member of the Herman Miller Group provided that such source is not, to Executive's actual knowledge, prohibited from disclosing such information by a contractual or fiduciary obligation to the Company. The foregoing obligations with respect to the Confidential Information extends to information belonging to customers and suppliers of the Company, any member of the Herman Miller Group who may have disclosed such information to the Company or the Executive as a result of the Executive's status as an employee of the Company. Notwithstanding any provision to the contrary herein, Executive shall be permitted to disclose Confidential Information to the extent required to be disclosed by applicable law or legal or regulatory process, provided that Executive shall provide the Company (to the extent practicable and legally permissible) with prompt written notice of any such requirement so that the Company may seek a protective order or other appropriate remedy (at the Company's sole expense), if it so chooses. In the event that such protective order or other remedy is not obtained, or the Company chooses not to seek such relief, the Executive agrees to furnish only that portion of the Confidential Information which the Executive believes is legally required to be disclosed and the Executive agrees to exercise reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information (provided that the Executive will not be required to expend any monies to do so).

3.8.3 Upon the termination of the Executive's employment, or at any time when so requested by the Company, the Executive agrees to promptly return or destroy all documents of the Company and any other property in the Executive's possession or control belonging to Company, and any other materials containing Confidential Information, including all copies of same, and records, notes, compilations or other matter relating thereto.

### 3.9 Ownership of Product Ideas and Assignment.

3.9.1 Product Ideas. The Executive will disclose to the Company, during the Term, all Product Ideas of which the Executive becomes aware. "Product Ideas" shall mean all ideas, inventions, copyrightable expressions, research, plans for products or services, marketing plans, original works of authorship, know how, trade secrets, information, data, developments, discoveries, improvements, modifications, technology and designs, whether or not eligible for patent or copyright protection, which relate to the Business, made, conceived, expressed, developed, or actually or constructively reduced to practice by the Executive within the scope of Executive's employment solely or jointly with other Company employees or consultants retained by Company during the Term. Product Ideas shall not include any of the foregoing which are made, conceived, expressed, developed, or actually or constructively reduced to practice by Executive on his or her own time without using Company's equipment, supplies, facilities or trade secret information.

3.9.2 Ownership of Product Ideas and Assignment. The Executive acknowledges and agrees that the Product Ideas and any resulting patents or trademarks shall be the exclusive property of the Company, and that all of said Product Ideas shall be considered as "work made for hire" belonging to the Company. To the extent any such Product Ideas, under applicable law, may not be considered work made for hire by the Executive for the Company, the Executive hereby assigns and, upon its creation, automatically and irrevocably assigns to the Company, without any further consideration, all right, title and interest in and to such Product Ideas, including, without limitation, any copyright, other intellectual property rights, all contract and licensing rights, and all claims and causes of action of any kind with respect to such materials. The Company shall have the exclusive right to use the Product Ideas, whether original or derivative, for all purposes without additional compensation to the Executive. At the Company's expense, the Executive will assist the Company to perfect the Company's rights in the Product Ideas and to protect the Product Ideas throughout the world, including, without limitation, promptly executing and delivering such patent, copyright, trademark or other applications, assignments, descriptions and other instruments and to take such actions for and on behalf of the Executive as may be necessary to vest title to and/or defend or enforce the rights of the Company in the Product Ideas.

3.10 Business. For purposes of this Agreement, "Business" means (i) the business of the design, manufacture, market, distribution and sale of furniture, lighting, textiles, rugs and accessories, for consumer and commercial markets, at wholesale and retail levels, including, without limitation, through brick and mortar stores, catalog, telephone and internet sales, and (ii) those other elements of the business of the Herman Miller Group that Executive receives Confidential Information about or as to which he is actively involved with as an officer, director or otherwise as a high level executive in the Herman Miller Group.

3.11 Acknowledgements. The Executive acknowledges that the Restrictive Covenants are reasonable and necessary to protect the legitimate interests of the Company and its affiliates and that the duration and geographic scope of the Restrictive Covenants are reasonable given the nature of this Agreement and the position the Executive will hold within the Company. The Executive further acknowledges that the Restrictive Covenants are included herein in order to induce the Company to continue to employ the Executive pursuant to this Agreement and that the Company would not have entered into this Agreement in the absence of the Restrictive Covenants. Executive acknowledges that due to his envisaged role as an executive leader with the Herman Miller Group, he will be given access to confidential information from the entire Herman Miller Group and that he will be given detailed insight into the Herman Miller worldwide business.

### 3.12 Remedies and Enforcement upon Breach.

3.12.1 Specific Enforcement. The Executive acknowledges that any breach by him, willfully or otherwise, of the Restrictive Covenants will cause continuing and irreparable injury to the Company for which monetary damages would not be an adequate remedy.



The Executive shall not, in any action or proceeding to enforce any of the provisions of this Agreement, assert the claim or defense that such an adequate remedy at law exists. In the event of any such breach by the Executive, the Company shall have the right to enforce the Restrictive Covenants by seeking injunctive or other relief in any court, without any requirement that a bond or other security be posted, and this Agreement shall not in any way limit remedies of Law or in equity otherwise available to the Company.

3.12.2 Judicial Modification. If any court determines that any of the Restrictive Covenants, or any part thereof, is unenforceable because of the duration or geographical scope of such provision, such court shall have the power to modify such provision and, in its modified form, such provision shall then be enforceable.

3.12.3 Enforceability. If any court holds the Restrictive Covenants unenforceable by reason of their breadth or scope or otherwise, it is the intention of the parties hereto that such determination not bar or in any way affect the right of the Company to the relief provided above in the courts of any other jurisdiction within the geographic scope of such Restrictive Covenants.

3.12.4 Disclosure of Restrictive Covenants. The Executive agrees to disclose the existence and terms of the Restrictive Covenants to any employer that the Executive may work for during the Restricted Period.

#### 4. Code Section 409A.

4.1.3 This Agreement shall be interpreted, construed and administered in a manner that does not cause the Executive to incur federal tax liability under Section 409A of the Code and payments and benefits under this Agreement are intended to comply with or be exempt from the provisions of Section 409A of the Code. If for any reason, such as imprecision in drafting, any provision of this Agreement (or of any award of compensation, including, without limitation, equity compensation or benefits) does not accurately reflect its intended establishment of an exemption from (or compliance with) Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from (or compliance with) Code Section 409A and shall be interpreted in a manner consistent with such intent.

4.1.4 A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered nonqualified deferred compensation under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A, and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean such a separation from service. The determination of whether and when a separation from service has occurred for purposes of this Agreement shall be made in accordance with the presumptions set forth in Section 1.409A-I (h) of the Treasury Regulations.

4.1.5 Any reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409A, including, without limitation, that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the year next following the year in which the applicable fees, expenses or other amounts were incurred; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits that the Company is obligated to pay or provide, in any given year shall not affect the expenses that the Company is obligated to reimburse, or the in-kind benefits that the Company is obligated to pay or provide, in any other year; (iii) the Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive's remaining lifetime.

4.1.6 For purposes of Section 409A of the Code, the Executive's right to receive any installment payments shall be treated as a right to receive a series of separate and distinct payments. In no event may the Executive, directly or indirectly, designate the year of any payment to be made under this Agreement, to the extent such payment is subject to Code Section 409A.

4.2 Limitation on Payment and Benefits. Notwithstanding any provision of this Agreement to the contrary, in the event that any amount or benefit to be paid or provided under this Agreement or otherwise to the Executive constitutes a "parachute payment" within the meaning of Section 2800 of the Code (as determined after considering any mitigating factors including, without limitation, a non-competition valuation), and but for this provision, would be subject to the excise tax imposed by Section 4999 of the Code, then the totality of those amounts payable under Section 3.2.1 of this Agreement shall be either: (a) delivered in full, or (b) delivered as to such lesser extent which would result in no portion of such payments and benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999 of the Code (and any equivalent state or local excise taxes), results in the receipt by the Executive on an after-tax basis, of the greatest amount of such payments and benefits, notwithstanding that all or some portion of such amount may be taxable under Section 4999 of the Code. Unless the Company and the Executive otherwise agree, any determination required under this provision shall be made in writing by a firm of independent public accountants selected by the Executive and reasonably acceptable to the Company (the "Accountants"), whose determination shall be conclusive and binding upon the Executive and the Company for all purposes. The Company and the Executive agree to furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this provision. The Company will bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this provision. Any reduction of any amount required by this provision shall occur in the following order: (1) reduction of cash payments to the Executive under Section 3.2.1(a) of this Agreement or otherwise; and (2) reduction of other benefits paid or provided to the Executive under Section 3.2.1(b) of this Agreement or otherwise.

4.3 Other Agreements. The Executive represents and warrants to the Company that there are no restrictions, agreements or understandings whatsoever to which he is a party that would prevent or make unlawful his execution of this Agreement, that would be inconsistent or in conflict with this Agreement or the Executive's obligations hereunder, or that would otherwise prevent, limit or impair the performance by the Executive of his duties under this Agreement.

4.4 Successors and Assigns. This Agreement shall be binding upon any successor (direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, and the Company shall require any such successor to expressly assume and agree in writing to perform this Agreement in the same manner and to the same extent that the Company would be required

to perform it if no such succession had taken place, or, in the event the Company remains in existence, the Company shall continue to employ the Executive under the terms hereof. No rights or obligations of the Company under this Agreement may otherwise be assigned or transferred by the Company. As used in this Agreement, the "Company" shall mean the Company and any successor to its business and/or assets which assumes or is obligated to perform this Agreement by contract, operation of law or otherwise. This Agreement shall inure to the benefit of and be enforceable by the Executive and his personal or legal representatives, executors, estate, trustee, administrators, successors, heirs, distributees, devisees and legatees. The Executive may not assign this Agreement or any rights hereunder, or delegate his duties under this Agreement, without the prior written consent of the Company; however, in the event of the death of the Executive, all rights to receive payments hereunder shall become rights of the Executive's devisee, legatee or other designee or the Executive's estate.

4.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the principles of conflicts of laws.

4.6 Arbitration. Unless otherwise prohibited by law or specified below, all disputes, claims and causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation shall be resolved solely and exclusively by final and binding arbitration held in New York, New York through Judicial Arbitration & Mediation Services/Endispute ("JAMS") under the then existing JAMS arbitration rules. However, nothing in this Section is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. The Company will pay the direct costs and expenses of any such arbitration, including the fees and costs of the arbitrator. Each party in any such arbitration shall be responsible for its own attorneys' fees and related costs and necessary disbursements; provided, however, that in the event one party refuses to arbitrate and the other party seeks to compel arbitration by court order, if such other party prevails, except as may be prohibited by law, it shall be entitled to recover reasonable attorneys' fees and related costs and necessary disbursements; and provided further, however, that if the Executive is the prevailing party in the arbitration, the Executive shall be entitled to recover reasonable attorney's fees and related costs and necessary disbursements.

4.7 Indemnification; Directors' and Officers' Liability Insurance. During the Term and thereafter, the Company shall indemnify the Executive to the fullest extent permitted and/or required by law for actions or omissions of the Executive during the Term as an officer, director or employee of the Company (or any of its affiliates) or as a fiduciary of any benefit plan of the foregoing, including, but not limited to, if the Executive is made a party, or compelled to testify or otherwise participate in any action, suit or proceeding, by reason of the fact that he is or was an officer, director or employee of the Company (or any of its affiliates) or as a fiduciary of any benefit plan of the foregoing. The Company will promptly advance to the Executive expenses incurred or to be incurred by him, including reasonable attorneys' fees, to defend any indemnification-eligible proceeding prior to its final disposition, after receipt by the Company of a written request from the Executive for such advance, together with documentation reasonably acceptable to the Board, subject to an undertaking by the Executive to pay back any advanced amounts for which it is determined that the Executive was not entitled to indemnification. If the Executive has any knowledge of any actual or threatened action, suit or proceeding, whether civil, criminal, administrative or investigative, as to which the Executive may request indemnity under this provision, the Executive shall give the Company prompt written notice thereof; provided that the failure to give such notice shall not affect the Executive's right to indemnification. The Company shall be entitled to assume the defense of any such proceeding, and the Executive shall cooperate with such defense. During the Term (and thereafter for the period of any applicable statute of limitations), the Company and its Affiliates shall cover the Executive under its directors' and officers' liability insurance policy to the extent it and its Affiliates covers its other officers and directors.

4.8 No Mitigation; No Set-Off. In the event of any termination of the Executive's employment, he shall be under no obligation to seek other employment or take any other action by way of mitigation of the amounts payable, or benefits provided, to the Executive under any of the provisions of this Agreement. The Company's obligation to make the payments, and provide the benefits, provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by (a) any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others, or (b) any remuneration or benefits attributable to any subsequent employment with an unrelated person, or any self-employment, that the Executive may obtain. Any amounts due under Section 5 are considered reasonable by the Company and are not in the nature of a penalty.

4.9 Waivers; Separability. The waiver by either party hereto of any right hereunder or any failure to perform or breach by the other party hereto shall not be deemed a waiver of any other right hereunder or any other failure or breach by the other party hereto, whether of the same or a similar nature or otherwise. No waiver shall be deemed to have occurred unless set forth in a writing executed by or on behalf of the waiving party. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived. If any provision of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof which shall remain in full force and effect.

4.10 Notices. All notices and communications that are required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or upon mailing by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Company, to:

c/o Herman Miller, Inc.  
855 East Main Street  
Zealand, MI 45464  
Attention: Tim Lopez  
Facsimile: (616) 654-7221

With a copy to:

Foley & Lardner LLP  
Attention: Kevin D. Makowski  
777 East Wisconsin Avenue  
Milwaukee, WI 53202  
Tel: 414-297-5637

Fax: 414-297-4900

If to the Executive, to:

John McPhee  
20 Saint Nichols Road  
Darien, CT 06820  
Tel: 203-655-91 25

With a copy to:

White & Case LLP  
Attention: Nazim Zilkha  
1 155 Avenue of the Americas  
New York, NY 10036  
Tel: (212) 819-8998  
Fax: (212) 354-8113

Or to such other address as may be specified in a notice given by one party to the other party hereunder.

4.11 Entire Agreement; Amendments. This Agreement and the referenced Equity Plan and agreements contain the entire agreement and understanding of the parties with respect to the Executive's employment, and supersede and replace all prior and contemporaneous discussions, agreements and understandings of every nature relating to the subject matter, including but not limited to the Employment Agreement, dated as of December 14, 2009, by and between DWR and the Executive. This Agreement may not be changed or modified, except by an agreement in writing signed by each of the parties hereto.

4.12 Withholding. The Company will withhold from any payments due to the Executive hereunder, all taxes, FICA or other amounts required to be withheld pursuant to any applicable law.

4.13 Headings Descriptive. The headings of sections and paragraphs of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

4.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed to be an original, but all of which together will constitute but one and the same instrument.

*[This space left blank intentionally; signature page follows]*

IN WITNESS WHEREOF, the Company and Executive have executed this Employment Agreement as of the Effective Date.

**DESIGN WITHIN REACH, INC.**

By: \_\_\_\_  
Name: \_\_\_\_  
Title: \_\_\_\_  
Date: \_\_\_\_

John McPhee

Date: \_\_\_\_

**EXHIBIT A**

**INTERIM BONUS PLAN**

**EXHIBIT B**

**FISCAL YEAR 2015 BONUS PLAN**

Effective September 1, 2014, Executive shall be eligible for an annual cash incentive bonus for fiscal year 2015 calculated in accordance with the HM Springboard, Inc. Executive Incentive Cash Bonus Plan (the "Plan"). For purposes of calculating Executive's Earned Bonus under the Plan:

- Plan EBITDA for the Plan Year shall be agreed to by Executive and the Company on or before August 11, 2014.
- Executive's Target Bonus Percentage shall be 60%
- The Bonus Interval shall be an amount equal to 20% of Plan EBITDA
- Any Earned Bonus shall be pro rated for the partial Plan Year from September 1, 2014 through May 31, 2015
- Any Earned Bonus shall be paid 75% in the form of cash and 25% in the form of shares of HM Springboard's common stock, par value \$0.001

per share, which shall be subject to the terms and conditions set forth in the Stockholders' Agreement between Executive and HM Springboard, Inc.. The number of shares issued with respect to any Earned Bonus shall be based on the fair market value of the common stock as established by the then most recent Annual Appraisal (as defined in the Stockholders' Agreement) or Alternative Appraisal (as defined in the Stockholders' Agreement)

## **EXHIBIT C**

### **EQUITY INCENTIVE PLAN**

**See Attachment.**

## STOCKHOLDERS' AGREEMENT

THIS STOCKHOLDERS' AGREEMENT (this "**Agreement**") is made and entered into effective as of the 28<sup>th</sup> day of July, 2014 (the "**Effective Date**") by and **HM Springboard, Inc.**, a Delaware corporation (the "**Company**"), Herman Miller, Inc., a Delaware corporation ("**Herman Miller**"), John Edelman, an adult resident of the State of Connecticut ("**Edelman**") and John McPhee, an adult resident of the State of Connecticut ("**McPhee**"). Capitalized terms not defined above are defined in Section 1 of this Agreement.

WHEREAS, the Company and the Stockholders deem it to be in their best interests to provide for continuity in the control and operation of the Company to regulate certain of their rights in connection with their interests in the Company and to restrict the sale, assignment, transfer, encumbrance or other disposition of the equity securities of the Company owned or held by the Stockholders from time to time, and desire to enter into this Agreement in order to effectuate those purposes.

WHEREAS, the Company in particular desires (i) to restrict the transfer of ownership of shares of its stock to ensure that the Company is not required to register with the SEC as a public company, and (ii) to restrict the minority ownership to employees to align the interests of the employees with the Company.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and the Stockholders agree as follows:

1. Definitions.

(a) "**Affiliate**" shall mean with respect to any Person, (i) any Person which, directly or indirectly, controls, is controlled by or is under common control with such Person, or (ii) where applicable, an individual's spouse and descendants (whether natural or adopted) and any trust formed solely for the benefit of such individual and/or such individual's spouse and/or descendants.

(b) "**Appraiser**" shall mean Stout Risius Ross. If Stout Risius Ross is unable or unwilling to act as an appraiser and the parties cannot agree on a replacement appraiser within five (5) business days, each party to the transaction for which an appraiser is required hereunder shall choose a financial institution (including without limitation any financial advisor or accounting firm) at the conclusion of such five (5) business day period, and such Persons so chosen shall promptly (within five (5) business days) select a single appraiser whose determination of Fair Market Value shall govern and shall be binding and conclusive subject to the terms hereof.

(c) "**Board**" means the Board of Directors of the Company.

(d) "**Business**" means the business to be conducted by the Company and/or its subsidiaries on or after the date hereof, which is the business of the design, manufacture, market,

distribution and sale of furniture, lighting, textiles, rugs and accessories, for consumer and commercial markets, at wholesale and retail levels, including, without limitation, through brick and mortar stores, catalog, telephone and internet sales.

(e) “**Capital Stock**” means (i) shares of stock (including Common Stock) and (whether now outstanding or hereafter issued in any context), (ii) shares of stock issued or issuable upon conversion of any securities issued by the Company and (iii) shares of stock issued or issuable upon exercise or conversion, as applicable, of vested stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Stockholder, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by a Stockholder (or any other calculation based thereon), all shares of any securities convertible into equity shall be deemed to have been converted into Common Stock at the then-applicable conversion ratio.

(f) “**Change of Control**” with respect to any Person shall mean (a) a sale of all or substantially all of the assets of such Person or a merger, reorganization or other transaction as a result of which more than fifty percent (50%) of the outstanding voting power of such Person is transferred to an unrelated third Person; (b) a third party obtains the ability to appoint the majority of the board of directors or equivalent governing body of such Person; or (c) a liquidation, dissolution or winding up of such Person.

(g) “**Common Stock**” means shares of Common Stock of the Company, par value \$0.001 per share.

(h) “**Entity**” means any general partnership, limited partnership, corporation, association, cooperative, joint stock company, trust, limited liability company, business trust, joint venture, unincorporated organization and governmental entity (or any department, agency or political subdivision thereof).

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

(j) “**Fair Market Value**” means the fair market value of the Capital Stock, as determined in accordance with the terms of this Agreement, on the basis of the following assumptions: (i) as though all outstanding securities which are then convertible into, exercisable for or exchangeable into shares of Common Stock of the Company (including, without limitation, vested options and warrants) had been converted into, exercised for or exchanged into Common Stock of the Company and any amounts payable upon such conversion, exercise or exchange had been paid to the Company; (ii) without any reduction in value for lack of control or the inherent lack of liquidity of minority interests and that values the Capital Stock on a basis which values each share of Common Stock of the Company at the same per share price; (iii) giving full effect to the earnings history and prospects of the Company; (iv) without giving effect to any Herman Miller Liability of the Company or any of its Subsidiaries; (v) to the extent that the proceeds of any indebtedness incurred by the Company or any of its subsidiaries have been paid to or used by Herman Miller or any of its Affiliates (other than the Company and its subsidiaries), such indebtedness (and any proceeds therefrom remaining) shall be treated as not having been incurred

or held by the Company or such subsidiary, and (vi) with the assumption that each of (A) the Supply Agreements, and Services and Cost Allocation Agreement referenced in Section 6 (i) hereof, (B) that certain License Agreement, dated as of July [ ], 2014, between Herman Miller and DWR, and (C) that certain License Agreement, dated as of July [ ], 2014, between Herman Miller and Herman Miller Consumer Co., a Delaware corporation (“**HMCC**”), shall, in each case, continue in effect without default in perpetuity.

(k) “**Herman Miller Liability**” means, with respect to the Company or any of its Subsidiaries, any guarantee or similar obligation of such Person in respect of any liability or obligation of Herman Miller or any of its Affiliates (other than Company or any of its subsidiaries), whether accrued, fixed, known or unknown, absolute or contingent, matured or unmatured, including, but not limited to, a guarantee of any credit agreement or facility of Herman Miller with its commercial lenders other than liabilities in respect of shared costs and expenses related to the operation of the Business.

(l) “**Management Stockholders**” means Edelman and McPhee.

(m) “**New Securities**” means equity securities or other securities (other than debt securities not convertible into equity securities) of the Company or any of its Subsidiaries, whether now authorized or not, or rights, options, or warrants to purchase said equity securities, or securities of any type whatsoever that are, or may become, convertible into or exchangeable into or exercisable for said equity securities.

(n) “**Permitted Transferee**” means (i) with respect to any Management Stockholder, any Affiliate, any trust or other Entity that does not otherwise qualify as an Affiliate formed solely for the benefit of a Stockholder or a Stockholder’s siblings, lineal antecedents or descendants, children, grandchildren, spouse, other ancestors or any other relatives approved by the Board, and with respect to any Stockholder that is a trust, any beneficiary thereof, provided that in any case such Management Stockholder retains full management and control rights over the Capital Stock, and (ii) with respect to Herman Miller, any Affiliate of Herman Miller.

(o) “**Person**” means any natural person, Entity or any other natural person or entity in its own or any representative capacity.

(p) “**Pro Rata Share**” of a Management Stockholder means (i) a ratio, the numerator of which is the number of shares of Capital Stock owned by such Management Stockholder and the denominator of which is the total number of Capital Stock held by all Stockholders multiplied by (ii) the total number of shares of Capital Stock being sold by Herman Miller in a Disposition pursuant to Sections 4(a) or 4(b).

(q) “**SEC**” means the Securities and Exchange Commission.

(r) “**Securities Act**” means the Securities Act of 1933, as amended from time to time.

(s) “**Stockholders**” means Herman Miller and the Management Stockholders.

(t) **“Transfer”** shall mean to sell, assign, transfer, convey, exchange, pledge, grant a security interest in or otherwise dispose of any Capital Stock or right therein, in each case, whether made directly or indirectly, voluntarily or involuntarily, absolutely or conditionally, or by operation of law or otherwise.

2. Restrictions on Transfers of Capital Stock.

(a) Prohibited Transfers.

(i) No Management Stockholder shall have the right to Transfer all or any part of the Capital Stock owned or held by such Management Stockholder without the prior written consent of the Board. Notwithstanding the foregoing, a Management Stockholder may transfer Capital Stock to a Permitted Transferee or pursuant to Sections 4 or 5 of this Agreement.

(ii) For purposes of this Agreement, all references to Capital Stock owned or held by a Management Stockholder shall include all interests in Capital Stock now held or hereafter acquired by a spouse of such Management Stockholder (**“Spouse”**) as marital property or pursuant to the Spouse’s elective rights to deferred marital property or to an augmented marital property estate. The creation of an interest in the Capital Stock in the Spouse by operation of marital property or community property laws (e.g., by reason of reclassification by agreement between the Management Stockholder and the Management Stockholder’s Spouse or because the Management Stockholder acquires a portion or all of the Management Stockholder’s interest in exchange for property that is classified as marital property or community property) during such Management Stockholder’s lifetime shall not be deemed to be a Transfer of the Capital Stock or any portion thereof for purposes of this Section 2(a) so long as (a) the Capital Stock in which such interest is created continues to be registered in the name of such Management Stockholder and (b) such Management Stockholder maintains full management and control rights with respect to such Capital Stock; provided, however, that if either of the foregoing conditions shall cease to be satisfied, then such Management Stockholder and the Company shall have the option to purchase such Spouse’s interest in the Capital Stock in the sequence and manner and upon the same terms and conditions as specified in Section 2(b) hereof as if the marital relationship of such Management Stockholder and such Management Stockholder’s Spouse had been terminated. During the marriage of a Management Stockholder and the Management Stockholder’s Spouse, such Management Stockholder’s obligation to sell or offer to sell Capital Stock pursuant to this Agreement shall include an obligation on the part of such Management Stockholder’s Spouse to sell or offer to sell any interest of such Spouse in the Capital Stock in the same manner and upon the same terms and conditions. For the avoidance of doubt, a Spouse shall not be permitted to Transfer any interest in Capital Stock without the prior written consent of the Board.

(b) Marriage, Other Involuntary Transfer, or Termination of Employment.

(i) Termination of Marriage of a Stockholder. Upon the termination of the marriage of a Management Stockholder, by reason of the death of such Management Stockholder’s Spouse or by divorce, if such Management Stockholder does not succeed to the marital property or other interest of such Management Stockholder’s Spouse in the Capital Stock held by such Management Stockholder, then such Management Stockholder shall have the right to



purchase such interest from such Management Stockholder's Spouse or the personal representative of such Spouse's estate, as the case may be, at the purchase price determined pursuant to Section 2(b)(vi), or as otherwise agreed by the parties thereto. If such Management Stockholder elects to purchase all of such Management Stockholder's Spouse's interest in the Capital Stock, he shall signify such election by delivering written notice to such effect to the Spouse or the personal representative of the Spouse's estate, as the case may be, and to the Company within ninety (90) days after the date of the Spouse's death or the effective date of termination of the marital relationship. If the Management Stockholder fails to exercise such right and option in full within such ninety (90) day period, the Company shall have the option to purchase, upon written notice to the Management Stockholder, during the ninety (90) day period following the later of (1) the expiration of the ninety (90) day period described in the preceding subparagraph, or (2) the date upon which the Company shall receive actual notice of the Spouse's death or divorce, and the Spouse or the personal representative of the Spouse's interest, as the case may be, shall be required to sell and transfer, all but not less than all of the Spouse's interest in the Management Stockholder's Capital Stock at the purchase price determined pursuant to Section 2(b)(vi), or as otherwise agreed by the parties thereto upon the giving of written notice to such effect to the Management Stockholder. With regard to shares of Capital Stock subject to the option to purchase, such Spouse or Spouse's estate shall be under the same obligation to sell or to offer to sell such shares of Capital Stock in the same manner and upon the same terms and conditions as a Management Stockholder under Section 2(b)(iii) of this Agreement.

(ii) Involuntary Transfers. If any Capital Stock owned by any Management Stockholder shall be subject to sale or other Transfer by reason of (a) bankruptcy or insolvency proceedings, whether voluntary or involuntary, (b) incompetency or insanity or (c) distraint, levy, execution or other involuntary transfer whether by operation of law or otherwise (an **"Involuntary Transfer"**), then such Management Stockholder shall give the Company written notice thereof promptly following the occurrence of such event stating the terms of such proposed transfer, the identity of the proposed transferee, the price or other consideration, if readily determinable, for which the shares of Capital Stock are proposed to be transferred and the number of shares of Capital Stock subject to such Involuntary Transfer. If any shares of Capital Stock are subject to any Involuntary Transfer, the Company shall at all times (subject to any limitations imposed by applicable law or any ruling by a court of competent jurisdiction, arbitrator or other governmental entity) have the immediate and continuing right and option for a period of ninety (90) days after the Company first receives actual notice of such Involuntary Transfer to purchase such Capital Stock at the purchase price determined pursuant to Section 2(b)(vi), or as otherwise agreed by the parties thereto upon the giving of written notice to such effect to the transferee to whom the Capital Stock is to be transferred pursuant to such Involuntary Transfer.

(iii) Termination of Employment. In the event that a Management Stockholder is no longer employed by the Company or any Affiliate of the Company (for any or no reason), the Company shall have the option to purchase, during the ninety (90) day period following the cessation of employment upon written notice to the Management Stockholder, and such Management Stockholder shall be required to sell and transfer, all but not less than all of the terminated Stockholder's Capital Stock at the purchase price determined pursuant to Section 2(b)(vi).

(iv) Death of Management Stockholder. Upon the death of any Management Stockholder, if the other Management Stockholder remains alive, such other Management Stockholder shall have the right to purchase some or all of the shares of Capital Stock owned by the deceased Management Stockholder at the time of his death for a period of 90 days following the death of the Management Stockholder by giving written notice to the estate or personal representative of the deceased Management Stockholder, such purchase to be at the price determined pursuant to Section 2(b)(vi). In the event the surviving Management Stockholder, does not purchase all of the deceased Management Stockholder's capital stock pursuant to the preceding sentence, then upon the expiration of the 90-day option period, Company may (and the estate of the deceased Management Stockholder may require Company) to purchase all but not less than all of the remaining shares of Capital Stock owned by the deceased Management Stockholder by giving written notice thereof during the preceding 90-day period at the price determined pursuant to Section 2(b)(vi) hereof. If there is no surviving Management Stockholder at the time of a Management Stockholder's death, then for a period of 90 days thereafter, Company may (and the estate of the deceased Management Stockholder may require Company) to purchase all but not less than all of the shares of Capital Stock owned by the deceased Management Stockholder by giving written notice thereof during the preceding 90-day period at the price determined pursuant to Section 2(b)(vi) hereof

(v) Assignment of Company Purchase Option. The Board may freely assign the Company's purchase option under Section 2(b) hereof, in whole or in part, to any Affiliate of Herman Miller. Any such Affiliate who accepts an assignment of the Company's purchase option under Section 2(b) hereof shall assume all of the Company's rights and obligations under this Section 2(b).

(vi) Determination of Fair Market Value. The date upon which written notice of election to purchase or sell, as applicable, Capital Stock pursuant to this Section 2 is provided by the Company pursuant to clauses (i) through (iv) or a surviving Management Stockholder or the Management Stockholder's estate pursuant to clause (iv), in each case, shall be referred to as the "**Sale Right Notice Date**". The purchase price of the Capital Stock subject to such repurchase pursuant to this Section 2 shall be, the Fair Market Value determined pursuant to the most recently completed Annual Appraisal (as defined below) or Alternative Annual Appraisal (as defined below), as the case may be, as of the Sale Right Notice Date.

(c) Effect of Failure to Comply. Any purported Transfer not made in compliance with the requirements of this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Each party hereto acknowledges and agrees that any breach of this Agreement would result in substantial harm to the other parties hereto for which monetary damages alone could not adequately compensate. Therefore, the parties hereto unconditionally and irrevocably agree that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Capital Stock not made in strict compliance with this Agreement).

(d) Annual Appraisal. The Appraiser shall be engaged by the Company to determine the Fair Market Value as of the last day of each fiscal year of the Company (the “**Annual Appraisal Date**”). Each appraisal conducted by the Appraiser in accordance with this Section 2 shall hereinafter be referred to the “**Annual Appraisal**”. The costs and expenses of the Annual Appraisal shall be borne solely by the Company. The Company shall provide a copy of the Annual Appraisal to the Management Stockholders within 30 days after its completion but in no event later than the annual anniversary of the date hereof. In the event that a Management Stockholder disputes the determination of Fair Market Value by the Appraiser, such Management Stockholder shall within 30 days after receipt of the Annual Appraisal, notify the Company of such dispute. Within 15 days thereafter, the Company and Management Stockholders shall mutually agree on an alternative independent appraiser (“**Alternative Annual Appraiser**”) who shall be engaged to promptly determine the Fair Market Value of the Company as of the applicable Annual Appraisal Date. If the parties cannot agree on the Alternative Annual Appraiser within such time period, then the Appraiser shall select the Alternative Annual Appraiser. The Alternative Annual Appraiser shall be instructed to determine Fair Market Value in accordance with the assumptions and parameters set forth in the definition of Fair Market Value as set forth in this Agreement and shall be instructed to perform the evaluation as quickly as reasonably possible but in any event in no more than 30 days. In the event that the appraisal performed by the Alternative Annual Appraiser (the “**Alternative Annual Appraisal**”) results in a Fair Market Value that is less than 4% higher or lower than the Fair Market Value determined in the Annual Appraisal, then the Fair Market Value shall be the value determined in the Annual Appraisal, and the costs of the Alternative Annual Appraisal shall be borne by the Management Stockholder(s) that requested the Alternative Annual Appraisal. In the event that the Alternative Annual Appraisal determines the Fair Market Value is greater than or equal to 4% higher or lower than the Fair Market Value in the Annual Appraisal, then the Fair Market Value shall be deemed to be the average between the Annual Appraisal and the Alternative Annual Appraisal, and the fees and expenses of the Alternative Annual Appraisal shall be borne by the Company. The determination of Fair Market Value pursuant to the terms of this Section 2(d) shall be final and binding on the Parties.

3. Exempt Transfers. Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 2(a) shall not apply to any Transfer by a Stockholder to a Permitted Transferee; provided, that in a case of any transfer pursuant to this Section, such transferee shall become a party to this Agreement by executing an Adoption Agreement in a form reasonably acceptable to the Company; provided, further, that each Management Stockholder proposing to make a Transfer permitted by this Section shall deliver a notice to the Company and Herman Miller not later than thirty (30) days prior to the consummation of such Transfer setting forth the name of the proposed transferee and the terms and conditions of such Transfer; and provided, further, all such permitted Transfers shall be made in compliance with applicable federal and state securities laws. Moreover, the provisions of Section 2(b) shall apply with respect to the rights of purchase and sale of a Management Stockholder’s Capital Stock with equal force regardless of whether owned by the Management Stockholder, or a Permitted Transferee.

4. Drag-Along and Tag-Along Rights.

(a) Drag-Along Rights. Subject to the rights of the Management Stockholders to elect to put their shares of Common Stock pursuant to Section 5(b) (it being understood and agreed that the Management Stockholders shall not be subject to this Section 4(a) if they elect to exercise such put rights), if Herman Miller desires to sell, Transfer, redeem or otherwise dispose of at least a majority of the shares of Capital Stock of the Company to a Person other than a Permitted Transferee (a **“Disposition”**), then, at the option of Herman Miller, the Management Stockholders shall be obligated to participate in such Disposition as set forth in this Section 4(a) on a pro rata basis on the same terms, price and conditions as Herman Miller. For purposes of this Section 4(a), each Management Stockholder shall be obligated to dispose of a number of shares of Capital Stock in connection with the Disposition equal to its Pro Rata Share; provided, that to the extent the purchase price paid by the purchaser or transferee in such Disposition consists of non-cash consideration, Herman Miller shall pay to each Management Stockholder the fair market value of such non-cash consideration in exchange for such non-cash consideration (in a manner that is as tax efficient as possible and otherwise mutually acceptable to the Management Stockholders and Herman Miller) within 30 days of the consummation of such Disposition. Herman Miller shall give the Management Stockholders written notice (the date such notice is given, the **“Drag Notice Date”**) of any Disposition at least thirty (30) days prior to the closing of the Disposition and such notice shall (i) describe in reasonable detail the Disposition, including, without limitation, the number of Capital Stock to be effectively sold, the identity of the prospective transferee(s), the purchase price of the Capital Stock to be effectively sold and the other material terms and conditions of such Disposition, (ii) provide the Management Stockholders with the date of closing for the Disposition, and (iii) indicate whether Herman Miller is exercising its rights pursuant to this Section 4(a). Notwithstanding anything to the contrary set forth in this Agreement, in the event that the proceeds to be paid to any Management Stockholder in consideration for his Capital Stock in connection with any such Disposition is greater than or equal to 4% below the Fair Market Value as determined in the most recently completed Annual Appraisal or Alternative Annual Appraisal, as the case may be, prior to the Drag Notice Date (as defined below), then (i) if the valuation date of the most recently completed Annual Appraisal or Alternative Annual Appraisal, as the case may be, is within 6 months prior to the Drag Notice Date, Herman Miller shall be obligated to pay to each Management Stockholder the difference between (a) the Fair Market Value of such Management Stockholder’s Capital Stock as determined in such appraisal, and (b) the proceeds paid to such Management Stockholder (without giving effect to any taxes payable on such proceeds) as consideration for his Capital Stock in such Disposition; or (ii) if the valuation date of the most recently completed Annual Appraisal or Alternative Annual Appraisal, as the case may be, is more than 6 months prior to the Drag Notice Date, such Management Stockholder shall have the right to request an additional appraisal to determine the Fair Market Value of such Management Stockholder’s Capital Stock for purposes of this Section 4(a). Any such appraisal shall be conducted by the Appraiser. The Appraiser shall be instructed to determine Fair Market Value in accordance with the assumptions and parameters set forth in the definition of Fair Market Value as set forth in this Agreement and shall be instructed to perform the evaluation as quickly as reasonably possible but in any event in no more than 30 days. In the event that such appraisal (the **“Drag Sale FMV Appraisal”**) results in a Fair Market Value that is less than 4% higher or lower than the Fair Market Value in the most recent Annual Appraisal or Alternative Annual Appraisal, as the case may be, prior to the Drag Notice Date, then the Management Stockholders shall be obligated to sell their Capital Stock on the same terms, price and conditions as Herman Miller, and the costs of the Drag Sale FMV Appraisal

shall be borne by the Management Stockholder(s) that requested such Drag Sale FMV Appraisal. In the event that the Appraiser determines the Fair Market Value is greater than or equal to 4% higher or lower than the Fair Market Value in the most recent Annual Appraisal or Alternative Annual Appraisal, as the case may be, prior to the Drag Notice Date, then Herman Miller shall be obligated to pay to each Management Stockholder the difference between (i) the Fair Market Value of such Management Stockholder's Capital Stock as determined in the Drag Sale FMV Appraisal and (ii) the proceeds paid to such Management Stockholder (without giving effect to any taxes payable on such proceeds) as consideration for his Capital Stock in such Disposition. In such event, the fees and expenses of the Drag Sale FMV Appraisal shall be borne by the Company.

(b) Tag-Along Rights. If Herman Miller elects not to exercise its rights pursuant to Section 4(a) in connection with a Disposition, then the Management Stockholders shall have the right, at their option, to participate in such Disposition on the same terms, price and conditions as Herman Miller, in an amount equal to their Pro Rata Share. The Management Stockholders may give notice of their election to exercise their option to participate in the Disposition at any time within ten (10) days of receipt of notice of such Disposition

(c) Indemnification Obligations. No Management Stockholder shall be obligated in connection with such Disposition to indemnify the prospective transferee in an aggregate amount in excess of the net cash proceeds actually paid to and received by such Management Stockholder in such Disposition. Each Management Stockholder shall enter into indemnification or contribution agreements reasonably requested by Herman Miller solely to the extent that no Management Stockholder shall be obligated to undertake any indemnification obligations (including for the fraud, willful misconduct or bad faith of the Company or persons other than the Management Stockholders) or make any representations or warranties other than as to his capacity to participate in such Disposition, due execution of any definitive documentation to which such Management Stockholder is a party, ownership of the relevant Capital Stock and ability to Transfer such Capital Stock free and clear of all liens and other encumbrances. Each Management Stockholder shall pay its Pro Rata Share (as if such expenses reduced the aggregate proceeds available for distribution to the Management Stockholders in such Disposition) of the expenses incurred by the Stockholders in connection with such Disposition to the extent such expenses are incurred for the benefit of all Stockholders. Expenses incurred by any Stockholder on its own behalf (including the fees and disbursements of counsel, advisors and other Persons retained by such Stockholder in connection with such Disposition) will not be considered costs incurred for the benefit of all Stockholders and, to the extent not paid by the Company, will be the responsibility of such Stockholder.

5. Put Right.

(a) Put by Management Stockholders. The Management Stockholders will each have the right to put their shares of Common Stock to the Company over a five (5)-year period from date of issuance of such shares and/or options in respect of Common Stock as described below.

(i) For a period of time beginning on the first Annual Appraisal Date after the second (2<sup>nd</sup>) anniversary of the date of issuance of shares of Common Stock to a Management Stockholder (the "**Issuance Date**") and ending (i) 90 days thereafter if no Alternative Annual

Appraisal has been requested pursuant to Section 2(d) or (ii) sixty (60) days following the final determination of Fair Market Value in accordance with the applicable Alternative Annual Appraisal in the event that an Alternative Annual Appraisal has been requested pursuant to Section 2(d), such Management Stockholder shall have the right to require the Company and/or Herman Miller, jointly and severally, to purchase at Fair Market Value from such Management Stockholder up to twenty percent (20%) of the total number of such shares of Common Stock issued on such Issuance Date. For the avoidance of doubt, shares of Common Stock issued under the Contribution and Rollover Agreement between Company and such Management Stockholder, dated July \_\_, 2014 shall be deemed to have an Issuance Date of the date hereof, and (ii) shares of Common Stock issued pursuant to (a) the exercise of options under the Option Agreements entered into between Company and each Management Stockholder on the date hereof (each an "Option Agreement"), or (b) the annual bonus pursuant to the Employment Agreement between Design Within Reach, Inc. and Management Stockholder, dated the date hereof, shall, once issued, be deemed to have been issued on the date hereof for purposes of determining the number of shares of Common Stock eligible for the put under this Section 5(a).

(ii) For a period beginning on the first Annual Appraisal Date after the third (3<sup>rd</sup>) anniversary of an Issuance Date and ending (i) 90 days thereafter if no Alternative Annual Appraisal has been requested pursuant to Section 2(d) or (ii) sixty (60) days following the final determination of Fair Market Value in accordance with the applicable Alternative Annual Appraisal in the event that an Alternative Annual Appraisal has been requested pursuant to Section 2(d), the Management Stockholder to whom the shares of Common Stock were issued on such Issuance Date shall have the right to require the Company and/or Herman Miller, jointly and severally, to purchase from such Management Stockholder at Fair Market Value (i) up to an additional ten percent (10%) of the shares of Common Stock issued on such Issuance Date, plus (ii) additional shares in an amount equal to the difference between the number of shares such Management Stockholder was entitled to put to Company pursuant to Section 5(a)(i) and the actual number of shares the Management Stockholder put to the Company pursuant to Section 5(a)(i). By way of illustrative example, if a Management Stockholder put five percent (5%) of his shares issued on a given Issuance Date to the Company pursuant to Section 5(a)(i) above, such Management Stockholder would have the right to put up to twenty-five percent (25%) of his shares issued on such Issuance Date to the Company pursuant to this Section 5(a)(ii) (including shares issued after the date hereof that are deemed to have been issued on the date hereof because they were issued upon exercise of options under the Option Agreement).

(iii) For a period beginning on the first Annual Appraisal Date after the fourth (4th) anniversary of an Issuance Date and ending (i) 90 days thereafter if no Alternative Annual Appraisal has been requested pursuant to Section 2(d) or (ii) sixty (60) days following the final determination of Fair Market Value in accordance with the applicable Alternative Annual Appraisal in the event that an Alternative Annual Appraisal has been requested pursuant to Section 2(d), the Management Stockholder to whom the shares of Common Stock were issued on such Issuance Date shall have the right to require the Company and/or Herman Miller, jointly and severally, to purchase from such Management Stockholder at Fair Market Value (i) up to an additional ten percent (10%) of the shares of such Common Stock issued on such Issuance Date, plus (ii) additional shares in an amount equal to the difference between the number of shares such

Management Stockholder was entitled to put to Company pursuant to Sections 5(a)(i) and (ii) and the actual number of shares the Management Stockholder put to the Company pursuant to Sections 5(a)(i) and (ii). By way of illustrative example, if a Management Stockholder put five percent (5%) of his shares issued on a given Issuance Date to the Company pursuant to Sections 5(a)(i) and (ii) above, such Management Stockholder would have the right to put up to thirty percent (30%) of his shares issued on such Issuance Date to the Company pursuant to this Section 5(a)(ii).

(iv) For a period of time beginning on the first Annual Appraisal Date after the fifth (5<sup>th</sup>) anniversary of the Issuance Date and ending (i) 90 days thereafter if no Alternative Annual Appraisal has been requested pursuant to Section 2(d) or (ii) sixty (60) days following the final determination of Fair Market Value in accordance with the applicable Alternative Annual Appraisal in the event that an Alternative Annual Appraisal has been requested pursuant to Section 2(d), the Management Stockholder to whom the shares of Common Stock were issued on such Issuance Date shall have the right to require the Company and/or Herman Miller, jointly and severally, to purchase at Fair Market Value all remaining issued and outstanding shares of Common Stock owned by such Management Stockholder that were issued on such Issuance Date.

(b) Change of Control. In the event of a Change of Control of Herman Miller, the Management Stockholders will each have the right by giving written notice within 30 days of the Change of Control to require the Company and/or Herman Miller, jointly and severally, to purchase all (but not less than all) of the Capital Stock owned by the Management Stockholders. The purchase price of the Capital Stock subject such repurchase pursuant to this Section 5 shall be at the Fair Market Value determined pursuant to the most recently completed Annual Appraisal or Alternative Annual Appraisal, as the case may be, as of the date of such Change of Control; provided, that if the valuation date of the most recently completed Annual Appraisal or Alternative Appraisal is more than six months prior to the date of the Change of Control, each Management Stockholder shall have the right to request an additional appraisal to determine the Fair Market Value for purposes of this Section 5(b). In such event, such Management Stockholder shall in its written notice contemplated above notify the Company of its election. If the additional appraisal is elected, such appraisal (the “**CoC FMV Appraisal**”) shall be performed by the Appraiser who shall be engaged to promptly determine the Fair Market Value of the Company as of the date of the Change of Control. The Appraiser shall be instructed to determine Fair Market Value in accordance with the assumptions and parameters set forth in the definition of Fair Market Value as set forth in this Agreement and shall be instructed to perform the evaluation as quickly as reasonably possible but in any event in no more than 30 days. In the event that the resulting CoC FMV Appraisal results in a Fair Market Value that is less than 4% higher or lower than the Fair Market Value in the most recent Annual Appraisal or Alternative Annual Appraisal, as the case may be, then the Fair Market Value for purposes of this Section 5(b) shall be the value determined in the most recent Annual Appraisal or Alternative Annual Appraisal, as the case may be, and the costs of the CoC FMV Appraisal shall be borne by the Management Stockholder(s) that requested a CoC FMV Appraisal. In the event that the CoC FMV Appraisal determines the Fair Market Value is greater than or equal to 4% higher or lower than the Fair Market Value in the most recent Annual Appraisal or the Alternative Annual Appraisal, as the case may be, then the Fair Market Value shall be deemed to be the average between the Fair Market Value determined pursuant to the Annual Appraisal or the Alternative Annual Appraisal, as the case may be, and the CoC FMV Appraisal, and the fees and expenses of the CoC

FMV Appraisal shall be borne by the Company. The determination of Fair Market Value pursuant to the terms of this Section 5(b) shall be final and binding on the Parties for purposes of this Section 5(b).

(c) Dramatic Modifications to Business. In the event that the Board directs Company and/or its Subsidiaries to engage in transactions without the approval or consent of at least one Management Stockholders (which for the avoidance of doubt it is permitted to do) in such a way that the day-to-day business of Company and the Subsidiaries is or is reasonably expected to be so materially transformed in terms of scope, products or markets that it is reasonably seen to be a substantially different business from the current business of Company and the Subsidiaries and as a result one or both Management Stockholders do not feel capable of managing the transformed business effectively (a “**Transformation**”), such Management Stockholder may notify Company of the Transformation (it being understood and agreed that winding up, dissolution or liquidation of the Company or any of its subsidiaries shall be deemed to be a Transformation). The CEO of Herman Miller and the Management Stockholder(s) shall promptly meet and attempt in good faith to address or resolve the concerns of the Management Stockholder. If the Management Stockholder reasonably believes that his concerns have not been reasonably and adequately addressed within 30 days of such meeting, then for a period of sixty (60) days thereafter, such Management Stockholder may elect by written notice to require Company to purchase all (but not less than all) of Management Stockholder’s Capital Stock at the Fair Market Value.

(d) Material Dilution without Consent. Except with respect to issuances pursuant to the terms of the Company’s 2014 Incentive Stock Option Plan as in effect on the date hereof, in the event that Company or any of its Subsidiaries issues New Securities as to which a Management Stockholder does not exercise his preemption rights under Section 7 hereof, then for a period of sixty (60) days thereafter, such Management Stockholder may elect by written notice to require Company to purchase all (but not less than all) of Management Stockholder’s Capital Stock at the Fair Market Value.

(e) Procedure. If a Management Stockholder shall elect to sell such Capital Stock, such Management Stockholder shall give written notice to the Company and Herman Miller of such intent within the period prescribed (the date such notice is given, the “**Put Notice Date**”). Such notice shall specify the number of shares of Capital Stock to be sold (the “**Put Stock**”). Such written notice shall constitute an offer to sell the Put Stock to the Company as provided therein; provided, that such notice and such offer shall be revocable by the Management Stockholders at any time prior to the consummation of the sale. Such written notice by Edelman or McPhee shall be accompanied by the stock certificates for the shares of Put Stock, together with stock transfer instruments executed in blank sufficient to effect the transfer of all of such Put Stock, which shall be held by the Company in trust pending completion of such transaction.

(f) Purchase Obligations. Upon delivery of the written notice by the Management Stockholder (the “**Put Notice**”), the Company and Herman Miller, jointly and severally, shall have the obligation to purchase the Put Stock at a price equal to the Fair Market Value of the Put Stock (the “**Put Option Purchase Price**”). Such Put Option Purchase Price shall be payable, upon receipt of original stock certificates and duly executed stock powers evidencing



the conveyance of the Put Stock to Company or Herman Miller, as applicable, in cash to the Company, by wire transfer to an account designated by the Management Stockholder within thirty (30) days following receipt of such written notice.

(g) Determination of Fair Market Value of Put Stock. The Put Option Purchase Price shall be based on the Fair Market Value determined in the mostly recently completed Annual Appraisal determined pursuant to Section 2(d) as of the Put Notice Date.

(h) Herman Miller Stock Request. In the event that a Management Stockholder is required to or elects to sell shares of Capital Stock pursuant to Sections 4(a) or 5(c) hereof, such Management Stockholder may by written notice (i) within ten days after the Drag Notice Date, or (ii) in the Put Notice, as applicable, request that Herman Miller pay for some or all of the at the purchase price for the Capital Stock in such transaction by delivering shares of unregistered common stock of Herman Miller in lieu of cash. Herman Miller may, at its exclusive direction, and if it does agree, such stock issuance shall be on such terms and conditions as are mutually agreed by Herman Miller and the applicable Management Stockholder.

(i) Neither Herman Miller nor any of its Affiliates is party to any agreement, arrangement or commitment which would limit or restrict in any manner the ability of the Company to comply with its obligations under this Section 5 in the event any Management Stockholder elects to exercise its rights under this Section 5 (any such agreement, arrangement or commitment, a “**Restrictive Agreement**”) and neither Herman Miller nor any of its Affiliates shall enter into, or become subject to, any Restrictive Agreement which would be effective at any time during which any Management Stockholder is entitled to exercise its rights under this Section 5.

6. Certain Matters Requiring Director Approval. So long as the Management Stockholders hold shares of Capital Stock, the Company hereby covenants and agrees with each of the Management Stockholders that it shall not, without approval of at least five (5) members of the Board:

(i) amend or modify those certain Supply Agreements between Herman Miller and HM Consumer Co., and Design Within Reach, Inc., each dated the Closing Date or amend or modify that certain Services and Cost Allocation Agreement between Herman Miller and HMCC dated the Closing Date.

(ii) enter into any transaction or agreement with Herman Miller or any of its Affiliates (an “Affiliate Transaction”) which transaction or agreement is not on reasonable arm’s length terms; and

(iii) amend the certificate of incorporation or by-laws of the Company in a manner that adversely affects any of the Management Stockholders;

Herman Miller may, at its election as a means to avoid a dispute regarding whether an Affiliate Transaction is arms-length, submit a proposed Affiliate Transaction for approval by the Board, and if the Board and the Independent Director approves such Affiliate Transaction, such Affiliate Transaction shall be deemed to be on an arms-length basis.

7. Right of First Offer. Subject to the terms and conditions specified in this Section 7, and applicable securities laws, in the event the Company proposes to offer or sell any New Securities, the Company shall first make an offering of such New Securities to each Management Stockholder in accordance with the following provisions of this Section 7:

(i) The Company shall deliver a notice, in accordance with the provisions of Section 7(d) hereof (the “**Offer Notice**”) to each of the Stockholders stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(ii) By written notification received by the Company, within ten (10) calendar days after mailing of the Offer Notice, each Management Stockholder may elect to purchase or obtain, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the number of shares of Capital Stock then held by such Management Stockholder bears to the total number of shares of Capital Stock of the Company then outstanding (assuming full conversion and exercise of all convertible or exercisable securities), including any Excess New Securities (as defined below) that such Management Stockholder wishes to purchase if such securities are available. In the event that any Management Stockholder does not elect to purchase all of his respective proportional share, the New Securities which were available for purchase by such non-electing Management Stockholder (the “**Excess New Securities**”) shall automatically be deemed to be accepted for purchase by the Management Stockholders who indicated in their written notification a desire to participate in the purchase of New Securities in excess of their proportional share.

(iii) If all New Securities referred to in the Offer Notice are not elected to be purchased or obtained as provided in Sections 7(a) and (b) hereof (subject to compliance by the Company of its obligations with respect to any Excess New Securities), the Company may offer the remaining unsubscribed portion of such New Securities (collectively, the “**Refused Securities**”) to any person or persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the remaining unsubscribed New Securities within one hundred eighty (180) days, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such remaining unsubscribed New Securities shall not be offered unless first reoffered to the Stockholders in accordance with this Section 7.

(iv) The right of first offer in this Section 7 shall not be applicable to: (i) shares of Common Stock issued or deemed issued to employees or directors of, or consultants to, the Company or any of its subsidiaries pursuant to a plan, agreement, or arrangement approved by the Board; (ii) the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities; (iii) securities issued in connection with any stock split or stock dividend of the Company; (iv) the issuance of securities in connection with a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise; or (v) any debt instruments, provided such borrowings do not have any exercisable or convertible equity features attached.

(v) In lieu of complying with the provisions of this Section 7, the Company may elect to give notice to the Management Stockholders within thirty (30) days after the issuance of New Securities. Such notice shall describe the type, price and terms of the New Securities. Each Management Stockholder shall have twenty (20) days from the date of receipt of such notice to elect to purchase up to the number of New Securities that would, if purchased by such Management Stockholder, maintain such Management Stockholder's percentage ownership position, calculated as set forth in Section 7(b) prior to giving effect to the issuance of such New Securities. The closing of such sale shall occur within sixty (60) days of the date of notice to the Management Stockholders.

8. Non-Competition.

(a) The Business Area. The Parties acknowledge the Company and its subsidiaries transact and carry on the Business throughout the world, including but not limited to in the United States, Mexico, Canada, China, India, Europe, and Australia (the "Business Area"). The restrictions set forth in this Section 8 shall apply solely to the Business Area.

(b) Conduct of the Company's Business and Operations Post-Effective Date. The Parties further acknowledge that (i) after the Effective Date, the Company intends to conduct the Business throughout the Business Area, (ii) by virtue of their ownership of Capital Stock and right to be a member of the Board as provided herein, the Management Stockholders will have access to confidential information and trade secrets of the Company and its subsidiaries, the misuse or disclosure of which would materially reduce the value of the Capital Stock, and (iii) Herman Miller and the Company would not have entered into this Agreement but for Management Stockholders' promise to comply with the provisions of this Section 8.

(c) Agreement Not to Compete. During the period commencing on the Effective Date and ending on the first anniversary of the date on which such Management Stockholder no longer hold any shares of Capital Stock of the Company (the "**Restricted Period**"), each Management Stockholder, subject to Section 8(d), shall not engage or participate in any business competitive with the Business in the Business Area or become interested in (as owner, stockholder, lender, partner, co-venturer, director, officer, employee, agent or consultant) any Person engaged in any business competitive with the Business in any part of the Business Area.

(d) Ownership of Certain Securities. Notwithstanding the foregoing provisions of Section 8(a), a Management Stockholder may own (solely as a passive investor) securities in any publicly-traded entity that is engaged in the Business, but only to the extent such Management Stockholder does not own, of record or beneficially, more than an aggregate of four and ninety-nine/hundreths percent (4.99%) of the outstanding beneficial ownership of such entity.

(e) Nonsolicitation of Employees. During the Restricted Period, the Management Stockholders shall not, either on their own account or for any Person directly or indirectly employ or otherwise engage, or attempt to employ or otherwise engage, any person who is then (or was at any time within one (1) year prior thereto) engaged by Company or its subsidiaries as an executive, officer, or senior designer, or otherwise induce or influence any such person to terminate their employment or engagement with the Company or to terminate or breach their

employment agreement with the Company. The foregoing shall not apply to persons that have been separated from employment with the Company for a period of six (6) months or longer nor shall it apply to the solicitation of the other Management Stockholder. A Management Stockholder shall not be deemed in breach hereof solely for general solicitations of employment through publications that are not specifically directed at employees of Company or any subsidiary.

(f) Maintenance of Relationships. During the Restricted Period, the Management Stockholders shall not, directly or indirectly (including without limitation through any existing or future Affiliate), induce or influence any customer, supplier, vendor or other Person that has a business relationship with the Company or the Company's Affiliates to discontinue or reduce the extent of such business relationship.

#### 9. Financial Information and Reports.

(a) The Company will furnish the following information without charge to any Management Stockholder:

(i) within thirty (30) days after the end of each fiscal month of the Company other than the last such month of any fiscal quarter of the Company, consolidated statements of income and cash flows of the Company for such fiscal month and consolidated balance sheets of the Company as of the end of such fiscal month;

(ii) as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter, with comparisons to the Approved Budget, all prepared in accordance with generally accepted accounting principles applied ("**GAAP**") (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(iii) within sixty (60) days after the end of each fiscal year of the Company, the Company's unaudited financial statements (balance sheet, income statement and statement of cash flows) as of the end of such fiscal year, prepared substantially in accordance with GAAP on a consistent basis (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(iv) within sixty (60) days after the commencement of each fiscal year of the Company, (A) a consolidated annual budget of the Company and its Subsidiaries for such fiscal year (such annual budget to include, budgeted statements of earnings and sources and uses of cash and balance sheets) and annual projections and estimates related thereto and (B) a consolidated capital expenditure budget of the Company and its Subsidiaries for such fiscal year (including a summary of the capital expenditures made or committed to by the Company and its Subsidiaries in the prior fiscal quarter) (together, the "**Company Budgets**").

(b) Inspection Rights. The Company shall, upon reasonable notice and during normal business hours, allow each Management Stockholder to (a) examine the books and records

of the Company, and (b) request information at reasonable times and intervals concerning the general status of the Company's financial condition and operations; provided, that the Company may, in its discretion, not disclose or provide access to any Stockholder to highly confidential proprietary information the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

10. Voting Agreement.

(a) Agreement to Vote Shares. Each Stockholder agrees to vote all of his, her or its shares of voting securities in the Company, whether now owned or hereafter acquired or which such Stockholder may be empowered to vote (together, the "**Designated Shares**"), from time to time and at all times, in whatever manner shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders (each such case is referred to herein as a "Vote"), the following persons shall be elected to the Board at each election of directors:

(i) Three (3) individuals designated by Herman Miller (whose initial designees shall be Brian Walker, Ben Watson, and Steve Gane,

(ii) One (1) individual designated by Herman Miller which individual shall satisfy the requirements of an independent director as defined by the NASDAQ rules, shall be reasonably acceptable to the Management Stockholders and shall have retail/consumer business experience (the "**Independent Director**");

(iii) So long as McPhee is employed by the Company or any Affiliate of the Company, one (1) individual designated by McPhee (whose initial designee shall be McPhee); and

(iv) So long as Edelman is employed by the Company or any Affiliate of the Company, one (1) individual designated by Edelman (whose initial designee shall be Edelman).

(b) Size of the Board. Each Stockholder agrees to vote, or cause to be voted, all Designated Shares from time to time and at all times, in whatever manner as shall be necessary to ensure that the size of the Board shall be set and remain at six (6) directors.

(c) Vacancy and Removal. In the event that any of the individuals designated pursuant to Section 10(i) of this Agreement ceases to serve as a member of the Board during his term of office for any reason (including death, resignation or removal), the Stockholder(s) that designated such individual shall elect a substitute individual to fill the resulting vacancy, to serve until his successor shall have been duly designated. Any member of the Board shall be removed from the Board only upon the request or approval of the Stockholder that designated such individual.

(d) Composition of the Board of Subsidiaries. At all times, to the extent permitted by applicable law, the composition of the board of directors or any comparable governing body of the Company's Subsidiaries shall have the same composition as that of the Board.

(e) Observer. In the event that a Management Stockholder is no longer employed by the Company or any Affiliate of the Company, so long as such Management Stockholder owns Capital Stock of the Company, such Management Stockholder shall be permitted to designate one (1) observer to attend, as a non-voting observer, all meetings (including telephonic meetings) of the Board (the “**Board Observer**”). The Company shall, at any time, (i) provide the Board Observer with reasonable access, upon reasonable notice, to the books and records of the Company and its Subsidiaries and (ii) provide the Board Observer with (x) notice of all meetings of the Board and (y) all information delivered to the members of the Board prior to such meetings at the same time such notice and information is delivered to the members of the Board.

(f) No Voting Trusts. No Stockholder shall deposit, nor permit any entity under the Stockholder’s control to deposit, any of his or her Designated Shares in a voting trust or subject any of his or her Designated Shares to any agreement, arrangement or understanding with respect to the voting of his or her Designated Shares inconsistent with this Agreement.

(g) Stockholder’s Representations. Each Stockholder severally represents that: (a) the Stockholder has the complete and unrestricted power and unqualified right (subject to spousal consent, if applicable) to enter into and perform the terms of this Agreement; (b) this Agreement constitutes a valid and binding agreement with respect to the Stockholder, enforceable against the Stockholder in accordance with its terms and (c) the Stockholder owns the number of Shares, warrants and/or options indicated opposite the Stockholder name on Exhibit A hereto, has the sole and unrestricted voting power with respect to the Designated Shares, and such Designated Shares are all of the Shares directly or indirectly held by the Stockholder.

(h) Specific Performance and Remedies. The parties hereto acknowledge that it will be impossible to measure in money the damage to the other party(ies) if a party hereto fails to comply with the obligations imposed by this Agreement and that, in the event of such failure, the other party(ies) will not have an adequate remedy at law or in damages. Accordingly, injunctive relief or other equitable remedy, in addition to remedies at law or in damages, is the appropriate remedy for any such failure. No party will oppose the granting of such relief on the basis that the other party(ies) have an adequate remedy at law. Each party shall seek, and each party hereby waives any requirement for, the securing or posting of a bond in connection with any other party’s seeking or obtaining such equitable relief. In addition to all other rights or remedies which any party hereto may have against any other party hereto who defaults in the performance of such party’s obligations under the Agreement, such defaulting party shall be liable to the non-defaulting party for all litigation costs and attorneys’ fees incurred by the non-defaulting party(ies) in connection with the enforcement of any of the non-defaulting party’s rights or remedies against the defaulting party.

#### 11. Legend.

(a) Each certificate representing shares of Capital Stock held by the Stockholders or issued to any permitted transferee in connection with a transfer permitted by this Agreement shall be endorsed with the following legend:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS, OR UNLESS THE REGISTRATION REQUIREMENT OF SUCH ACT OR SUCH LAWS IS NOT REQUIRED AND AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER SUCH ACT OR SUCH LAWS IS NOT REQUIRED.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN STOCKHOLDERS AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER HOLDERS OF CAPITAL STOCK OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

(b) Each Stockholder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 11(a) above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

12. Miscellaneous.

(a) Term. This Agreement shall terminate, with respect to any Management Stockholder, in the event such Management Stockholder ceases to be a stockholder of the Company. Notwithstanding the foregoing, Sections 8 and 12(n) shall survive the termination of this Agreement.

(b) Stock Split. All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization or adjustment to the capital structure of the Company affecting the Capital Stock occurring after the date of this Agreement.

(c) Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c)

five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Schedule A, or to such e-mail address, facsimile number, or address as subsequently modified by written notice given in accordance with this Section 12(c). If notice is given to the Company, a copy shall also be sent to Foley & Lardner LLP, 777 E. Wisconsin Avenue, Milwaukee, Wisconsin 53202; facsimile number: (414) 297-4900; attention Kevin D. Makowski. If notice is given to John Edelman as a Stockholder, a copy shall also be sent to White & Case LLP, 1155 Avenue of the Americas, New York, New York 10036; facsimile number (212) 354-8113; attention Nazim Zilkha. If notice is given to John McPhee as a Stockholder, a copy shall also be sent to White & Case LLP, 1155 Avenue of the Americas, New York, New York 10036; facsimile number (212) 354-8113; attention Nazim Zilkha. Each Stockholder subject to this Agreement acknowledges and agrees to receive any communications given or made by the Company in accordance with applicable law or this Agreement by electronic mail or other electronic transmission in accordance with the email address or facsimile numbers provided by the Company. In the event that a Stockholder changes his, her or its email address or facsimile number, such Stockholder agrees, upon request from the Company, to supply an alternative email address, if one is available.

(d) Entire Agreement. This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

(e) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

(f) Amendment. This Agreement may be amended or modified and only by a written instrument executed by the Company and the Stockholders. All waivers granted with respect to any term, condition or provision of this Agreement shall be in writing and shall only be effective if executed by the party granting such waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

(g) Transfers, Successors and Assigns.



(i) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(ii) The rights of the Stockholders hereunder are not assignable without the Company's written consent, except by each Stockholder to any constituent, partner, member or stockholder of such Stockholder or to an entity or entities controlled by, or under common control with, such Stockholder. Except as expressly set forth herein or in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

(h) Severability. The invalidity of unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Each Stockholder acknowledges and agrees that each Stockholder hereto will be irreparably damaged in the event any of the provisions of this Agreement are not performed by the Stockholders in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that each of the Company and the Stockholders shall be entitled to an injunction to prevent breaches of this Agreement and to specific enforcement of this Agreement and its terms and provisions in any action instituted in any court of the United States or any state having subject matter jurisdiction, in addition to any other remedy to which the Stockholders may be entitled at law or in equity.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to its principles of conflicts of laws. Each of the Stockholders to this Agreement hereby consents to personal jurisdiction in any such action brought in state or federal courts located in Wilmington, Delaware.

(j) Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

(k) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(l) Consent of Spouse. If any Management Stockholder is married on the date of this Agreement or on the date such Management Stockholder becomes a party to this Agreement, such Management Stockholder's spouse shall execute and deliver to the Company a consent of spouse in the form of Exhibit B hereto ("**Consent of Spouse**"), effective on the date hereof. Notwithstanding the execution and delivery thereof, such consent shall not be deemed to confer or convey to the spouse any rights in such Management Stockholder's shares of Capital Stock that do not otherwise exist by operation of law or the agreement of the parties. If any Management Stockholder should marry or remarry subsequent to the date of this Agreement or the date such Management Stockholder becomes a party to this Agreement, such Management Stockholder shall

within thirty (30) days thereafter obtain his/her new spouse's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Agreement by causing such spouse to execute and deliver a Consent of Spouse acknowledging the restrictions and obligations contained in this Agreement and agreeing and consenting to the same.

(m) Confidentiality. Each Management Stockholder agrees that such Management Stockholder will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Company, any confidential information obtained from the Company or its subsidiaries pursuant to the terms of this Agreement, unless such confidential information (i) is known or becomes known to the public in general (other than as a result of a breach of this Section 12(m) by such Management Stockholder), (ii) is or has been independently developed or conceived by the Stockholder without use of the Company's confidential information or (iii) is or has been made known or disclosed to the Management Stockholder by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that a Management Stockholder may disclose confidential information (a) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (b) to any prospective investor of any Capital Stock from such Management Stockholder as long as such prospective investor agrees to be bound by the provisions of this Section 12(m), or (c) as may otherwise be required by law, provided that the Management Stockholder takes reasonable steps to minimize the extent of any such required disclosure.

(n) Director and Officer Insurance. As promptly as practicable after the date hereof, the Company shall purchase and maintain customary directors' and officers' indemnification insurance coverage for each of its directors and officers including, but not limited to, those directors identified in Section 10.1(a) hereof.

*[This space left blank intentionally; signature page follows]*

(o)

IN WITNESS WHEREOF, the undersigned have executed this Stockholders' Agreement as of the date first above written.

**HM SPRINGBOARD, INC.**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Stockholders have executed this Stockholders' Agreement as of the date first above written.

**STOCKHOLDERS:**

HERMAN MILLER, INC.

By: \_\_  
Name: \_\_  
Title: \_\_  
Date: \_\_

John Edelman

Date: \_\_

John McPhee

Date: \_\_

## **SCHEDULE A**

Stockholders

### **Name and Address**

Herman Miller, Inc.  
855 East Main Street  
Zeeland, MI 49464  
Attention: H. Timothy Lopez  
Facsimile: (616) 654-5234

John Edelman  
133 Spring Valley Road  
Ridgefield, CT 06877

John McPhee  
20 Saint Nichols Road  
Darien, CT 06820

## EXHIBIT A

### ADOPTION AGREEMENT

This Adoption Agreement (“Adoption Agreement”) is executed by the undersigned (the “Stockholder”) pursuant to the terms of that certain **Stockholders Agreement**, dated effective as of [\_\_\_\_\_, 2014] (the “Agreement”), by and among HM Springboard, Inc., a Delaware corporation (the “Company”), and certain of its Stockholders. Capitalized terms used but not defined in this Adoption Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adoption Agreement, the Stockholder agrees as follows:

1.1 Acknowledgement. Stockholder acknowledges that Stockholder is acquiring shares of the capital stock of the Company (the “Stock”), subject to the terms and conditions of the Agreement.

1.2 Agreement. Stockholder (i) agrees that the Stock acquired by Stockholder shall be bound by and subject to the terms of the Agreement, and (ii) hereby adopts the Agreement with the same force and effect as if Investor were originally a party thereto.

1.3 Notice. Any notice required or permitted by the Agreement shall be given to Investor at the address listed beside Investor’s signature below.

EXECUTED AND DATED this \_\_\_ day of \_\_\_\_\_, 20\_\_.

STOCKHOLDER

By: \_\_\_\_\_

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

(print or type name)

Title: \_\_\_\_\_

(insert title if Investor is an entity)

Record Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Accepted and Agreed:

**HM SPRINGBOARD, INC.**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

**EXHIBIT B**

**CONSENT OF SPOUSE**

I, \_\_\_\_\_, spouse of \_\_\_\_\_, acknowledge that I have read the Stockholders' Agreement, dated as of [\_\_\_\_\_, 2014], as amended from time to time, to which this Consent is attached as Exhibit B (the "**Agreement**"), and that I know the contents of the Agreement. I am aware that the Agreement contains provisions regarding certain rights to certain other holders of Capital Stock of the Company upon of shares of Capital Stock of the Company which my spouse may own including any interest I might have therein.

I hereby agree that my interest, if any, in any shares of Capital Stock of the Company subject to the Agreement shall be irrevocably bound by the Agreement and further understand and agree that any community property interest I may have in such shares of Capital Stock of the Company shall be similarly bound by the Agreement.

I am aware that the legal, financial and related matters contained in the Agreement are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Agreement carefully that I will waive such right.

Dated as of the \_\_ day of \_\_\_\_\_, \_\_\_\_.

Signature

Print Name

\_\_\_\_\_  
\_\_\_\_\_

**HM SPRINGBOARD, INC.  
STOCK OPTION PLAN**

**ARTICLE I.  
PURPOSE**

1.1 **GENERAL.** The purpose of the HM Springboard, Inc. Stock Option Plan (the “Plan”) is to promote the success and enhance the value of HM Springboard, Inc. (the “Company”) by linking the personal interests of the members of the Board, employees, and officers of the Company and any Subsidiary, to those of Company stockholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Company stockholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, employees, and officers of the Company and its Subsidiaries upon whose judgment, interest, and special effort the successful conduct of the Company’s operation is largely dependent. The Plan is effective on July 28, 2014 (the “Effective Date”).

**ARTICLE II.  
DEFINITIONS AND CONSTRUCTION**

2.1 **DEFINITIONS.** The following words and phrases, when the initial letter is capitalized, shall have the following meanings:

(a) “Affiliate” means with respect to any Person, (i) any Person which, directly or indirectly, controls, is controlled by or is under common control with such Person, or (ii) where applicable, an individual’s spouse and descendants (whether natural or adopted) and any trust formed solely for the benefit of such individual and/or such individual’s spouse and/or descendants.

(b) “Board” means the Board of Directors of the Company.

(c) “Cause” has the meaning given in an employment or services agreement between the Participant and the Company or a Subsidiary, or in the absence of such agreement or in the absence of a definition of “cause” in such agreement, means the Participant’s dishonesty, fraud, misconduct, unauthorized use or disclosure of confidential information or trade secrets, or conviction or confession of a crime punishable by law (except minor violations), in each case as determined by the Board, and its determination shall be conclusive and binding.

(d) “Change of Control” means the occurrence of all of the following:

(i) any transaction (other than a sale of securities by the Company in a private placement or as contemplated by subparagraph (ii) below) as a result of which any Person is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (excluding from the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates) representing more than fifty percent (50%) of the total voting power of the Company’s then outstanding voting securities; or

(ii) the consummation of a merger or consolidation of the Company with or into any other corporation or any other corporate reorganization if more than fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity (or any parent thereof) outstanding immediately after such merger, consolidation, or reorganization is owned by Persons who were not stockholders of the Company immediately prior to such merger, consolidation or reorganization; or

(iii) the sale or disposition by the Company of all or substantially all of the Company’s assets.

The Board shall have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change of Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change of Control and any incidental matters relating thereto.

(e) “Code” means the Internal Revenue Code of 1986, as amended.

(f) “Disability” means, for purposes of this Plan, that the Participant qualifies to receive long-term disability payments under the Company’s long-term disability insurance program, as it may be amended from time to time.

(g) “Employee” means any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or any Subsidiary.

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

(i) “Fair Market Value” shall mean, as of any date, the value of a share of Stock determined as follows:

(i) If an independent appraisal of the value of a share of Stock has been obtained, the value as determined by the most recently completed appraisal prior to the date of determination (provided such appraisal is not more than 12 months old); or

(ii) In the absence of such an appraisal, or if the Board determines in good faith that the most recent appraised value is no longer representative of the fair market value of a share of Stock, then Fair Market Value shall be determined in good faith by the Board.

(j) “Good Reason” has the meaning given in an employment or services agreement between the Participant and the Company or a Subsidiary, or in the absence of such agreement or in the absence of a definition of “Good Reason” (or similar concept) in such agreement, means the occurrence of any of the following events after a Change of Control without the Participant’s express written



consent, and the failure of the successor corporation to cure such event or condition within 30 days after receipt of written notice from the Participant:

(i) any of (A) the assignment to the Participant of any duties inconsistent in any material adverse respect with the Participant's position(s), duties, responsibilities or status with the Company immediately prior to such Change of Control, (B) a change in any material adverse respect in the Participant's reporting responsibilities, titles or offices with the Company as in effect immediately prior to such Change of Control or (C) any removal or involuntary termination of the Participant from any position held by the Participant with the Company immediately prior to such Change of Control or any failure to re-elect the Participant to any position with the Company held by the Participant immediately prior to such Change of Control;

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

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

(iv) a reduction of at least 5% in the aggregate benefits provided to the Participant and the Participant'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 Participant is participating immediately prior to such Change in Control.

(k) "Incentive Stock Option" means an Option that meets the requirements of Section 422 of the Code or any successor provision thereto.

(l) "Non-Qualified Stock Option" means an Option that does not qualify as an Incentive Stock Option.

(m) "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of shares of Stock at a specified price during specified time periods or upon the occurrence of one or more specified events. An Option may be either an Incentive Stock Option or a Non-Qualified Stock Option.

(n) "Option Agreement" means any written agreement, contract, or other instrument or document evidencing an Option.

(o) "Participant" means a person who, as a member of the Board, consultant to the Company or a Subsidiary or an Employee, has been granted an Option.

(p) "Person" means any natural person, entity or any other natural person or entity in its own or any representative capacity

(q) "Plan" means this HM Springboard, Inc. Stock Option Plan, as it may be amended from time to time.

(r) "Stock" means the common stock of the Company, par value \$0.001 per share, and such other securities of the Company that may be substituted for Stock pursuant to Article 7.

(s) "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company.

### **ARTICLE III. SHARES SUBJECT TO THE PLAN**

#### **3.1 NUMBER OF SHARES.**

(a) **SHARES RESERVED.** Subject to Article 7, the aggregate number of shares of Stock which may be issued pursuant to Options shall be 662,400 shares. The maximum number of shares of Stock that may be issued pursuant to Incentive Stock Options is 662,400 shares.

(b) **SHARES COUNTED AGAINST RESERVE.** To the extent that an Option terminates, expires, or lapses for any reason, any shares of Stock subject to the Option shall again be available for the grant of an Option. Additionally, any shares of Stock tendered or withheld to satisfy the exercise price or tax withholding obligation pursuant to any Option shall again be available for the grant of an Option. To the extent permitted by applicable law, shares of Stock issued in assumption of, or in substitution for, any outstanding Options of any entity acquired after the Effective Date of the Plan in any form of combination by the Company or any Subsidiary shall not be counted against shares of Stock available for grant pursuant to this Plan. To the extent that an Option is settled in cash or a form other than shares of Stock, the shares that would have been delivered had there been no such cash or other settlement shall not be counted against the shares available for issuance under this Plan.

**3.2 STOCK ISSUED.** Any Stock issued pursuant to an Option may consist, in whole or in part, of authorized and unissued Stock or treasury Stock.

### **ARTICLE IV. ELIGIBILITY AND PARTICIPATION**

#### **4.1 ELIGIBILITY.**

(a) **GENERAL.** Persons eligible to participate in this Plan include Employees, consultants to the Company and all members of the Board, as selected by the Board.

(b) **FOREIGN PARTICIPANTS.** In order to assure the viability of Options granted to Participants employed in foreign countries, the Board may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Moreover, the Board may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided, however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan.

4.2 **ACTUAL PARTICIPATION.** Subject to the provisions of the Plan, the Board may, from time to time, select from among all eligible individuals, those to whom Options shall be granted and shall determine the nature and amount of each Option. No individual shall have any right to be granted an Option pursuant to this Plan.

## **ARTICLE V. STOCK OPTIONS**

5.1 **GENERAL.** The Board is authorized to grant Options to Participants on the following terms and conditions:

(a) **EXERCISE PRICE.** The exercise price per share of Stock subject to an Option shall be determined by the Board and set forth in the Option Agreement; *provided* that the exercise price for any Option shall not be less than 100% of the Fair Market Value on the date of grant. Notwithstanding the foregoing, with respect to Options assumed from Design Within Reach, Inc. pursuant to the provisions of Section 1.5 of that certain Stock Purchase Agreement, dated as of July 17, 2014, with Herman Miller, Inc. ("HMI"), the sellers named therein and Glenhill Capital Advisors, LLC, in its capacity as the seller representative (the "Purchase Agreement"), such Options shall have an exercise price as determined pursuant to Section 1.5 of the Purchase Agreement.

(b) **TIME AND CONDITIONS OF EXERCISE.** The Board shall determine the time or times at which an Option may be exercised in whole or in part, *provided* that the term of any Option granted under the Plan shall not exceed ten years. The Board shall also determine (i) the performance or other conditions, if any, that must be satisfied before all or part of an Option may be exercised and (ii) the conditions under which the Options will be subject to forfeiture. The time and conditions of exercise for each Participant shall be set forth in each applicable Option Agreement.

(c) **PAYMENT.** The Board shall determine the methods by which the exercise price of an Option may be paid and the form of payment, including, without limitation, cash, promissory note bearing interest at no less than such rate as shall then preclude the imputation of interest under the Code, shares of Stock held for longer than six months having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, or other property acceptable to the Board, and the methods by which shares of Stock shall be delivered or deemed to be delivered to Participants.

5.2 **INCENTIVE STOCK OPTIONS.** Incentive Stock Options shall be granted only to Employees and the terms of any such Incentive Stock Options must comply with the following additional provisions of this Section 5.2:

(a) **INDIVIDUAL DOLLAR LIMITATION.** The aggregate Fair Market Value (determined as of the time the Option is granted) of all shares of Stock with respect to which Incentive Stock Options are first exercisable by a Participant in any calendar year may not exceed \$100,000.00 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Stock Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Stock Options.

(b) **TEN PERCENT OWNERS.** An Incentive Stock Option shall be granted to any individual who, at the date of grant, owns stock possessing more than 10% of the total combined voting power of all classes of Stock of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(c) **TRANSFER RESTRICTION.** The Participant shall give the Company prompt notice of any disposition of shares of Stock acquired by exercise of an Incentive Stock Option within (1) two years from the date of grant of such Incentive Stock Option or (2) one year after the transfer of such shares of Stock to the Participant.

(d) **EXPIRATION OF INCENTIVE STOCK OPTIONS.** No award of an Incentive Stock Option may be made pursuant to this Plan after the Expiration Date.

(e) **RIGHT TO EXERCISE.** Except as provided by Section 6.3, during a Participant's lifetime, an Incentive Stock Option may be exercised only by the Participant.

## **ARTICLE VI. PROVISIONS APPLICABLE TO OPTIONS**

6.1 **OPTION AGREEMENT.** Options under the Plan shall be evidenced by Option Agreements that set forth the terms, conditions and limitations for each Option as determined by the Board which may include the term of an Option, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Option.

6.2 **LIMITS ON TRANSFER.** No right or interest of a Participant in any Option may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Board, no Option shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Board by express provision in the Option or an amendment thereto may permit an Option (other than an Incentive Stock Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities

whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Board, pursuant to such conditions and procedures as the Board may establish. Any permitted transfer shall be subject to the condition that the Board receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities.

**6.3 BENEFICIARIES.** Notwithstanding Section 6.2, a Participant may, in the manner determined by the Board, designate a beneficiary to exercise the rights of the Participant upon the Participant's death. In the absence of such a designation, or if such beneficiary does not survive the Participant, any Options exercisable at or following the Participant's death may be exercised by the representative or representatives of the Participant's estate, or if so directed by the representative of the Participant's estate, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Option or dies intestate, by the person or persons entitled to receive the Option pursuant to the applicable laws of descent and distribution. In addition, upon the Participant's Disability, the Participant's legal guardian may exercise the Participant's Options on the Participant's behalf. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Option Agreement applicable to the Participant, except to the extent the Plan and Option Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Board and shall provide such proof of their rights hereunder as the Company reasonably requests. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his beneficiary with respect to more than 50% of the Participant's interest in the Option shall not be effective without the prior written consent of the Participant's spouse. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Board.

**6.4 STOCK CERTIFICATES.** Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Option, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed or traded. All Stock certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Board deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Stock is listed, quoted, or traded. The Board may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Board shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Option, including a window-period limitation, as may be imposed in the discretion of the Board.

**6.5 COMPANY RIGHTS WITH RESPECT TO STOCK.** All shares of Stock issued pursuant to Options shall be subject to the provisions of Appendix A hereto.

## **ARTICLE VII. CHANGES IN CAPITAL STRUCTURE**

**7.1 ADJUSTMENTS.** In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Stock or the share price of the Stock, the Board shall make such proportionate and equitable adjustments, if any, as appropriate to reflect such change with respect to (i) the number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the share limitations in Section 3.1) or that are the subject of Options; (ii) the terms and conditions of any outstanding Options (including, without limitation, any applicable performance targets or criteria with respect thereto); and (iii) the exercise price per share for any outstanding Options.

**7.2 CHANGE OF CONTROL IN WHICH OPTIONS ARE NOT ASSUMED.** Except as otherwise provided in the applicable Option Agreement, upon the occurrence of a Change of Control in which outstanding Options are not being assumed or continued,

(a) All outstanding Options shall become immediately exercisable and shall remain exercisable for a period of fifteen (15) days; or

(b) The Board may elect, in its sole discretion, to cancel any outstanding Options and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or securities having a value (as determined by the Board acting in good faith), equal to the product of the number of shares of Stock subject to such Options (the "Award Stock") multiplied by the amount, if any, by which (x) the formula or fixed price per share paid or payable to holders of shares of Stock pursuant to such transaction exceeds (y) the exercise price applicable to such Award Stock.

With respect to the company's establishment of an exercise window, (A) any exercise of an Option during the fifteen (15)-day period referred to above shall be conditioned upon the consummation of the applicable Change of Control and shall be effective only immediately before the consummation thereof, and (B) upon consummation of any Change of Control, the Plan and all outstanding but unexercised Options shall terminate. The Board shall send notice of an event that shall result in such termination to all Participants who hold Options not later than the time at which the Company gives notice thereof to its shareholders.

**7.3 CHANGE OF CONTROL IN WHICH OPTIONS ARE ASSUMED OR THE COMPANY IS THE SURVIVING ENTITY.** If a Change of Control occurs and the Company is the surviving entity and any adjustments necessary to preserve the intrinsic value of the Participant's outstanding Options have been made, or the Company's successor at the time of the Change of Control irrevocably assumes the Company's obligations under this Plan or replaces the Participants' outstanding Options having substantially the same intrinsic value and having terms and conditions no less favorable to the Participant than those applicable to the Participants' Options immediately prior to the Change of Control, then such Options or their replacement awards shall become immediately exercisable, in full, upon the Participant's termination of employment within two years after the Change of Control if the participant's employment:

(a) Is terminated without Cause;

(b) Terminates with “Good Reason”; or

(c) Terminates under circumstances that entitle the Participant to accelerated exercisability under any individual employment agreement between the Participant and the Company, a Subsidiary, or any successor thereof.

7.4 **OUTSTANDING OPTIONS – OTHER CHANGES.** In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 7, the Board may, in its absolute discretion, make such adjustments in the number and class of shares subject to Options outstanding on the date on which such change occurs and in the per share exercise price of each Option as the Board may consider appropriate to prevent dilution or enlargement of rights.

7.5 **NO OTHER RIGHTS.** Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend, any increase or decrease in the number of shares of stock of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Board under the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to an Option or the grant or exercise price of any Option.

## **ARTICLE VIII. ADMINISTRATION**

8.1 **BOARD.** Unless and until the Board delegates administration to a committee as set forth below, the Plan shall be administered by the Board. The Board may delegate administration of the Plan to a committee comprised of one or more members of the Board (the “Committee”), and in such event, the term “Board” shall apply to such Committee to whom such authority has been delegated to the extent of such delegation. The Board may abolish the Committee at any time and revert in the Board the administration of the Plan. Appointment of Committee members shall be effective upon acceptance of appointment. Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may only be filled by the Board.

8.2 **ACTIONS.** A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Board or Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company’s independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

8.3 **AUTHORITY OF BOARD.** Subject to any specific designation in the Plan, the Board has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Options;

(b) Determine the type or types of Options to be granted to each Participant;

(c) Determine the number of shares of Stock to which an Option will relate;

(d) Determine the terms and conditions of any Option, including, but not limited to, the exercise price, any reload provision, any restrictions or limitations on the Option, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Option, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Option, based in each case on such considerations as the Board in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Option may be settled in, or the exercise price of an Option may be paid in, cash, Stock, other Options, or other property, or an Option may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Option Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Option;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Option Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Board deems necessary or advisable to administer the Plan.

8.4 **DECISIONS BINDING.** The Board’s interpretation of the Plan, any Options, any Option Agreement and all decisions and determinations by the Board with respect to the Plan or any Option are final, binding, and conclusive on all parties.

## **ARTICLE IX. EFFECTIVE AND EXPIRATION DATE**

9.1 **EFFECTIVE DATE.** The Plan is effective as of the Effective Date.

9.2 **EXPIRATION DATE.** The Plan will expire on, and no Option may be granted after, the tenth anniversary of the Effective Date (the “Expiration Date”). Any Options that are outstanding on the Expiration Date shall remain in force according to the terms of the Plan and the applicable Option Agreement.

**ARTICLE X.**  
**AMENDMENT, MODIFICATION, AND TERMINATION**

10.1 **AMENDMENT, MODIFICATION, AND TERMINATION.** At any time and from time to time, the Board may terminate, amend or modify the Plan; *provided, however*, that to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required.

10.2 **OPTIONS PREVIOUSLY GRANTED.** No termination, amendment, or modification of the Plan shall adversely affect in any material way any Option previously granted without the prior written consent of the Participant affected thereby.

**ARTICLE XI.**  
**GENERAL PROVISIONS**

11.1 **NO RIGHTS TO OPTIONS.** No Participant, employee, or other person shall have any claim to be granted any Option, and neither the Company nor the Board is obligated to treat Participants, employees, and other persons uniformly.

11.2 **NO STOCKHOLDERS RIGHTS.** No Option gives the Participant any of the rights of a stockholder of the Company unless and until shares of Stock are in fact issued to such person in connection with such Option.

11.3 **WITHHOLDING.** The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company or any Subsidiary, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's FICA obligation) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Board may in its discretion and in satisfaction of the foregoing requirement require or allow a Participant to elect to have the Company withhold shares of Stock otherwise issuable under an Option (or allow the return of shares of Stock) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of shares of Stock which may be withheld with respect to the exercise of any Option in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the exercise of the Option shall be limited to the number of shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

11.4 **NO RIGHT TO EMPLOYMENT OR SERVICES.** Nothing in the Plan or any Option Agreement shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of the Company or any Subsidiary.

11.5 **INDEMNIFICATION.** To the extent allowable pursuant to applicable law, each member of the Board or of the Committee shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her, provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

11.6 **RELATIONSHIP TO OTHER BENEFITS.** No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

11.7 **EXPENSES.** The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

11.8 **TITLES AND HEADINGS.** The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

11.9 **FRACTIONAL SHARES.** No fractional shares of Stock shall be issued and the Board shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

11.10 **SECTION 409A.**

(a) It is the intention of the Company that no Option shall be deferred compensation subject to Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively "Code Section 409A"), and the Plan and the terms and conditions of all Options shall be interpreted and administered accordingly.

(b) The Company shall have complete discretion to interpret and construe the Plan and any Option Agreement in any manner that establishes an exemption from the requirements of Code Section 409A. If for any reason, such as imprecision in drafting, any provision of the Plan and/or any Option Agreement does not accurately reflect its intended establishment of an exemption from Code Section 409A, as demonstrated by consistent interpretations or other evidence of intent, such provision shall be considered ambiguous as to its exemption from Code Section 409A and shall be interpreted by the Company in a manner consistent with such intent, as determined in the discretion of the Company. If, notwithstanding the foregoing provisions of this Section 11.10(b), any provision of the Plan or any Option Agreement would cause a Participant to incur any additional tax or interest under Code Section 409A, the Company shall reform such provision in a manner intended to avoid the incurrence by such Participant of any such additional tax or interest; provided that the Company shall maintain, to the extent reasonably practicable, the original intent and economic benefit to the Participant of the applicable provision without violating the provisions of Code Section 409A.

(c) Notwithstanding the provisions of Section 7.1 to the contrary, (1) any adjustments made pursuant to Section 7.1 to Options shall be made in such a manner as to ensure that after such adjustment, the Options continue not to be subject to Code Section 409A; and (2) in any event, neither the Committee nor the Board shall have any authority to make any adjustments, substitutions or changes pursuant to Section 7.1 to the extent the existence of such authority would cause any Option to be subject to Code Section 409A.

11.11 **GOVERNMENT AND OTHER REGULATIONS.** The obligation of the Company to make payment of Options in Stock or otherwise shall be subject to all applicable laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register pursuant to the Securities Act of 1933, as amended, any of the shares of Stock issued pursuant to the Plan. If the shares issued pursuant to the Plan may be exempt from registration pursuant to the Securities Act of 1933, as amended, the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

11.12 **GOVERNING LAW.** The Plan and all Option Agreements shall be construed in accordance with and governed by the laws of the State of Delaware, without reference to conflict of law principles thereof.

## Appendix A

### COMPANY'S RIGHTS WITH RESPECT TO STOCK

- 1) **Applicability.** This Appendix A shall apply to any Stockholder (as defined herein) who is not subject to any other agreement with the Company that contains provisions relating to the Company's rights with respect to Stock, such as a Stockholders Agreement.
- 2) **Definitions.** The following words and phrases, when the initial letter is capitalized, shall have the following meanings:
  - a) "**Appraiser**" shall mean Stout Risius Ross. If Stout Risius Ross is unable or unwilling to act as an appraiser and the parties cannot agree on a replacement appraiser within five (5) business days, each party to the transaction for which an appraiser is required hereunder shall choose an appraiser at the conclusion of such five- (5)- day period, and the appraisers so chosen shall promptly (within five (5) business days) select a single appraiser whose determination of Fair Market Value shall govern and shall be binding and conclusive.
  - b) "**Capital Stock**" means (i) shares of Stock and (whether now outstanding or hereafter issued in any context), (ii) shares of stock issued or issuable upon conversion of any securities issued by the Company and (iii) shares of stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company, in each case now owned or subsequently acquired by any Stockholder, or their respective successors or permitted transferees or assigns. For purposes of the number of shares of Capital Stock held by a Stockholder (or any other calculation based thereon), all shares of any securities convertible into equity shall be deemed to have been converted into Common Stock at the then-applicable conversion ratio.
  - c) "**Determined Value**" means the Fair Market Value as determined by the Appraiser who will be commissioned by the Company to perform an appraisal of the applicable Capital Stock as of the applicable Valuation Date (unless the applicable parties agree to a different valuation).
  - d) "**Entity**," means any general partnership, limited partnership, corporation, association, cooperative, joint stock company, trust, limited liability company, business trust, joint venture, unincorporated organization and governmental entity (or any department, agency or political subdivision thereof).
  - e) "**Fair Market Value**" means the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.
  - f) "**Herman Miller**" means Herman Miller, Inc., a Michigan Corporation.
  - g) "**Permitted Transferee**" means (i) with respect to any Stockholder, any trust or other Entity formed solely for the benefit of a Stockholder or a Stockholder's siblings, lineal antecedents or descendants, children, grandchildren, spouse or any other relatives approved by the Board, provided such Stockholder retains full management and control rights over the Capital Stock, and (ii) with respect to Herman Miller, any Affiliate of Herman Miller.
  - h) "**Pro Rata Share**" of a Stockholder means (i) the number of shares of Capital Stock owned by such Stockholder multiplied by (ii) the ratio of (A) the total number of shares of Capital Stock being sold by Herman Miller in a Disposition pursuant to Section 5(a), divided by (B) the total number of shares of Capital Stock owned by Herman Miller immediately prior to such Disposition.
  - i) "**SEC**" means the Securities and Exchange Commission.
  - j) "**Securities Act**" means the Securities Act of 1933, as amended from time to time.
  - k) "**Stockholder**" means each person who acquires shares of stock pursuant to the Plan or who receives an Option under the Plan.
  - l) "**Transfer**" shall mean to sell, assign, transfer, convey, exchange, pledge, grant a security interest in or otherwise dispose of any Capital Stock or right therein, in each case, whether made directly or indirectly, voluntarily or involuntarily, absolutely or conditionally, or by operation of law or otherwise.
- 3) **Restrictions on Transfer of Capital Stock.**
  - a) **Prohibited Transfers.**

i) No Stockholder shall have the right to Transfer all or any part of the Capital Stock owned or held by such Stockholder without the prior written consent of the Board. Notwithstanding the foregoing, a Stockholder may transfer Capital Stock to a Permitted Transferee.

ii) For purposes of this Appendix, all references to Capital Stock owned or held by a Stockholder shall include all interests in Capital Stock now held or hereafter acquired by a spouse of such Stockholder (“Spouse”) as marital property or pursuant to the Spouse’s elective rights to deferred marital property or to an augmented marital property estate. The creation of an interest in the Capital Stock in the Spouse by operation of marital property or community property laws (e.g., by reason of reclassification by agreement between the Stockholder and the Stockholder’s Spouse or because the Stockholder acquires a portion or all of the Stockholder’s interest in exchange for property that is classified as marital property or community property) during such Stockholder’s lifetime shall not be deemed to be a Transfer of the Capital Stock or any portion thereof for purposes of this Section 3(a) so long as (a) the Capital Stock in which such interest is created continues to be registered in the name of such Stockholder and (b) such Stockholder maintains full management and control rights with respect to such Capital Stock; provided, however, that if either of the foregoing conditions shall cease to be satisfied, then such Stockholder and the Company shall have the option to purchase such Spouse’s interest in the Capital Stock in the sequence and manner and upon the same terms and conditions as specified in Section 3(b) hereof as if the marital relationship of such Stockholder and such Stockholder’s Spouse had been terminated. During the marriage of a Stockholder and the Stockholder’s Spouse, such Stockholder’s obligation to sell or offer to sell Capital Stock pursuant to this Appendix shall include an obligation on the part of such Stockholder’s Spouse to sell or offer to sell any interest of such Spouse in the Capital Stock in the same manner and upon the same terms and conditions. For the avoidance of doubt, a Spouse shall not be permitted to Transfer any interest in Capital Stock without the prior written consent of the Board.

b) Marriage, Other Involuntary Transfer, Termination of Employment.

i) Termination of Marriage of a Stockholder. Upon the termination of the marriage of a Stockholder, by reason of the death of such Stockholder’s Spouse or by divorce, if such Stockholder does not succeed to the marital property or other interest of such Stockholder’s Spouse in the Capital Stock held by such Stockholder, then such Stockholder shall have the right to purchase such interest from such Stockholder’s Spouse or the personal representative of such Spouse’s estate, as the case may be, at the Determined Value as set forth in clause (iv) hereof, or as otherwise agreed by the parties thereto. If such Stockholder elects to purchase all of his or her Spouse’s interest in the Capital Stock, he or she shall signify such election by delivering written notice to such effect to the Spouse or the personal representative of the Spouse’s estate, as the case may be, and to the Company within ninety (90) days after the date of the Spouse’s death or the effective date of termination of the marital relationship. If the Stockholder fails to exercise such right and option in full within such ninety (90) day period, then the Company shall have the option to purchase, during the ninety (90) day period following the later of (A) the expiration of the ninety (90) day period described in the preceding sentence, or (B) the date upon which the Company shall receive actual notice of the Spouse’s death or divorce, and the Spouse or the personal representative of the Spouse’s interest, as the case may be, shall be required to sell and transfer, some or all (as designated by the Company) of the Spouse’s interest in the Stockholder’s Capital Stock at the Determined Value as set forth in clause (iv) hereof, or as otherwise agreed by the parties thereto upon the giving of written notice to such effect to the Stockholder. With regard to shares of Capital Stock subject to the option to purchase, such Spouse or Spouse’s estate shall be under the same obligation to sell or to offer to sell such shares of Capital Stock in the same manner and upon the same terms and conditions as a Stockholder under clause (iii) hereof.

ii) Involuntary Transfers. If any Capital Stock owned by any Stockholder shall be subject to sale or other Transfer by reason of (A) bankruptcy or insolvency proceedings, whether voluntary or involuntary, (B) incompetency or insanity or (C) distraint, levy, execution or other involuntary transfer whether by operation of law or otherwise (an “Involuntary Transfer”), then such Stockholder shall give the Company written notice thereof promptly following the occurrence of such event stating the terms of such proposed transfer, the identity of the proposed transferee, the price or other consideration, if readily determinable, for which the shares of Capital Stock are proposed to be transferred and the number of shares of Capital Stock subject to such Involuntary Transfer. Whenever the Company has any other actual notice or actual knowledge of any such attempted, impending or consummated Involuntary Transfer, it may give written notice thereof to the affected Stockholder. In either case, the Stockholder agrees to disclose in writing immediately to the Company all pertinent information in his or her, possession relating to such Involuntary Transfer. If any shares of Capital Stock are subject to any Involuntary Transfer, the Company shall at all times have the immediate and continuing right and option for a period of ninety (90) days after the Company first receives actual notice of such Involuntary Transfer to purchase such Capital Stock at the Determined Value as set forth in clause (iv) hereof, or as otherwise agreed by the parties thereto upon the giving of written notice to such effect to the Stockholder.

iii) Termination of Employment. In the event that a Stockholder is no longer employed by the Company or any Affiliate of the Company (for any or no reason), or upon the Stockholder’s (or a Participant’s) exercise of an Option following his or her termination of employment from the Company or any Affiliate of the Company (for any or no reason), the Company shall have the option to purchase, during the ninety (90) day period following the termination of employment or any later exercise, as the case may be, and the Stockholder shall be required to sell and transfer, some or all (as designated by the Company) of the terminated Stockholder’s Capital Stock at the Fair Market Value. With regard to shares of Capital Stock subject to the option to purchase, such Stockholder shall be under the same obligation to sell or to offer to sell such shares of Capital Stock in the same manner and upon the same terms and conditions as a Stockholder under clause (iv) hereof.

iv) Company Option. If a Stockholder's Capital Stock is subject to the Company's purchase option governed by clauses (i), (ii) or (iii) hereof, the Company shall at all times have the immediate and continuing right and option for a period of ninety (90) days after the Company first receives actual notice of such Transfer to purchase such shares of Capital Stock, in accordance with the provisions of this clause (iv), at the Determined Value as of the Valuation Date. For purposes of this clause (iv), the "Valuation Date" shall mean (A) in the case of a purchase to which clause (i) applies, the date of the termination of the marriage giving rise to the repurchase right, (B) in the case of a purchase to which clause (ii) applies, the date on which the Company receives actual notice or actual knowledge of the Involuntary Transfer, and (C) in the case of a purchase to which clause (iii) applies, the date on which the Stockholder's employment terminates or the date on which the Stockholder (or Participant) exercises an Option following such employment termination, as the case may be. Notwithstanding anything herein to the contrary, if the time period for the Company to exercise its purchase right hereunder would result in negative accounting treatment for the Company with respect to the Options, then the Company's right to exercise its purchase rights shall be delayed to the minimum extent necessary for such negative accounting treatment to be avoided, the time period set forth herein shall be measured with respect to such delayed date, and this Appendix shall be deemed amended accordingly to reflect such delay.

v) Assignment of Company Purchase Option. The Board may freely assign the Company's purchase option under this subsection (b), in whole or in part. Any Stockholder who accepts an assignment of the Company's purchase option under this subsection (b) shall assume all of the Company's rights and obligations under this subsection (b).

c) Effect of Failure to Comply. Any purported Transfer not made in compliance with the requirements of this Appendix shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. By exercising an Option, the Participant acknowledges and agrees that any breach of this Appendix would result in substantial harm to the Company for which monetary damages alone could not adequately compensate. Therefore, each Participant and the Company unconditionally and irrevocably agrees that any non-breaching party hereto shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity (including, without limitation, seeking specific performance or the rescission of purchases, sales and other transfers of Capital Stock not made in strict compliance with this Appendix).

#### 4) Exempt Transfers.

a) Notwithstanding the foregoing or anything to the contrary herein, the provisions of Sections 3(b) and 3(c) shall not apply to any Transfer by a Stockholder to a Permitted Transferee; provided, in the case of any such transfer, that such Transfer is made pursuant to a transaction in which there is no consideration actually paid for such Transfer; provided, further in a case of any transfer pursuant to this Section, such transferee shall become a party to this Appendix by executing an Adoption Agreement in a form reasonably acceptable to the Company; provided, further, that each Stockholder proposing to make a Transfer permitted by this Section shall deliver a notice to the Company and Herman Miller not later than thirty (30) days prior to the consummation of such Transfer setting forth the name of the proposed transferee and the terms and conditions of such Transfer; and provided, further, all such permitted Transfers shall be made in compliance with applicable federal and state securities laws.

#### 5) Drag-Along Rights.

a) Drag-Along Rights. If Herman Miller desires to sell, Transfer, redeem or otherwise dispose of at least a majority of the shares of Capital Stock owned by Herman Miller to a Person other than a Permitted Transferee (a "Disposition"), then, at the option of Herman Miller, the Stockholders shall be obligated to participate in such Disposition as set forth in this Section 5(a) on a pro rata basis on the same terms, price and conditions as Herman Miller. For purposes of this Section 5(a), each Stockholder shall be obligated to dispose of a number of shares of Capital Stock in connection with the Disposition equal to its Pro Rata Share. Herman Miller shall give the Management Stockholders written notice of any Disposition at least thirty (30) days prior to the closing of the Disposition and such notice shall (i) provide the Management Stockholders with the date of closing for the Disposition, and (ii) indicate whether Herman Miller is exercising its rights pursuant to this Section 5(a).

b) Indemnification Obligations. Notwithstanding anything in this Appendix to the contrary, the Stockholders shall be severally (but not jointly) obligated to join on a pro rata basis (based on each such Stockholder's Pro Rata Share) in any indemnification obligation that Herman Miller has agreed to in connection with the Disposition subject to this Section 5 (other than any such obligations that relate specifically to a particular Stockholder, such as indemnification with respect to representations and warranties given by a Stockholder regarding such Stockholder's title to and ownership of Capital Stock, for which such Stockholder shall be solely responsible); provided, however, that unless a prospective transferee permits a Stockholder to give a guarantee, letter of credit or other mechanism (which shall be dealt with on an individual basis), any escrow of proceeds of any such transaction shall be withheld on a pro rata basis among all Stockholders (based on the number of shares of Capital Stock being sold in such Disposition); provided further that no Stockholder shall be obligated in connection with such Disposition to indemnify the prospective transferee in an aggregate amount in excess of the net cash proceeds actually paid to and received by such Stockholder in such Disposition. Each Stockholder shall enter into any indemnification or contribution agreement reasonably requested by Herman Miller to ensure compliance with this Section 5. Each Stockholder shall pay its Pro Rata Share (as if such expenses reduced the aggregate proceeds available for distribution to the Stockholders in such Disposition) of the expenses incurred by the Stockholders in connection with such Disposition to the extent such expenses are incurred for the benefit of all Stockholders. Expenses incurred by any Stockholder on its own behalf (including the fees and disbursements of counsel, advisors and other Persons retained by such Stockholder in connection with such Disposition) will not be considered costs incurred for the benefit of all Stockholders and, to the extent not paid by the Company, will be the responsibility of such Stockholder.

#### 6) Put and Call Rights.

a) Put by Stockholders. The provisions of this Section 6 shall apply solely to shares of Capital Stock that are (x) issued under the Options assumed from Design Within Reach, Inc. pursuant to the provisions of Section 1.5 of the Purchase Agreement, (y) purchased



from the Company by those employees of Design Within Reach, Inc. who were permitted to purchase such shares in connection with the settlement of claims related to their purported invalid option grants, and (z) issued under the Options designated as “matching options” that are granted by the Company in connection therewith (collectively, the Options described in clauses (x) and (z) are referred to herein as the “Transaction Options”). All references herein to the “Closing Date” shall mean the Closing Date as so defined in the Purchase Agreement.

- i) During the first Window Period (as defined below) that includes or follows the second (2<sup>nd</sup>) anniversary of the Closing Date, a Stockholder shall have the right to require the Company to purchase at Fair Market Value from such Stockholder all or any number of the shares of Capital Stock then owned by the Stockholder equal to twenty percent (20%) of the aggregate of (A) the total number of shares of Stock subject to the Stockholder’s Transaction Options and (B) the total number of shares purchased by the Stockholder as described in clause (y) above (collectively, the “Transaction Shares”).
  - ii) During the first Window Period that includes or follows the third (3<sup>rd</sup>) anniversary of the Closing Date, the Stockholder shall have the right to require the Company to purchase from such Stockholder at Fair Market Value all or any number of shares of Capital Stock then owned by the Stockholder equal to the difference between (i) thirty percent (30%) of the Stockholder’s Transaction Shares and (ii) the actual number of shares the Stockholder put to the Company pursuant to Section 6(a)(i).
  - iii) During the first Window Period that includes or follows the fourth (4<sup>th</sup>) anniversary of the Closing Date, the Stockholder shall have the right to require the Company to purchase from such Stockholder at Fair Market Value all or any number of shares of Capital Stock then owned by the Stockholder equal to the difference between (i) forty percent (40%) of the Stockholder’s Transaction Shares less and (ii) the actual number of shares the Stockholder put to the Company pursuant to Sections 6(a)(i) and (ii).
  - iv) During the first Window Period that includes or follows the fifth (5<sup>th</sup>) anniversary of the Closing Date, the Stockholder shall have the right to require the Company to purchase at Fair Market Value all remaining issued and outstanding Transaction Shares owned by such Stockholder.
  - v) In the event that a Stockholder’s employment by the Company or any Affiliate of the Company terminates (for any or no reason), the Stockholder shall have the right to require the Company to purchase at Fair Market Value during the first Window Period that includes or follows such termination of employment all issued and outstanding shares of Stock owned by such Stockholder during such Window Period.
  - vi) In the event that, by the end of the first Window Period that includes or follows the fifth (5<sup>th</sup>) anniversary of the Closing Date, a Stockholder shall not have sold to the Company all the Transaction Shares then owned by such Stockholder, the Company shall have the option to purchase, during the thirty (30) day period following the end of such Window Period, and the Stockholder shall be required to sell and transfer, some or all (as designated by the Company) of the Transaction Shares at their Fair Market Value.
- b) Put Procedure. If a Stockholder shall elect to sell such Capital Stock pursuant to subsections (a)(i) through (v) above, then the Stockholder shall give written notice to the Company of such intent during the relevant Window Period. Such notice shall specify the number of shares of Stock to be sold (the “Put Stock”). Such written notice shall constitute an offer to sell the Put Stock to the Company as provided therein. Such written notice shall be accompanied by the stock certificates for the shares of Put Stock, together with stock transfer instruments executed in blank sufficient to effect the transfer of all such Put Stock, which shall be held by the Company in trust pending completion of such transaction.
- c) Call Procedure. If the Company shall elect to purchase such Stock pursuant to subsection (a)(vi) above, then the Company shall give written notice to the Stockholder of such intent prior to the end of the thirty (30) day call period specified in subsection (a)(vi) above. Such notice shall specify the number of shares of Stock to be purchased (the “Call Stock”).
- d) Purchase Obligations. Upon delivery of the written notice by the Stockholder pursuant to subsection (b) hereof or the Company pursuant to subsection (c) hereof, the Company (or its designee) shall have the obligation to purchase the Put Stock, and the Stockholder shall have the obligation to sell the Call Stock, as the case may be, at a price equal to the Fair Market Value of such Stock (the “Purchase Price”). Such Purchase Price shall be payable, upon receipt of original stock certificates and duly executed stock powers evidencing the conveyance of the Stock to Company (or its designee) in form reasonably acceptable to the Company by wire transfer to an account designated by Stockholder within thirty (30) days following receipt of such written notice.
- e) Determination of Fair Market Value; Definition of Window Period. As long as the put and/or call options set forth in this Section 6 remains outstanding, the Company shall, at its expense and on an annual basis, cause an Appraiser to determine the Fair Market Value for purposes hereof as of May 31 in accordance with Section 3(b)(iv) (the “Appraisal”). The “Window Period” shall be the sixty (60) day period following the Company’s receipt of the annual Appraisal. The Company shall provide notice to the Stockholders of the Window Period and a copy of the Appraisal to the Stockholders promptly following the Company’s receipt thereof.

## 7) Financial Information and Reports.

a) The Company will furnish the following information without charge to any Stockholder:

- i) as soon as practicable, but in any event within thirty (30) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and of cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter, with comparisons to the Approved Budget, all prepared in accordance with generally accepted accounting principles applied (“GAAP”) (except that such financial statements

may (A) be subject to normal year-end audit adjustments and (B) not contain all notes thereto that may be required in accordance with GAAP); and

ii) within sixty (60) days after the end of each fiscal year of the Company, the Company's unaudited financial statements (balance sheet, income statement and statement of cash flow) as of the end of such fiscal year, prepared substantially in accordance with GAAP on a consistent basis (except that such financial statements may (A) be subject to normal year-end audit adjustments and (B) not contain all notes thereto that may be required in accordance with GAAP).

b) Inspection Rights. The Company shall, upon reasonable notice and during normal business hours, allow each Stockholder to (i) examine the books and records of the Company, and (ii) request information at reasonable times and intervals concerning the general status of the Company's financial condition and operations; *provided*, that the Company may, in its discretion, not disclose or provide access to any Stockholder to highly confidential proprietary information the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

8) Voting Agreement.

a) Agreement to Vote Shares. Each Stockholder agrees to vote all of his, her or its shares of voting securities in the Company, whether now owned or hereafter acquired or which such Stockholder may be empowered to vote (together the "Designated Shares"), from time to time and at all times, in whatever manner shall be necessary to ensure that at each annual or special meeting of stockholders at which an election of directors is held or pursuant to any written consent of the stockholders (each such case is referred to herein as a "Vote"), the following persons shall be elected to the Board at each election of directors:

i) Three (3) individuals designated by Herman Miller, Inc. (whose initial designees shall be Brian Walker, Ben Watson, and Timothy Lopez);

ii) One (1) individual designated by Herman Miller, which individual shall be independent and shall have retail/consumer business experience;

iii) So long as John McPhee is employed by the Company, one (1) individual designated by John McPhee (whose initial designee shall be John McPhee); and

iv) So long as John Edelman is employed by the Company, one (1) individual designated by John Edelman (whose initial designee shall be John Edelman).

b) Size of the Board. Each Stockholder agrees to vote, or cause to be voted, all Designated Shares from time to time and at all times, in whatever manner as shall be necessary to ensure that the size of the Board shall be set and remain at six (6) directors.

c) No Voting Trusts. No Stockholder shall deposit, nor permit any entity under the Stockholder's control to deposit, any of his or her Designated Shares in a voting trust or subject any of his or her Designated Shares to any agreement, arrangement or understanding with respect to the voting of his or her Designated Shares inconsistent with this Appendix.

d) Stockholder's Representations. Each Stockholder severally represents that: (i) the Stockholder has the complete and unrestricted power and unqualified right (subject to spousal consent, if applicable) to become bound by and perform the terms of this Appendix; and (ii) this Appendix constitutes a valid and binding agreement with respect to the Stockholder, enforceable against the Stockholder in accordance with its terms.

9) Specific Performance and Remedies. The Company and each Stockholder (each a "party") hereto acknowledge that it will be impossible to measure in money the damage to the other party(ies) if a party hereto fails to comply with the obligations imposed by this Appendix and that, in the event of such failure, the other party(ies) will not have an adequate remedy at law or in damages. Accordingly, injunctive relief or other equitable remedy, in addition to remedies at law or in damages, is the appropriate remedy for any such failure. No party will oppose the granting of such relief on the basis that the other party(ies) have an adequate remedy at law. Each party shall seek, and each party hereby waives any requirement for, the securing or posting of a bond in connection with any other party's seeking or obtaining such equitable relief. In addition to all other rights or remedies which any party hereto may have against any other party hereto who defaults in the performance of such party's obligations under this Appendix, such defaulting party shall be liable to the non-defaulting party for all litigation costs and attorneys' fees incurred by the non-defaulting party(ies) in connection with the enforcement of any of the non-defaulting party's rights or remedies against the defaulting party.

10) Legend.

Each certificate representing shares of Capital Stock held by the Stockholders or issued to any permitted transferee in connection with a transfer permitted by this Appendix shall be endorsed with the following legend:

**THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES LAW, AND SUCH SECURITIES MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS, OR UNLESS THE REGISTRATION REQUIREMENT OF SUCH ACT OR SUCH LAWS IS NOT REQUIRED AND AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS FURNISHED TO THE COMPANY TO THE EFFECT THAT REGISTRATION UNDER SUCH ACT OR SUCH LAWS IS NOT REQUIRED.**

**THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF THE HM SPRINGBOARD, INC. STOCK OPTION PLAN. COPIES OF SUCH PLAN MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.**

Each Stockholder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in this Section to enforce the provisions of this Appendix, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Appendix at the request of the holder.

11) Miscellaneous.

- a) Term. This Appendix shall cease to apply, with respect to any Stockholder, when such individual ceases to be a Stockholder of the Company. Notwithstanding the foregoing, Section 12(m) shall survive the termination of this Appendix.
- b) Stock Split. All references to numbers of shares in this Appendix shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the Capital Stock occurring after the date of this Plan.
- c) Notices. All notices and other communications given or made pursuant to this Appendix shall be in writing and shall be deemed effectively given (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to:

if the Company:

HM Springboard, Inc.  
c/o Herman Miller, Inc.  
855 East Main Street  
Zealand, MI 45464  
Attention: H. Timothy Lopez  
Facsimile: (616) 654-5234

if the Stockholder, at his or her address most recently on file with the Company.

or to such e-mail address, facsimile number, or address as subsequently modified by written notice given in accordance with this subsection (c). If notice is given to the Company, a copy shall also be sent to Foley & Lardner LLP, 777 E. Wisconsin Avenue, Milwaukee, Wisconsin 53202; facsimile number: (414) 297-4900; attention Kevin D. Makowski. Each Stockholder acknowledges and agrees to receive any communications given or made by the Company in accordance with applicable law or this Appendix by electronic mail or other electronic transmission in accordance with the email address or facsimile numbers provided by the Company. In the event that a Stockholder changes his, her or its email address or facsimile number, such Stockholder agrees, upon request from the Company, to supply an alternative email address, if one is available.

- d) Entire Agreement. This Appendix constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.
- e) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Appendix, upon any breach or default of any other party under this Appendix, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Appendix, or any waiver on the part of any party of any provisions or conditions of this Appendix, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Appendix or by law or otherwise afforded to any party, shall be cumulative and not alternative.
- f) Waivers. No waivers of or exceptions to any term, condition or provision of this Appendix, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision. Any amendment, termination or waiver affected in accordance with this subsection shall be binding on all parties hereto, even if they do not execute such consent.
- g) Transfers, Successors and Assigns.
- i) The terms and conditions of this Appendix shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Appendix, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Appendix, except as expressly provided in this Appendix.
- ii) The rights of the Stockholders hereunder are not assignable without the Company's written consent, except by each Stockholder to any constituent, partner, member or stockholder of such Stockholder or to an entity or entities controlled by, or under common control with, such Stockholder. Except as expressly set forth herein or in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.
- h) Consent of Spouse. If any Stockholder is married on the date this Appendix becomes applicable to such Stockholder, such Stockholder's spouse shall execute and deliver to the Company a consent of spouse in the form prescribed by the Company ("Consent of Spouse"), effective on the date thereof. Notwithstanding the execution and delivery thereof, such consent shall not be deemed to confer or convey to the spouse any rights in such Stockholder's shares of Capital Stock that do not otherwise exist by operation of

law or the agreement of the parties. If any Stockholder should marry or remarry subsequent to the date this Appendix becomes applicable to such Stockholder, such Stockholder shall within thirty (30) days thereafter obtain his/her new spouse's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Appendix by causing such spouse to execute and deliver a Consent of Spouse acknowledging the restrictions and obligations contained in this Appendix and agreeing and consenting to the same.

- i) Confidentiality. Each Stockholder agrees that such Stockholder will keep confidential and will not disclose, divulge or use for any purpose, other than to monitor its investment in the Company, any confidential information obtained from the Company pursuant to the terms of this Appendix, unless such confidential information (i) is known or becomes known to the public in general (other than as a result of a breach of this subsection by such Stockholder), (ii) is or has been independently developed or conceived by the Stockholder without use of the Company's confidential information or (iii) is or has been made known or disclosed to the Stockholder by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided, however*, that a Stockholder may disclose confidential information (A) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (B) to any prospective investor of any Capital Stock from such Stockholder as long as such prospective investor agrees to be bound by the provisions of this subsection, or (C) as may otherwise be required by law, provided that the Stockholder takes reasonable steps to minimize the extent of any such required disclosure.

**Exhibit 31.1**

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

I, Brian C. Walker, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended August 30, 2014, 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 registrant's 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 the 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: October 8, 2014

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

**Exhibit 31.2**

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

I, Gregory J. Bylsma, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended August 30, 2014, 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 registrant's 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 the 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: October 8, 2014

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

**Exhibit 32.1**

**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 quarterly report on Form 10-Q for the period ended August 30, 2014, 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 this quarterly report on Form 10-Q for the quarterly period August 30, 2014, fairly presents, in all material respects, the financial condition and results of operations of the company

Dated: October 8, 2014

/s/ Brian C. Walker  
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 32.2**

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

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

I, Gregory 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 quarterly report on Form 10-Q for the period ended August 30, 2014, 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 this quarterly report on Form 10-Q for the quarterly period ended August 30, 2014, fairly presents, in all material respects, the financial condition and results of operations of the company.

Dated: October 8, 2014

/s/ Gregory J. Bylsma  
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.