UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended February 29, 2020

or

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

For the transition period from to

Commission file number: 001-15141

HERMAN MILLER, INC.

(Exact name of registrant as specified in its charter)

Michigan	**38-0837640**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

855 East Main Avenue
Zeeland, MI 49464
(Address of principal executive offices and zip code)
(616) 654-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	MLHR	NASDAQ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x   Accelerated filer o   Non-accelerated filer o   Smaller reporting company ☐   Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No x

As of April 2, 2020, Herman Miller, Inc. had 58,770,202 shares of common stock outstanding.

Herman Miller, Inc. Form 10-Q
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PART I - FINANCIAL INFORMATION

Item 1: Financial Statements

Herman Miller, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Dollars in millions, except share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Net sales	$ 665.7	$ 619.0	$ 2,010.8	$ 1,896.2
Cost of sales	422.4	398.0	1,265.9	1,214.5
Gross margin	243.3	221.0	744.9	681.7
Operating expenses:				
Selling, general and administrative	170.5	153.7	504.9	476.5
Restructuring expense	3.5	0.3	9.6	1.7
Design and research	18.9	19.2	57.4	56.6
Total operating expenses	192.9	173.2	571.9	534.8
Operating earnings	50.4	47.8	173.0	146.9
Gain on consolidation of equity method investments	—	—	30.5	—
Interest expense	2.9	3.0	8.9	9.1
Interest and other investment income	0.6	0.5	2.0	1.4
Other expense (income), net	0.5	(0.3)	0.6	0.1
Earnings before income taxes and equity income	47.6	45.6	196.0	139.1
Income tax expense	10.6	7.3	35.8	27.3
Equity income from nonconsolidated affiliates, net of tax	0.3	1.0	3.7	2.8
Net earnings	37.3	39.3	163.9	114.6
Net (loss) earnings attributable to redeemable noncontrolling interests	(0.4)	0.1	(0.6)	0.1
Net earnings attributable to Herman Miller, Inc.	**$ 37.7**	**$ 39.2**	**$ 164.5**	**$ 114.5**
Earnings per share — basic	$ 0.64	$ 0.67	$ 2.79	$ 1.94
Earnings per share — diluted	$ 0.64	$ 0.66	$ 2.78	$ 1.92
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments	$ (1.9)	$ 8.0	$ 2.5	$ (4.4)
Pension and post-retirement liability adjustments	0.7	0.6	2.1	1.7
Unrealized losses on interest rate swap agreement	(6.6)	(4.4)	(11.9)	(3.9)
Unrealized holding gain on available for sale securities	—	0.1	—	—
Other comprehensive (loss) income, net of tax	(7.8)	4.3	(7.3)	(6.6)
Comprehensive income	29.5	43.6	156.6	108.0
Comprehensive (loss) income attributable to redeemable noncontrolling interests	(0.4)	0.1	(0.6)	0.1
Comprehensive income attributable to Herman Miller, Inc.	**$ 29.9**	**$ 43.5**	**$ 157.2**	**$ 107.9**

See accompanying notes to Condensed Consolidated Financial Statements.

Herman Miller, Inc.
Condensed Consolidated Balance Sheets
(Dollars in millions, except per share data)
(Unaudited)

	February 29, 2020	June 1, 2019
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 110.6	$ 159.2
Short-term investments	8.9	8.8
Accounts receivable, net of allowances of $3.2 and $3.8	221.7	218.0
Unbilled accounts receivable	37.9	34.3
Inventories, net	200.5	184.2
Prepaid expenses	43.7	45.8
Other current assets	13.0	11.0
Total current assets	636.3	661.3
Property and equipment, at cost	1,121.3	1,084.7
Less — accumulated depreciation	(779.7)	(736.1)
Net property and equipment	341.6	348.6
Right of use assets	222.9	—
Goodwill	466.1	303.8
Indefinite-lived intangibles	142.3	78.1
Other amortizable intangibles, net of accumulated amortization of $55.1 and $46.2	125.1	41.1
Other noncurrent assets	51.5	136.4
Total Assets	**$ 1,985.8**	**$ 1,569.3**
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 180.6	$ 177.7
Accrued compensation and benefits	74.5	85.5
Accrued warranty	57.4	53.1
Customer deposits	36.9	30.7
Other accrued liabilities	156.7	99.1
Total current liabilities	506.1	446.1
Long-term debt	275.0	281.9
Pension and post-retirement benefits	23.1	24.5
Lease liabilities	188.5	—
Other liabilities	84.6	77.0
Total Liabilities	**1,077.3**	**829.5**
Redeemable noncontrolling interests	**71.7**	**20.6**
Stockholders' Equity:		
Preferred stock, no par value (10,000,000 shares authorized, none issued)	—	—
Common stock, $0.20 par value (240,000,000 shares authorized, 58,785,228 and 58,794,148 shares issued and outstanding in 2020 and 2019, respectively)	11.8	11.7
Additional paid-in capital	86.9	89.8
Retained earnings	839.9	712.7
Accumulated other comprehensive loss	(101.5)	(94.2)
Deferred compensation plan	(0.3)	(0.8)
Total Stockholders' Equity	**836.8**	**719.2**
Total Liabilities, Redeemable Noncontrolling Interests, and Stockholders' Equity	**$ 1,985.8**	**$ 1,569.3**

See accompanying notes to Condensed Consolidated Financial Statements.

Herman Miller, Inc.
Condensed Consolidated Statements of Cash Flows
(Dollars in millions)
(Unaudited)

	Nine Months Ended	
	February 29, 2020	March 2, 2019
Cash Flows from Operating Activities:		
Net earnings	$ 163.9	$ 114.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	59.7	55.3
Stock-based compensation	7.9	7.2
Earnings from nonconsolidated affiliates net of dividends received	(3.6)	(0.8)
Gain on consolidation of equity method investments	(30.5)	—
Restructuring expense	9.6	1.7
Decrease (increase) in current assets	17.8	(55.3)
(Decrease) increase in current liabilities	(36.7)	7.5
Other, net	3.7	0.4
Net Cash Provided by Operating Activities	**191.8**	**130.6**
Cash Flows from Investing Activities:		
Capital expenditures	(56.5)	(63.0)
Equity investment in non-controlled entities	(3.3)	(71.6)
Acquisitions, net of cash received	(111.2)	—
Purchase of HAY licensing agreement	—	(4.8)
Other, net	(0.3)	(3.0)
Net Cash Used in Investing Activities	**(171.3)**	**(142.4)**
Cash Flows from Financing Activities:		
Dividends paid	(36.4)	(34.0)
Common stock issued	15.1	11.1
Common stock repurchased and retired	(25.9)	(43.4)
Purchase of redeemable noncontrolling interests	(20.3)	(10.1)
Other, net	(2.3)	(0.2)
Net Cash Used in Financing Activities	**(69.8)**	**(76.6)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.7	(2.0)
Net Decrease in Cash and Cash Equivalents	(48.6)	(90.4)
Cash and Cash Equivalents, Beginning of Period	159.2	203.9
Cash and Cash Equivalents, End of Period	**$ 110.6**	**$ 113.5**

See accompanying notes to Condensed Consolidated Financial Statements.

Herman Miller, Inc.
Condensed Consolidated Statements of Stockholders' Equity
(Dollars in millions, except share data)
(Unaudited)

	Nine Months Ended February 29, 2020								
	Common Stock								
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Deferred Compensation Plan	Herman Miller, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
June 1, 2019	**58,794,148**	**$ 11.7**	**$ 89.8**	**$ 712.7**	**$ (94.2)**	**$ (0.8)**	**$ 719.2**	**$ —**	**$ 719.2**
Net earnings	—	—	—	48.2	—	—	48.2	(0.2)	48.0
Other comprehensive loss, net of tax	—	—	—	—	(17.3)	—	(17.3)	—	(17.3)
Stock-based compensation expense	—	—	2.6	—	—	—	2.6	—	2.6
Exercise of stock options	382,898	0.1	12.1	—	—	—	12.2	—	12.2
Restricted and performance stock units released	45,105	—	—	—	—	—	—	—	—
Employee stock purchase plan issuances	14,750	—	0.5	—	—	—	0.5	—	0.5
Repurchase and retirement of common stock	(173,001)	—	(7.6)	—	—	—	(7.6)	—	(7.6)
Deferred compensation plan	—	—	—	—	—	0.2	0.2	—	0.2
Dividends declared ($0.21 per share)	—	—	—	(12.5)	—	—	(12.5)	—	(12.5)
Redemption value adjustment	—	—	—	(0.2)	—	—	(0.2)	0.2	—
August 31, 2019	**59,063,900**	**$ 11.8**	**$ 97.4**	**$ 748.2**	**$ (111.5)**	**$ (0.6)**	**$ 745.3**	**$ —**	**$ 745.3**
Net earnings	—	—	—	78.6	—	—	78.6	—	78.6
Other comprehensive income, net of tax	—	—	—	—	17.8	—	17.8	—	17.8
Stock-based compensation expense	—	—	2.8	—	—	—	2.8	—	2.8
Exercise of stock options	5,227	—	0.1	—	—	—	0.1	—	0.1
Restricted and performance stock units released	3,653	—	—	—	—	—	—	—	—
Employee stock purchase plan issuances	12,467	—	0.5	—	—	—	0.5	—	0.5
Repurchase and retirement of common stock	(10,006)	—	(0.4)	—	—	—	(0.4)	—	(0.4)
Dividends declared ($0.21 per share)	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
November 30, 2019	**59,075,241**	**$ 11.8**	**$ 100.4**	**$ 826.7**	**$ (93.7)**	**$ (0.6)**	**$ 844.6**	**$ —**	**$ 844.6**
Net earnings	—	—	—	37.7	—	—	37.7	—	37.7
Other comprehensive loss, net of tax	—	—	—	—	(7.8)	—	(7.8)	—	(7.8)
Stock-based compensation expense	—	—	2.5	—	—	—	2.5	—	2.5
Exercise of stock options	35,690	—	1.1	—	—	—	1.1	—	1.1
Restricted and performance stock units released	87,461	—	0.2	—	—	—	0.2	—	0.2
Employee stock purchase plan issuances	20,021	—	0.6	—	—	—	0.6	—	0.6
Repurchase and retirement of common stock	(440,954)	—	(17.9)	—	—	—	(17.9)	—	(17.9)
Directors' fees	7,769	—	0.3	—	—	—	0.3	—	0.3
Deferred compensation plan	—	—	(0.3)	—	—	0.3	—	—	—
Dividends declared ($0.21 per share)	—	—	—	(24.5)	—	—	(24.5)	—	(24.5)
February 29, 2020	**58,785,228**	**$ 11.8**	**$ 86.9**	**$ 839.9**	**$ (101.5)**	**$ (0.3)**	**$ 836.8**	**$ —**	**$ 836.8**

	Nine Months Ended March 2, 2019								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Deferred Compensation Plan	Herman Miller, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount							
June 2, 2018	**59,230,974**	**$ 11.7**	**$ 116.6**	**$ 598.3**	**$ (61.3)**	**$ (0.7)**	**$ 664.6**	**$ 0.2**	**$ 664.8**
Net earnings	—	—	—	35.8	—	—	35.8	—	35.8
Other comprehensive loss, net of tax	—	—	—	—	(7.8)	—	(7.8)	—	(7.8)
Stock-based compensation expense	—	—	2.2	—	—	—	2.2	—	2.2
Exercise of stock options	265,739	0.2	7.9	—	—	—	8.1	—	8.1
Restricted and performance stock units released	335,266	0.1	—	—	—	—	0.1	—	0.1
Employee stock purchase plan issuances	16,805	—	0.5	—	—	—	0.5	—	0.5
Repurchase and retirement of common stock	(545,866)	(0.1)	(20.7)	—	—	—	(20.8)	—	(20.8)
Dividends declared ($0.1975 per share)	—	—	—	(11.6)	—	—	(11.6)	—	(11.6)
Cumulative effect of accounting changes	—	—	—	2.0	(0.1)	—	1.9	—	1.9
September 1, 2018	**59,302,918**	**$ 11.9**	**$ 106.5**	**$ 624.5**	**$ (69.2)**	**$ (0.7)**	**$ 673.0**	**$ 0.2**	**$ 673.2**
Net earnings	—	—	—	39.3	—	—	39.3	—	39.3
Other comprehensive loss, net of tax	—	—	—	—	(3.1)	—	(3.1)	—	(3.1)
Stock-based compensation expense	—	—	2.5	—	—	—	2.5	—	2.5
Exercise of stock options	53,614	—	1.3	—	—	—	1.3	—	1.3
Restricted and performance stock units released	7,511	—	—	—	—	—	—	—	—
Employee stock purchase plan issuances	14,813	—	0.5	—	—	—	0.5	—	0.5
Repurchase and retirement of common stock	(476,854)	(0.1)	(16.5)	—	—	—	(16.6)	—	(16.6)
Dividends declared ($0.1975 per share)	—	—	—	(11.7)	—	—	(11.7)	—	(11.7)
Cumulative effect of accounting changes	—	—	—	(1.5)	1.5	—	—	—	—
December 1, 2018	**58,902,002**	**$ 11.8**	**$ 94.3**	**$ 650.6**	**$ (70.8)**	**$ (0.7)**	**$ 685.2**	**$ 0.2**	**$ 685.4**
Net earnings	—	—	—	39.2	—	—	39.2	0.1	39.3
Other comprehensive income	—	—	—	—	4.3	—	4.3	—	4.3
Stock-based compensation expense	—	—	2.8	—	—	—	2.8	(0.2)	2.6
Exercise of stock options	3,197	—	—	—	—	—	—	—	—
Restricted and performance stock units released	75,917	—	0.1	—	—	—	0.1	—	0.1
Employee stock purchase plan issuances	16,253	—	0.5	—	—	—	0.5	—	0.5
Repurchase and retirement of common stock	(183,737)	—	(6.0)	—	—	—	(6.0)	—	(6.0)
Directors' fees	10,185	—	0.3	—	—	—	0.3	—	0.3
Deferred compensation plan	—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
Dividends declared ($0.1975 per share)	—	—	—	(11.5)	—	—	(11.5)	—	(11.5)
March 2, 2019	**58,823,817**	**$ 11.8**	**$ 92.0**	**$ 678.3**	**$ (66.5)**	**$ (0.8)**	**$ 714.8**	**$ 0.1**	**$ 714.9**

See accompanying notes to Condensed Consolidated Financial Statements.

(Dollars in millions, except share data)

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 U.S. GAAP for complete financial statements. Management believes the disclosures made in this document are adequate with respect to interim reporting requirements. Unless otherwise noted or indicated by the context, all references to "Herman Miller," "we," "our," "Company" and similar references are to Herman Miller, Inc., its predecessors, and controlled subsidiaries.

The accompanying unaudited Condensed Consolidated Financial Statements, taken as a whole, contain all adjustments that are of a normal recurring nature necessary to present fairly the financial position of the Company as of February 29, 2020. Operating results for the three and nine months ended February 29, 2020 are not necessarily indicative of the results that may be expected for the year ending May 30, 2020. 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 Annual Report on Form 10-K for the year ended June 1, 2019. All intercompany transactions have been eliminated in the Condensed Consolidated Financial Statements. The financial statements of equity method investments are not consolidated.

2. Recently Issued Accounting Standards

Recently Adopted Accounting Standards

On June 2, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)" using the modified retrospective method. Under the updated standard, a lessee's rights and obligations under most leases, including existing and new arrangements, are recognized as assets and liabilities, respectively, on the balance sheet. Refer to Note 4 to the Condensed Consolidated Financial Statements for further information regarding the adoption of the standard.

On June 2, 2019, the Company adopted ASU No. 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities" using the prospective method. This update amends the hedge accounting recognition and presentation with the objectives of improving the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities and simplifying the application of hedge accounting. The update expands the strategies eligible for hedge accounting, relaxes the timing requirements of hedge documentation and effectiveness assessments and permits the use of qualitative assessments on an ongoing basis to assess hedge effectiveness. The new guidance also requires new disclosures and presentation. The adoption did not have a material impact on the Company's financial statements. Refer to Note 12 to the Condensed Consolidated Financial Statements for further information.

Recently Issued Accounting Standards Not Yet Adopted

The Company is currently evaluating the impact of adopting the following relevant standards issued by the FASB:

Standard		Description	Effective Date
2016-13	Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	This guidance replaces the existing incurred loss impairment model with an expected loss model and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.	May 31, 2020
2018-13	Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement	This update eliminates, adds and modifies certain disclosure requirements for fair value measurements. Early adoption is permitted.	May 31, 2020
2018-14	Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	This update eliminates, adds and clarifies certain disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans. Early adoption is permitted.	May 30, 2021

All other issued and not yet effective accounting standards are not relevant to the Company.

3. Revenue from Contracts with Customers

Disaggregated Revenue

Revenue disaggregated by contract type has been provided in the table below:

	Three Months Ended		Nine Months Ended	
(In millions)	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Net Sales:				
Single performance obligation				
Product revenue	$ 561.1	$ 524.5	$ 1,699.9	$ 1,599.0
Multiple performance obligations				
Product revenue	98.9	89.0	294.5	281.7
Service revenue	2.5	2.8	7.8	8.7
Other	3.2	2.7	8.6	6.8
Total	$ 665.7	$ 619.0	$ 2,010.8	$ 1,896.2

Revenue disaggregated by product type and reportable segment has been provided in the table below:

	Three Months Ended		Nine Months Ended	
(In millions)	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
North America Contract:				
Systems	$ 132.3	$ 128.7	$ 424.6	$ 420.2
Seating	120.4	122.7	380.3	375.2
Freestanding and storage	96.8	91.4	317.7	282.3
Textiles	27.2	26.5	86.8	84.8
Other	36.7	27.7	113.1	90.3
Total North America Contract	$ 413.4	$ 397.0	$ 1,322.5	$ 1,252.8
International Contract:				
Systems	$ 21.5	$ 26.8	$ 66.2	$ 78.0
Seating	107.1	71.8	235.4	202.7
Freestanding and storage	14.0	14.5	42.5	38.7
Other	13.5	12.9	44.0	40.5
Total International Contract	$ 156.1	$ 126.0	$ 388.1	$ 359.9
Retail:				
Seating	$ 68.7	$ 59.2	$ 197.9	$ 171.0
Freestanding and storage	16.9	15.2	50.6	49.2
Other	10.6	21.6	51.7	63.3
Total Retail	$ 96.2	$ 96.0	$ 300.2	$ 283.5
Total	$ 665.7	$ 619.0	$ 2,010.8	$ 1,896.2

Refer to Note 16 of the Condensed Consolidated Financial Statements for further information related to our reportable segments.

Contract Assets and Contract Liabilities

The Company records contract assets and contract liabilities related to its revenue generating activities. Contract assets include certain receivables from customers that are unconditional as all performance obligations with respect to the contract with the customer have been completed. These amounts represent trade receivables and they are recorded within the caption “Accounts receivable, net” in the Condensed Consolidated Balance Sheets.

Contract assets also include amounts that are conditional because certain performance obligations in the contract with the customer are incomplete as of the balance sheet date. These contract assets generally arise due to contracts with the customer that include multiple performance obligations, e.g., both the product that is shipped to the customer by the Company, as well as installation services provided by independent third-party dealers. For these contracts, the Company recognizes revenue upon satisfaction of the product performance obligation. These contract assets are included in the caption "Unbilled accounts receivable" in the Condensed Consolidated Balance Sheets until all performance obligations in the contract with the customer have been satisfied.

Contract liabilities represent deposits made by customers before the satisfaction of performance obligation and recognition of revenue. Upon completion of the performance obligation(s) that the Company has with the customer based on the terms of the contract, the liability for the customer deposit is relieved and revenue is recognized. These customer deposits are included within the caption “Customer deposits” in the Condensed Consolidated Balance Sheets. During the three and nine months ended February 29, 2020, the Company recognized Net sales of $22.1 million and $26.9 million related to customer deposits that were included in the balance sheet as of November 30, 2019 and June 1, 2019, respectively.

4. Leases

Impact of Adoption

The Company adopted *ASC 842 - Leases* at the beginning of fiscal year 2020. The new standard required the Company to recognize most leases on the balance sheet as right of use (ROU) assets with corresponding lease liabilities. All necessary changes required by the new standard, including those to the Company’s accounting policies, business processes, systems, controls, and disclosures, were implemented as of the first quarter of fiscal year 2020.

As part of the implementation process the Company made the following elections:

- The Company elected the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs for all leases.
- The Company elected to make the accounting policy election for short-term leases resulting in lease costs being recorded as an expense on a straight-line basis over the lease term.
- The Company elected to not separate lease and non-lease components, for all leases.
- The Company did not elect the hindsight practical expedient in determining the lease term and in assessing the likelihood that a lessee purchase option will be exercised, for all leases.
- The Company did not elect the land easement practical expedient in determining whether land easements that were not previously accounted for as leases are or contain a lease.

Upon adoption, the cumulative effect of initially applying this new standard resulted in the addition of approximately $245 million of ROU assets, as well as corresponding short-term and long-term lease liabilities of approximately $275 million. Additionally, as a result of adoption, the Company derecognized its construction-type lease asset and financing liability and there was no related cumulative adjustment to retained earnings.

Accounting Policies

The Company has leases for retail studios, showrooms, manufacturing facilities, warehouses, and vehicles, which expire at various dates through 2036. Certain lease agreements include contingent rental payments based on per unit usage over a contractual amount and others include rental payments adjusted periodically for inflationary indexes.

Variable lease costs associated with the Company’s leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease costs are presented as operating expenses in the Company’s Condensed Consolidated Statement of Operations and Comprehensive Income in the same line item as the expense arising from fixed lease payments for operating leases.

Additionally, certain leases include renewal or termination options, which can be exercised at the Company’s discretion. Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods. The Company’s leases do not contain any residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is a lease at contract inception. Arrangements that are leases with an initial term of 12 months or less are not recorded in the Consolidated Condensed Balance Sheets, and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. If leased assets have leasehold improvements, the depreciable life of those leasehold improvements are limited by the expected lease term.

As none of the Company’s leases provide an implicit discount rate, the Company uses an estimated incremental borrowing rate at the lease commencement date in determining the present value of the lease payments. Relevant information used in determining the Company’s incremental borrowing rate includes the duration of the lease, location of the lease, and the Company’s credit risk relative to risk-free market rates.

Leases

During the three and nine months ended February 29, 2020, lease expense was $15.9 million and $46.9 million, respectively. The components of lease expense were as follows:

(In millions)	Three Months Ended February 29, 2020	Nine Months Ended February 29, 2020
Operating lease costs	$ 13.1	$ 38.5
Short-term lease costs	0.7	1.9
Variable lease costs*	2.1	6.5
Total	$ 15.9	$ 46.9

*Not included in the table above for the three and nine months ended February 29, 2020 are variable lease costs of $18.6 million and $64.3 million for raw material purchases under certain supply arrangements that the Company has determined to meet the definition of a lease.

At February 29, 2020, the Company has no financing leases. The undiscounted annual future minimum lease payments related to the Company's right-of-use assets are summarized by fiscal year in the following table:

(In millions)	
2020	$ 12.3
2021	47.7
2022	44.1
2023	39.7
2024	33.9
Thereafter	102.0
Total lease payments*	$ 279.7
Less interest	28.1
Present value of lease liabilities	$ 251.6

*Lease payments exclude $29.0 million of legally binding minimum lease payments for leases signed but not yet commenced, primarily related to a new Chicago showroom expected to open in fiscal 2021.

The long-term portion of the lease liabilities included in the amounts above is $188.5 million and the remainder of the lease liabilities are included in "Other accrued liabilities" in the Condensed Consolidated Balance Sheets.

The following table summarizes future minimum rental payments required under operating leases that have non-cancelable lease terms as of June 1, 2019, prior to the adoption of ASC 842:

(In millions)	
2020	$ 51.7
2021	46.8
2022	42.9
2023	39.0
2024	33.5
Thereafter	101.9
Total	$ 315.8

At February 29, 2020, the weighted average remaining lease term and weighted average discount rate for operating leases were 7 years and 3.1%, respectively.

During the three and nine months ended February 29, 2020, the cash paid for leases included in the measurement of the liabilities and the operating cash flows was $12.5 million and $38.4 million, respectively, and the right of use assets obtained in exchange for new liabilities were $0.3 million and $9.1 million, respectively.

5. Acquisitions

Maars Holding B.V.

On August 31, 2018, the Company acquired 48.2% of the outstanding equity of Global Holdings Netherlands B.V., which owns 100% of Maars Holding B.V. ("Maars”), a Harderwijk, Netherlands-based worldwide leader in the design and manufacturing of interior wall solutions. The Company acquired its 48.2% ownership interest in Maars for approximately $6.1 million in cash. The entity is accounted for using the equity method of accounting as the Company has significant influence, but not control over the entity.

For the Maars equity method investment, the fair values assigned to the assets acquired were based on best estimates and assumptions as of August 31, 2018, and the valuation analysis was completed in the fourth quarter of fiscal 2019.

Nine United Denmark A/S

On June 7, 2018, the Company acquired 33% of the outstanding equity of Nine United Denmark A/S, d/b/a HAY and subsequently renamed to HAY ApS ("HAY”), a Copenhagen, Denmark-based, design leader in furniture and ancillary furnishings for residential and contract markets in Europe and Asia. The Company acquired its 33% ownership interest in HAY for approximately $65.5 million in cash. The entity was accounted for using the equity method of accounting until the purchase of the additional 34% equity on December 2, 2019. The Company also acquired the rights to the HAY brand in North America under a long-term license agreement for approximately $4.8 million in cash. This licensing agreement is recorded as a definite-lived intangible asset and is being amortized over its 15-year useful life. This asset is recorded within "Other amortizable intangibles, net" within the Condensed Consolidated Balance Sheets.

On December 2, 2019 (“Acquisition Date”), the Company purchased an additional 34% of equity voting interest in HAY, increasing its ownership interest to 67%, resulting in a controlling financial interest. As of the acquisition date, the Company has consolidated HAY, which was previously accounted for as an equity method investment through the second quarter of fiscal 2020. Total consideration paid for the additional ownership in HAY on the acquisition date was $79.0 million, exclusive of HAY cash on hand. The Company funded the acquisition with cash and cash equivalents.

Additionally, the Company is a party to options, that if exercised, would require it to purchase the remaining 33% of the equity in HAY, at fair market value. This remaining outside ownership of HAY is classified outside permanent equity in the Consolidated Balance Sheets and is carried at the current estimated redemption amounts. Refer to Note 12 to the Condensed Consolidated Financial Statements for further information.

Purchase Price Allocations

The Company is in the process of finalizing assessments for the purpose of allocating the purchase price to the individual assets acquired and liabilities assumed in the HAY acquisition. This has the potential to result in adjustments to the carrying values of certain assets and liabilities as accounting policies are harmonized and purchase price allocation assumptions are updated. The refinement of these estimates may impact residual amounts allocated to goodwill. The preliminary allocation of the purchase prices included in the current period balance sheet is based on the best estimates of management and is subject to revision based on final determination of asset fair values and useful lives. The related depreciation and amortization expense from the acquired assets is also subject to such revisions on a prospective basis.

The following table presents the preliminary allocation of purchase price related to acquired tangible assets:

(In millions)		
Cash	$	12.1
Working capital, net of cash and inventory step-up		12.3
Net property and equipment		0.9
Other assets		3.9
Other liabilities		(3.1)
Net assets acquired	$	26.1

The purchase of the additional equity interest in HAY was considered to be an acquisition achieved in stages, whereby the previously held equity interest was remeasured as of the acquisition date. The Company considered multiple factors in determining the fair value of the previously held equity method investment, including the price negotiated with the selling shareholder for the 34% equity interest in HAY, an income valuation model (discounted cash flow) and current trading multiples for comparable companies. Based on this analysis, the Company recognized an immaterial non-taxable gain on the remeasurement of the previously held equity method investment, which prior to the acquisition had a carrying value of $65.5 million. The net gain has been recognized in “Gain on consolidation of equity method investments" within the Condensed Consolidated Statements of Comprehensive Income.

The following table summarizes the acquired identified intangible assets, valuation method employed, useful lives and fair value, as determined by the Company at the acquisition date:

(In millions)	Valuation Method	Useful Life (years)		Fair Value
Inventory Step-up	Comparative Sales Approach	0.3	$	3.4
Backlog	Multi-Period Excess Earnings	0.3		3.4
Deferred Revenue	Adjusted Fulfillment Cost Method	0.1		(2.0)
Tradename	Relief from Royalty	Indefinite		56.0
Product Development/Technology	Relief from Royalty	11.0		21.0
Customer Relationships	Multi-Period Excess Earnings	14.0		33.0
Total			$	114.8

Goodwill related to the acquisition was recorded within the International Contract segment for $104.8 million and included deferred tax liabilities of $25.3 million.

naughtone

On October 25, 2019 (“Acquisition Date”), the Company purchased the remaining 47.5% equity voting interest in naughtone (Holdings) Limited and naughtone Manufacturing Ltd. (together “naughtone”). naughtone is an upscale, contemporary furniture manufacturer based in Harrogate, North Yorkshire, UK. The completion of the acquisition will allow the Company to further promote growth and development of naughtone's ancillary product lines, and continue to support product innovation and sales growth. The Company previously accounted for its ownership interest in naughtone as an equity method investment. Upon increasing its ownership to 100% on the acquisition date, the Company obtained a controlling financial interest and consolidated the operations of naughtone. Total consideration paid for naughtone on the acquisition date was $45.9 million, exclusive of naughtone cash on hand. The Company funded the acquisition with cash and cash equivalents.

Purchase Price Allocations

The Company is in the process of finalizing assessments for the purpose of allocating the purchase price to the individual assets acquired and liabilities assumed in the naughtone acquisition. This has the potential to result in adjustments to the carrying values of certain assets and liabilities as accounting policies are harmonized and purchase price allocation assumptions are updated. The refinement of these estimates may impact residual amounts allocated to goodwill. The preliminary allocation of the purchase prices included in the current period balance sheet is based on the best estimates of management and is subject to revision based on final determination of asset fair values and useful lives. The related depreciation and amortization expense from the acquired assets is also subject to such revisions on a prospective basis.

The following table presents the preliminary allocation of purchase price related to acquired tangible assets:

(In millions)		
Cash	$	5.1
Working capital, net of cash and inventory step-up		1.3
Net property and equipment		0.8
Net assets acquired	$	7.2

The purchase of the remaining equity interest in naughtone was considered to be an acquisition achieved in stages, whereby the previously held equity interest was remeasured as of the acquisition date. The Company considered multiple factors in determining the fair value of the previously held equity method investment, including the price negotiated with the selling shareholder for the 47.5% equity interest in naughtone, an income valuation model (discounted cash flow) and current trading multiples for comparable companies. Based on this analysis, the Company recognized a non-taxable gain of approximately $30 million on the remeasurement of the previously held equity method investment, which prior to the acquisition had a carrying of $20.5 million. The net gain has been recognized in “Gain on consolidation of equity method investments" within the Condensed Consolidated Statements of Comprehensive Income.

The following table summarizes the acquired identified intangible assets, valuation method employed, useful lives and fair value, as determined by the Company at the acquisition date:

(In millions)	Valuation Method	Useful Life (years)	Fair Value	
Inventory Step-up	Comparative Sales Approach	0.3	$	0.2
Backlog	Multi-Period Excess Earnings	0.3		0.8
Tradename	Relief from Royalty	Indefinite		8.5
Customer Relationships	Multi-Period Excess Earnings	10.0		29.4
Total			$	38.9

Goodwill related to the acquisition was recorded within the North America Contract and International Contract segments for $35.0 million and $22.5 million, respectively.

During the three months ended February 29, 2020, the Company recorded measurement period adjustments of $4.1 million related to an increase in the fair value of the tradename, and $1.6 million related to a decrease in the fair value of customer relationships. In addition, the Company revised the useful life of the customer relationships from 12 to 10 years. These adjustments reduced goodwill by $2.5 million, and all amounts referenced above are inclusive of these measurement period adjustments.

Pro Forma Results of Operations

The results of naughtone and HAY's operations have been included in the Consolidated Financial Statements beginning on October 25, 2019 and December 2, 2019 respectively. The following table provides pro forma results of operations for the nine months ended February 29, 2020 and the year ended June 1, 2019, as if naughtone and HAY had been acquired as of June 3, 2018. The pro forma results include certain purchase accounting adjustments such as the estimated change in depreciation and amortization expense on the acquired tangible and intangible assets acquired. Pro forma results do not include any anticipated cost savings or other effects of the planned integration of these acquisitions. Accordingly, such amounts are not necessarily indicative of the results that would have occurred if the acquisitions had occurred on the dates indicated or that may result in the future.

	Nine Months Ended		Year Ended	
(In millions)	February 29, 2020		June 1, 2019	
Net sales	$	2,104.8	$	2,757.3
Net earnings attributable to Herman Miller, Inc.	$	139.9	$	160.8

6. Inventories, net

(In millions)	February 29, 2020		June 1, 2019	
Finished goods	$	155.3	$	139.1
Raw materials		45.2		45.1
Total	$	200.5	$	184.2

Inventories are valued at the lower of cost or market and include material, labor, and overhead. Certain inventories within our North America Contract manufacturing operations are valued using the last-in, first-out (LIFO) method, whereas inventories of other operations are valued using the first-in, first-out (FIFO) method.

7. Goodwill and Indefinite-Lived Intangibles

Goodwill and other indefinite-lived intangible assets included in the Condensed Consolidated Balance Sheets consisted of the following as of February 29, 2020 and June 1, 2019:

(In millions)	Goodwill	Indefinite-lived Intangible Assets	Total Goodwill and Indefinite-lived Intangible Assets
June 1, 2019	$ 303.8	$ 78.1	$ 381.9
Foreign currency translation adjustments	—	(0.3)	(0.3)
Acquisition of HAY	104.8	56.0	160.8
Acquisition of naughtone	57.5	8.5	66.0
February 29, 2020	$ 466.1	$ 142.3	$ 608.4

Goodwill is tested for impairment at the reporting unit level annually, or more frequently, when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. A reporting unit is defined as an operating segment or one level below an operating segment. The Company completed the required annual goodwill impairment test in the fourth quarter of fiscal 2019, as of March 31, 2019, performing a quantitative and qualitative impairment test for all goodwill reporting units and other indefinite-lived intangible assets. The carrying value of the Company's Retail reporting unit was $249.9 million as of June 1, 2019. The calculated fair value of the reporting unit was $282.6 million, which represents an excess fair value of $32.7 million or 13.0%. Due to the level that the reporting unit fair values exceeded the carrying amounts and the results of the sensitivity analysis, the Company may need to record an impairment charge if the operating results of its Retail reporting unit were to decline in future periods.

Intangible assets with indefinite useful lives are not subject to amortization and are evaluated annually for impairment, or more frequently, when events or changes in circumstances indicate that the fair value of an intangible asset may not be recoverable. The carrying value of the Company's Design Within Reach ("DWR") trade name indefinite-lived intangible asset was $55.1 million as of June 1, 2019. The calculated fair value of the DWR trade name was $63.2 million which represents an excess fair value of $8.1 million or 14.7%. If the residual cash flows related to the Company's DWR trade name were to decline in future periods, the Company may need to record an impairment charge.

During the nine months ended February 29, 2020, there were no identified indicators of impairment that required the Company to complete an interim quantitative impairment assessment related to any of the Company's reporting units or indefinitely-lived intangible assets.

8. Employee Benefit Plans

The following table summarizes the components of net periodic benefit cost for the Company's International defined benefit pension plan for the three and nine months ended:

	Three Months Ended		Nine Months Ended	
(In millions)	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Interest cost	$ 0.6	$ 0.7	$ 1.8	$ 2.0
Expected return on plan assets	(1.1)	(1.1)	(3.3)	(3.3)
Net amortization loss	0.9	0.7	2.5	2.0
Net periodic benefit cost	$ 0.4	$ 0.3	$ 1.0	$ 0.7

9. Earnings Per Share

The following table reconciles the numerators and denominators used in the calculations of basic and diluted earnings per share (EPS) for the three and nine months ended:

	Three Months Ended		Nine Months Ended	
	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Numerators:				
Numerator for both basic and diluted EPS, Net earnings attributable to Herman Miller, Inc. - in millions	$ 37.7	$ 39.2	$ 164.5	$ 114.5
Denominators:				
Denominator for basic EPS, weighted-average common shares outstanding	58,940,060	58,838,958	58,970,264	59,087,899
Potentially dilutive shares resulting from stock plans	278,041	288,300	296,665	360,395
Denominator for diluted EPS	59,218,101	59,127,258	59,266,929	59,448,294
Antidilutive equity awards not included in weighted-average common shares - diluted	164,443	401,811	74,932	211,097

10. Stock-Based Compensation

The following table summarizes the stock-based compensation expense and related income tax effect for the three and nine months ended:

	Three Months Ended		Nine Months Ended	
(In millions)	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Stock-based compensation expense	$ 2.5	$ 2.2	$ 7.9	$ 7.2
Related income tax effect	0.6	0.5	1.8	1.6

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

11. Income Taxes

The Company recognizes interest and penalties related to uncertain tax benefits through income tax expense in its Condensed Consolidated Statements of Comprehensive Income. Interest and penalties recognized in the Company's Condensed Consolidated Statements of Comprehensive Income were negligible for the three and nine months ended February 29, 2020 and March 2, 2019.

The Company's recorded liability for potential interest and penalties related to uncertain tax benefits was:

(In millions)	February 29, 2020	June 1, 2019
Liability for interest and penalties	$ 0.9	$ 0.7
Liability for uncertain tax positions, current	$ 2.2	$ 1.9

The Company's process for determining the provision for income taxes for the three and nine months ended February 29, 2020 involved using an estimated annual effective tax rate which was based on expected annual income and statutory tax rates across the various jurisdictions in which it operates. The effective tax rates were 22.4% and 16.0%, respectively, for the three month periods ended February 29, 2020 and March 2, 2019. For the three months ended February 29, 2020, the effective tax rate is higher than the United States federal statutory rate due to United States state income taxes and the mix of earnings in tax jurisdictions that had rates that were higher than the United States federal statutory rate. For the three months ended March 2, 2019, the effective tax rate was lower than the United States federal statutory rate mainly due to the impact of SAB 118 resulting from United States tax reform.

The effective tax rates were 18.3% and 19.6%, respectively, for the nine month periods ended February 29, 2020 and March 2, 2019. The year over year decrease in the effective tax rate for the nine months ended February 29, 2020 was mainly the result of a non-taxable gain recorded in the current year related to the recent acquisition of naughtone shares. For the nine months ended February 29, 2020, the effective tax rate was lower than the United States federal statutory rate mainly due to the non-taxed nature of the naughtone gain. For the nine months ended March 2, 2019, the effective tax rate was lower than the United States federal statutory rate mainly due to the impact of SAB 118 resulting from United States tax reform.

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 twelve months because of the audits. Tax payments 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 2016.

12. Fair Value Measurements

The Company's financial instruments consist of cash equivalents, marketable securities, accounts and notes receivable, deferred compensation plan, accounts payable, debt, interest rate swaps and foreign currency exchange contracts. The Company's financial instruments, other than long-term debt, are recorded at fair value. The carrying value and fair value of the Company's long-term debt, including current maturities, is as follows for the periods indicated:

(In millions)	February 29, 2020	June 1, 2019
Carrying value	$ 277.5	$ 285.0
Fair value	$ 279.8	$ 287.8

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

Cash and cash equivalents — The Company invests excess cash in short term investments in the form of commercial paper and money market funds. Commercial paper is valued at amortized costs while money market funds are valued using net asset value ("NAV").

Mutual Funds-equity — The Company's equity securities primarily include equity mutual funds. The equity mutual fund investments 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. These forward contracts are not designated as hedging instruments.

The following table sets forth financial assets and liabilities measured at fair value and recorded in net earnings and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of February 29, 2020 and June 1, 2019.

(In millions)	February 29, 2020		June 1, 2019	
Financial Assets	NAV	Quoted Prices with Other Observable Inputs (Level 2)	NAV	Quoted Prices with Other Observable Inputs (Level 2)
Cash equivalents:				
Money market funds	$ 14.7	$ —	$ 69.5	$ —
Mutual funds - equity	—	0.9	—	0.9
Deferred compensation plan	—	12.6	—	12.5
Total	$ 14.7	$ 13.5	$ 69.5	$ 13.4
Financial Liabilities				
Foreign currency forward contracts	$ —	$ 0.3	$ —	$ 1.4
Total	$ —	$ 0.3	$ —	$ 1.4

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

Mutual funds-fixed income — The Company's available-for-sale marketable securities primarily include fixed income mutual funds and government obligations. These investments are recorded at fair value using quoted prices for similar securities.

Interest rate swap agreements — The value of the Company's interest rate swap agreements is determined using a market approach based on rates obtained from active markets. The interest rate swap agreements are designated as cash flow hedging instruments.

The following table sets forth financial assets and liabilities measured at fair value and recorded in other comprehensive income and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of February 29, 2020 and June 1, 2019.

(In millions)	February 29, 2020	June 1, 2019
Financial Assets	Quoted Prices with Other Observable Inputs (Level 2)	Quoted Prices with Other Observable Inputs (Level 2)
Mutual funds - fixed income	$ 8.0	$ 7.9
Interest rate swap agreement	—	1.0
Total	$ 8.0	$ 8.9
Financial Liabilities		
Interest rate swap agreement	$ 17.3	$ 2.2
Total	$ 17.3	$ 2.2

The following is a summary of the carrying and market values of the Company's fixed income mutual funds and equity mutual funds as of the respective dates:

	February 29, 2020			June 1, 2019		
(In millions)	Cost	Unrealized Gain/(Loss)	Market Value	Cost	Unrealized Gain/(Loss)	Market Value
Mutual funds - fixed income	$ 8.0	$ —	$ 8.0	$ 7.9	$ —	$ 7.9
Mutual funds - equity	0.7	0.2	0.9	0.8	0.1	0.9
Total	$ 8.7	$ 0.2	$ 8.9	$ 8.7	$ 0.1	$ 8.8

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 expense (income), net".

The Company reviews its investment portfolio for any unrealized losses that would be deemed other-than-temporary and requires 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.

The Company views its equity and fixed income mutual funds as available for use in its current operations. Accordingly, the investments are recorded within Current Assets within the Condensed Consolidated Balance Sheets.

Derivative Instruments and Hedging Activities

Foreign Currency Forward Contracts

The Company transacts business in various foreign currencies and has established a program that primarily utilizes foreign currency forward contracts to reduce the risks associated with the effects of certain foreign currency exposures. Under this program, the Company's strategy is to have increases or decreases in our foreign currency exposures offset by gains or losses on the foreign currency forward contracts to mitigate the risks and volatility associated with foreign currency transaction gains or losses. Foreign currency exposures typically arise from net liability or asset exposures in non-functional currencies on the balance sheets of our foreign subsidiaries. Foreign currency forward contracts generally settle within 30 days and are not used for trading purposes. These forward contracts are not designated as hedging instruments. Accordingly, we record the fair value of these contracts as of the end of the reporting period in the Consolidated Balance Sheets with changes in fair value recorded within the Consolidated Statements of Comprehensive Income. The balance sheet classification for the fair values of these forward contracts is to Other current assets for unrealized gains and to Other accrued liabilities for unrealized losses. The Consolidated Statements of Comprehensive Income classification for the fair values of these forward contracts is to Other (income) expense, net, for both realized and unrealized gains and losses.

Interest Rate Swaps

The Company enters into interest rate swap agreements to manage its exposure to interest rate changes and its overall cost of borrowing. The Company's interest rate swap agreements were entered into to exchange variable rate interest payments for fixed rate payments over the life of the agreement without the exchange of the underlying notional amounts. The notional amount of the interest rate swap agreements is used to measure interest to be paid or received. The differential paid or received on the interest rate swap agreements is recognized as an adjustment to interest expense.

The interest rate swaps were designated cash flow hedges at inception and the facts and circumstances of the hedged relationship remains consistent with the initial quantitative effectiveness assessment in that the hedged instruments remain an effective accounting hedge as of February 29, 2020. Since a designated derivative meets hedge accounting criteria, the fair value of the hedge is recorded in the Consolidated Statements of Stockholders’ Equity as a component of Accumulated other comprehensive loss, net of tax. The ineffective portion of the change in fair value of the derivatives is immediately recognized in earnings. The interest rate swap agreements are assessed for hedge effectiveness on a quarterly basis.

In September 2016, the Company entered into an interest rate swap agreement. The interest rate swap is for an aggregate notional amount of $150.0 million with a forward start date of January 3, 2018 and a termination date of January 3, 2028. As a result of the transaction, the Company effectively converted indebtedness anticipated to be borrowed on the Company’s revolving line of credit up to the notional amount from a LIBOR-based floating interest rate plus applicable margin to a 1.949% fixed interest rate plus applicable margin under the agreement as of the forward start date.

On June 12, 2017, the Company entered into an interest rate swap agreement. The interest rate swap is for an aggregate notional amount of $75.0 million with a forward start date of January 3, 2018 and a termination date of January 3, 2028. As a result of the transaction, the Company effectively converted the Company’s revolving line of credit up to the notional amount from a LIBOR-based floating interest rate plus applicable margin to a 2.387% fixed interest rate plus applicable margin under the agreement as of the forward start date.

As of February 29, 2020, the fair value of the Company’s two outstanding interest rate swap agreements, which are designated cash flow hedges, was a liability of $17.3 million. The liability fair value was recorded within "Other liabilities" within the Condensed Consolidated Balance Sheets. Recorded within Other comprehensive loss, net of tax, for the effective portion of the Company's designated cash flow hedges was a net unrealized loss of $6.6 million and $4.4 million, for the three months ended February 29, 2020 and March 2, 2019, respectively. Recorded within Other comprehensive loss, net of tax, for the effective portion of the Company's designated cash flow hedges was a net unrealized loss of $11.9 million and a net unrealized gain of $4.2 million for the nine months ended February 29, 2020 and March 2, 2019, respectively.

There were no gains or losses recognized in earnings for hedge ineffectiveness for the three and nine month periods ended February 29, 2020 and March 2, 2019, respectively. The losses reclassified from Accumulated other comprehensive loss into earnings were $0.1 million and $0.2 million for the three month periods ended February 29, 2020 and March 2, 2019, respectively. The losses reclassified from Accumulated other comprehensive loss into earnings were $0.1 million and $0.3 million for the nine month periods ended February 29, 2020 and March 2, 2019, respectively. Losses expected to be reclassified from Accumulated other comprehensive loss into earnings during the next twelve months are $2.4 million. The amount of loss, net of tax, expected to be reclassified out of Accumulated other comprehensive loss into earnings during the next twelve months is $1.8 million.

Redeemable Noncontrolling Interests

Redeemable noncontrolling interests are reported on the Condensed Consolidated Balance Sheets in mezzanine equity in “Redeemable noncontrolling interests.” As of June 1, 2019, the outstanding redeemable noncontrolling interests were $20.6 million, and represented an approximate 5% minority ownership in the Company's subsidiary, Herman Miller Consumer Holdings, Inc. ("HMCH"). During August 2019, the Company acquired all of the remaining redeemable noncontrolling equity interests. HMCH redeemed certain HMCH stock for cash and then, on August 23, 2019, HMCH merged with and into the Company, with the remaining minority HMCH shareholders receiving a cash payment. Total cash paid of $20.4 million for the redemptions and for merger consideration was at fair market value based on an independent appraisal. This compares to purchases of $10.1 million during the nine month period ended March 2, 2019.

Changes in the Company's redeemable noncontrolling interest in HMCH for the nine months ended February 29, 2020 and March 2, 2019 are as follows:

(In millions)	February 29, 2020	March 2, 2019
Beginning Balance	$ 20.6	$ 30.5
Purchase of HMCH redeemable noncontrolling interests	(20.4)	(10.1)
Redemption value adjustment	(0.2)	—
Exercised options	—	0.2
Net income attributable to redeemable noncontrolling interests	—	0.1
Ending Balance	$ —	$ 20.7

On December 2, 2019, the Company purchased an additional 34% equity voting interest in HAY. Upon increasing its ownership to 67%, the Company obtained a controlling financial interest and consolidated the financial results of HAY. Additionally, the Company is a party to options, that if exercised, would require it to purchase the remaining 33% of the equity in HAY, at fair market value. This remaining redeemable noncontrolling interest in HAY is classified outside permanent equity in the Consolidated Balance Sheets and is carried at the current estimated redemption amount.

Changes in the Company's redeemable noncontrolling interest in HAY for the nine months ended February 29, 2020 are as follows:

(In millions)	February 29, 2020
Beginning Balance	$ —
Increase due to HAY acquisition	72.1
Net income attributable to redeemable noncontrolling interests	(0.4)
Ending Balance	$ 71.7

13. Commitments and Contingencies

Product Warranties

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

	Three Months Ended		Nine Months Ended	
(In millions)	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Accrual Balance — beginning	$ 54.6	$ 52.4	$ 53.1	$ 51.5
Accrual for warranty matters	7.5	4.6	19.1	15.3
Settlements and adjustments	(4.7)	(4.5)	(14.8)	(14.3)
Accrual Balance — ending	$ 57.4	$ 52.5	$ 57.4	$ 52.5

Guarantees

The Company is periodically required to provide performance bonds to do business with certain customers. These arrangements are common in the industry and generally have terms ranging between one year 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 February 29, 2020, the Company had a maximum financial exposure related to performance bonds totaling approximately $4.6 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 Consolidated Financial Statements. Accordingly, no liability has been recorded in respect to these bonds as of either February 29, 2020 or June 1, 2019.

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 February 29, 2020, the Company had a maximum financial exposure from these standby letters of credit totaling approximately $9.5 million, all of which is considered usage against the Company's revolving line of credit. 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 Consolidated Financial Statements. Accordingly, no liability has been recorded in respect to these arrangements as of February 29, 2020 and June 1, 2019.

Contingencies

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 have a material adverse effect, if any, on the Company's Consolidated Financial Statements.

14. Debt

Long-term debt as of February 29, 2020 and June 1, 2019 consisted of the following obligations:

(In millions)	February 29, 2020		June 1, 2019	
Debt securities, due March 1, 2021	$	50.0	$	50.0
Syndicated revolving line of credit, due August 2024		225.0		225.0
Construction-type lease		—		6.9
Supplier financing program		2.5		3.1
Total debt	$	277.5	$	285.0
Less: Current debt		(2.5)		(3.1)
Long-term debt	$	275.0	$	281.9

As of June 1, 2019, the Company's syndicated revolving line of credit provided the Company with up to $400 million in revolving variable interest borrowing capacity and included 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 up to $200 million. On August 28, 2019, the Company entered into an amendment and restatement of its existing unsecured credit facility (the "Agreement"). The Agreement, which expires on August 28, 2024, provides the Company with up to $500 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 up to $250 million. 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 February 29, 2020, the total debt outstanding related to borrowings under the syndicated revolving line of credit was $225.0 million. Available borrowings against this facility were $265.5 million due to $9.5 million related to outstanding letters of credit. As of June 1, 2019, total debt outstanding related to borrowings under the syndicated revolving line of credit was $225.0 million and available borrowings were $165.0 million due to $10.0 million of outstanding letters of credit.

Supplier Financing Program

The Company has an agreement with a third-party financial institution that allows certain participating suppliers the ability to finance payment obligations from the Company. Under this program, participating suppliers may finance payment obligations of the Company, prior to their scheduled due dates, at a discounted price to the third-party financial institution.

The Company has lengthened the payment terms for certain suppliers that have chosen to participate in the program. As a result, certain amounts due to suppliers have payment terms that are longer than standard industry practice and as such, these amounts have been excluded from the caption “Accounts payable” in the Condensed Consolidated Balance Sheets as the amounts have been accounted for by the Company as a current debt obligation. Accordingly, $2.5 million and $3.1 million have been recorded within the caption “Other accrued liabilities” as of February 29, 2020 and June 1, 2019, respectively.

Construction-Type Lease

During fiscal 2015, the Company entered into a lease agreement for the occupancy of a new studio facility in Palo Alto, California which runs through fiscal 2026. In fiscal 2017, the Company became the deemed owner of the leased building for accounting purposes as a result of the Company's involvement during the construction phase of the project. The lease was therefore accounted for as a financing lease and the building and related financing liability were initially recorded at fair value in the Consolidated Balance Sheets within Construction in progress and Other accrued liabilities. During the first quarter of fiscal 2019, the construction was substantially completed, and the property was placed in service. As a result, the Company began depreciating the assets over their estimated useful lives. The Company also reclassified the related financing liability to Long-term debt. The carrying value of the building and the related financing liability were both $6.9 million at June 1, 2019. As a result of the adoption of ASC 842 in the first quarter of fiscal 2020, the Company derecognized its construction-type lease asset and financing liability and there was no related cumulative adjustment to retained earnings.

15. Accumulated Other Comprehensive Loss

The following table provides an analysis of the changes in accumulated other comprehensive loss for the nine months ended February 29, 2020 and March 2, 2019:

(In millions)	Cumulative Translation Adjustments	Pension and Other Post-retirement Benefit Plans	Unrealized Gains on Available-for-sale Securities	Interest Rate Swap Agreement	Accumulated Other Comprehensive Loss
Balance at June 1, 2019	$ (48.3)	$ (45.0)	$ —	$ (0.9)	$ (94.2)
Other comprehensive income (loss), net of tax before reclassifications	2.5	—	—	(12.0)	(9.5)
Reclassification from accumulated other comprehensive loss - Other, net	—	2.5	—	0.1	2.6
Tax benefit	—	(0.4)	—	—	(0.4)
Net reclassifications	—	2.1	—	0.1	2.2
Net current period other comprehensive income (loss)	2.5	2.1	—	(11.9)	(7.3)
Balance at February 29, 2020	$ (45.8)	$ (42.9)	$ —	$ (12.8)	$ (101.5)
Balance at June 2, 2018	$ (34.1)	$ (37.2)	$ 0.1	$ 9.9	$ (61.3)
Cumulative effect of accounting change	—	—	(0.1)	1.5	1.4
Other comprehensive loss, net of tax before reclassifications	(4.4)	—	—	(4.2)	(8.6)
Reclassification from accumulated other comprehensive loss - Other, net	—	2.0	—	0.3	2.3
Tax benefit	—	(0.3)	—	—	(0.3)
Net reclassifications	—	1.7	—	0.3	2.0
Net current period other comprehensive (loss) income	(4.4)	1.7	—	(3.9)	(6.6)
Balance at March 2, 2019	$ (38.5)	(35.5)	$ —	$ 7.5	$ (66.5)

16. Operating Segments

The Company's reportable segments consist of North America Contract, International Contract, and Retail.

The North America Contract segment includes the operations associated with the design, manufacture, and sale of furniture and textile products for work-related settings, including office, education, and healthcare environments, throughout the United States and Canada. The business associated with the Company's owned contract furniture dealers is also included in the North America Contract segment. In addition to the Herman Miller brand, this segment includes the operations associated with the design, manufacture and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, Nemschoff, naughtone, and Herman Miller Collection products.

The International Contract segment includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings in EMEA, Latin America, and Asia-Pacific.

The Retail segment includes operations associated with the sale of modern design furnishings and accessories to third party retailers, as well as direct to consumer sales through eCommerce, direct mailing catalogs and DWR and HAY studios.

The Company also reports a “Corporate” category consisting primarily of unallocated expenses related to general corporate functions, including, but not limited to, certain legal, executive, corporate finance, information technology, administrative and acquisition-related costs. Management regularly reviews corporate costs and believes disclosing such information provides more visibility and transparency regarding how the chief operating decision maker reviews results of the Company. The accounting policies of the reportable operating segments are the same as those of the Company.

The following is a summary of certain key financial measures for the respective fiscal periods indicated:

	Three Months Ended		Nine Months Ended	
(In millions)	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Net Sales:				
North America Contract	$ 413.4	$ 397.0	$ 1,322.5	$ 1,252.8
International Contract	156.1	126.0	388.1	359.9
Retail	96.2	96.0	300.2	283.5
Total	$ 665.7	$ 619.0	$ 2,010.8	$ 1,896.2
Operating Earnings (Loss):				
North America Contract	$ 51.2	$ 40.2	$ 176.4	$ 139.5
International Contract	11.3	16.3	37.3	40.7
Retail	(1.6)	2.3	(6.4)	6.3
Corporate	(10.5)	(11.0)	(34.3)	(39.6)
Total	$ 50.4	$ 47.8	$ 173.0	$ 146.9

(In millions)	February 29, 2020	June 1, 2019
Total Assets:		
North America Contract	$ 832.4	$ 733.6
International Contract	557.6	356.8
Retail	476.3	310.0
Corporate	119.5	168.9
Total	$ 1,985.8	$ 1,569.3

17. Restructuring Expense

North America Contract Segment

During the fourth quarter of fiscal 2019, the Company announced restructuring activities associated with profit improvement initiatives, including costs associated with an early retirement plan. The plan is expected to generate annual cost savings of approximately $10 million.

During the nine months ended February 29, 2020, the Company recognized $1.7 million related to the plan. To date, the Company has recognized $9.4 million of restructuring expense related to the plan. The early retirement plan is complete and no future restructuring costs related to this plan are expected.

The following table provides an analysis of the changes in the restructuring costs reserve for the above plan for the nine months ended February 29, 2020:

(In millions)	Severance and Employee-Related	Exit or Disposal Activities	Total
Beginning Balance	$ 6.7	$ 1.0	$ 7.7
Restructuring Costs	1.7	—	1.7
Amounts Paid	(7.9)	(0.3)	$ (8.2)
Ending Balance	$ 0.5	$ 0.7	$ 1.2

In the second quarter of fiscal 2020, the Company initiated restructuring discussions with labor unions related to its Nemschoff operation in Wisconsin. The discussions were concluded in the third quarter of fiscal 2020 and as a result, the Company anticipates the total estimated costs related to the actions will be approximately $5 million of which $3 million is anticipated to be recorded in fiscal 2020. These restructuring costs relate to potential partial outsourcing and in-sourcing strategies, long-lived asset impairments and employee-related costs. In conjunction with these discussions, during the nine months ended February 29, 2020, the Company has recorded $3.0 million in pre-tax restructuring expense related to this plan.

The following table provides an analysis of the changes in the restructuring costs reserve for the above plan for the nine months ended February 29, 2020:

(In millions)	Severance and Employee-Related	Exit or Disposal Activities	Total
Beginning Balance	$ —	$ —	$ —
Restructuring Costs	2.7	0.3	3.0
Amounts Paid	(0.1)	—	$ (0.1)
Ending Balance	$ 2.6	$ 0.3	$ 2.9

In the second quarter of fiscal 2020, the Company initiated a reorganization of the Global Sales and Product teams. The reorganization activities occurred primarily in North America with minor costs incurred internationally. In the nine months ended February 29, 2020, the Company has recorded a total of $2.6 million, of which $0.4 million has been paid. The reorganization will be completed during fiscal 2020 and the remaining charges are expected to be immaterial.

International Contract Segment

During the fourth quarter of fiscal 2018, the Company announced a facilities consolidation plan related to its International Contract segment. This impacted certain office and manufacturing facilities in the United Kingdom and China. The plan is expected to generate cost savings of approximately $3 million.

In fiscal 2019, the Company recognized restructuring and impairment expenses of $2.5 million related to the facilities consolidation plan, comprised primarily of $0.8 million related to an asset impairment recorded against an office building in the United Kingdom that was vacated and $1.4 million from the consolidation of the Company's manufacturing facilities in China.

During the nine months ended February 29, 2020, the Company recognized pre-tax restructuring expense of $0.6 million, related to the plan. To date, the Company has recognized $7.0 million of restructuring costs related to the plan. No future restructuring costs related to the plan are expected. The plan is expected to be complete by the end of fiscal 2020.

As the United Kingdom office building and related assets meet the criteria to be designated as assets held for sale, the carrying value of these assets have been classified as current assets and included within "Other current assets" in the Condensed Consolidated Balance Sheets at February 29, 2020. The carrying amount of the assets held for sale was approximately $4.4 million as of February 29, 2020.

The following table provides an analysis of the changes in the International Contract segment restructuring costs reserve for the nine months ended February 29, 2020:

(In millions)	Severance and Employee-Related	Exit or Disposal Activities	Total
Beginning Balance	$ 0.1	$ 0.1	$ 0.2
Restructuring Costs	—	0.6	0.6
Amounts Paid	(0.1)	(0.7)	(0.8)
Ending Balance	$ —	$ —	$ —

Retail Segment

During the third quarter of fiscal 2020, the Company announced a reorganization of the Retail segment's leadership team. The Company recognized pre-tax severance and employee related restructuring expense of $1.7 million related to the plan. The reorganization is complete and the remaining charges are expected to be immaterial.

18. Variable Interest Entities

The Company has long-term notes receivable with a third-party owned dealer that are deemed to be variable interests in a variable interest entity. The carrying value of these long-term notes receivable was $1.4 million and $1.6 million as of February 29, 2020 and June 1, 2019, respectively, and represents the Company’s maximum exposure to loss. The Company is not deemed to be the primary beneficiary of the variable interest entity as the entity controls the activities that most significantly impact the entity’s economic performance, including sales, marketing, and operations.

19. Subsequent Event

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The pandemic has significantly impacted the economic conditions in the U.S., accelerating during the first half of March, as federal, state and local governments react to the public health crisis, creating significant uncertainties in the economy. As of the date of this filing, the Company has been impacted by temporary facility closures and reduced hours of operations.

In Michigan, Governor Gretchen Whitmer’s “Stay Home, Stay Safe” executive order required all non-essential businesses to close for three weeks until April 13. As a result, this order has reduced operations in the Company’s West Michigan manufacturing facilities. Internationally, the Company’s manufacturing facility located near Bangalore, India is temporarily closed under a government order. In the United Kingdom, manufacturing and distribution operations are suspended until further notice. In Brazil and Mexico, the Company’s manufacturing and warehouse facilities, which serve the Latin America region, are temporarily closed under a government order. Additionally, DWR and HAY retail studios and stores across the U.S. are currently closed to the public.

The Company cannot reasonably estimate the length or severity of this pandemic, however, as a result of these developments the Company expects a material adverse impact on its sales, results of operations, and cash flows in the remainder of fiscal 2020 and in fiscal 2021, including the potential impairment of certain intangible and other long-lived assets.

In response to these developments, the Company announced a number of temporary cost reduction actions in April 2020 including a reduction in cash compensation for the majority of the Company's salaried workforce and suspension of certain employer 401(k) paid retirement contributions along with other measures.

In addition to these cost reductions, the Company has taken actions to safeguard its capital position. In March 2020, the Company borrowed $265 million from its syndicated revolving line of credit as a precautionary measure to provide additional near-term liquidity. In addition, the Board of Directors has authorized the postponement of the Company's upcoming quarterly cash dividend, which was declared on January 16, 2020, and was to be paid on April 15, 2020, to shareholders of record on February 29, 2020. The Company intends for this dividend to be paid to the original shareholders of record at a future date to be determined by the Board of Directors. The Board also determined to temporarily suspend future dividends.

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

(Dollars in millions, except share data)

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 June 1, 2019. References to “Notes” are to the footnotes included in the accompanying Condensed Consolidated Financial Statements.

Business Overview

The Company researches, designs, manufactures, sells, and distributes furnishings and accessories, for use in various environments including office, healthcare, educational, and residential settings, and provides related services that support companies all over the world. The Company's products are sold primarily through independent contract office furniture dealers as well as the following channels: owned contract office furniture dealers, direct customer sales, independent retailers, owned retail studios, direct-mail catalogs and the Company's e-commerce platforms. The following is a summary of the results from continuing operations for the three months ended February 29, 2020:

- Net sales were $665.7 million and orders were $651.7 million, representing an increase of 7.5% and 6.3%, respectively, when compared to the same quarter of the prior year. The increase in net sales was driven primarily by the acquisitions of HAY and naughtone, as well as incremental list price increases. On an organic basis, net sales were $615.9 million(*) and orders were $604.1 million, representing a decrease of 0.5%(*) and 1.4%, respectively, when compared to the same quarter of the prior year.

- Gross margin was 36.5% as compared to 35.7% for the same quarter of the prior year. In the current year, this included the impact of special charges totaling $1.4 million related to the initial purchase accounting effects of the Company's investment in HAY. The increase in gross margin was driven primarily by list price increases, lower steel costs, and profitability improvement efforts, partially offset by the acquisitions of HAY and naughtone.

- Operating expenses increased by $19.7 million or 11.4% as compared to the same quarter of the prior year. Operating expenses included special charges, totaling $4.7 million, related to transaction costs and initial purchase accounting effects of the Company's investments in HAY and naughtone. Operating expenses also included restructuring expense of $3.5 million related primarily to restructuring actions associated with profit improvement initiatives.

- The effective tax rate was 22.4% compared to 16.0% for the same quarter of the prior year. The rate in the prior year included the final adjustment related to recognizing the impact of the U.S. Tax Cuts and Jobs Act.

- Diluted earnings per share decreased $0.02 to $0.64, a 3.0% decrease as compared to the prior year. Excluding restructuring expenses and other special charges, adjusted diluted earnings per share were $0.74(*), a 15.6% increase as compared to the prior year.

- The Company declared cash dividends of $0.21 per share compared to $0.1975 per share in the same quarter of the prior year.

- Strategic investment of approximately $79 million was made in acquiring an additional 34% of the outstanding equity of HAY.

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

The following summary includes the Company's view on the economic environment in which it operates:

- Throughout most of the third quarter, our business in North America reflected a mixed macro-economic picture. Job growth and architectural billing activity reflect positive trends, while industry order trends as reported by the Business and Institutional Furniture Manufacturers Association ("BIFMA") have varied in recent months.

- The Company is monitoring the resolution of various trade policy negotiations between the U.S. and key trading partners as well as the ongoing negotiations concerning the U.K. referendum to exit the European Union ("Brexit"). These negotiations create a level of uncertainty in key markets, particularly the U.K., continental Europe and China, which, if unresolved in the near term, will likely negatively impact customer demand.

- The Company is also navigating the impact of global tariffs. The Company continues to believe, based upon existing circumstances, that pricing, strategic sourcing actions and profit optimization initiatives have fully offset the current level of tariffs imposed on imports from China.

- The Company's Retail segment is facing continuing gross margin pressure from increasing customer expectations that the products they buy should come with free or discounted shipping. In response, the Company is continuing to evaluate a variety of strategies, including negotiating lower costs from third party freight providers, implementing actions aimed at improving the efficiency of its logistics processes and more closely reflecting the cost of delivery into the base price of its products.

The remaining sections within Item 2 include additional analysis of the three and nine months ended February 29, 2020, including discussion of significant variances compared to the prior year periods.

COVID-19 Update

The outbreak of COVID-19 in China during our third fiscal quarter adversely impacted our financial performance for the quarter and will have an adverse impact for the remainder of fiscal 2020 and in fiscal 2021. This outbreak has adversely impacted our supply base, including goods shipped from China in the quarter as well as resulted in temporary facility closures in other locations throughout the globe in the fourth quarter. While we cannot determine the precise impact of the COVID-19 outbreak on our third quarter results, we do know that the temporary closure of our Company’s manufacturing plant in Dongguan, China reduced International sales by approximately $6 million. The extent of the geographic spread and duration of this new virus, as well as the impact on our supply chain, demand for our products and related financial impact cannot be estimated at this time with any degree of certainty.

Employee Safety and Health

While the Company’s manufacturing plant in Dongguan, China experienced the initial impact of COVID-19, it was running at near full capacity by late March. Lessons learned from that first interaction with the virus led to a number of employee safety measures to contain the spread of COVID-19, including domestic and international travel restrictions, work-from-home practices, extensive cleaning protocols, and ultimately the closure of our showrooms and retail outlets to the public.

Customer Focus

Our customer service, sales, supplier, and dealer teams are working closely with customers to meet current demand. Sales teams are meeting with customers remotely via video calls and by leveraging virtual reality to continue the design and specification process that would normally take place in a showroom. Customer service representatives are working remotely to stay connected to customers regarding order status and projected delivery dates.

Manufacturing and Operations

As a global manufacturer, the Company is responding to shelter-in-place and similar government orders in various locations around the world.

In Michigan for example, Governor Gretchen Whitmer’s “Stay Home, Stay Safe” executive order required all non-essential businesses to close for three weeks until April 13. However, as the Company serves the health care industry and the federal government, among other critical sectors, the Company will continue to help support customers who are actively engaged in the COVID-19 response. In an effort to support the thousands of medical workers on the front lines of the battle against COVID-19, this work will also include transforming a portion of its manufacturing footprint to fulfill the immediate need for medical and personal protective equipment. The Company continues to monitor similar executive orders to understand the potential impact on its operations in other areas.

Elsewhere in the U.S., Nemschoff, which also serves the health care industry, continues operations at full capacity in Sheboygan, WI. Operations at Maharam, based in Yaphank, NY and Geiger, in both its Fulton, GA and Hildebran, NC locations, also remain open.

Internationally, outside of China, the Company’s manufacturing facility located near Bangalore, India is temporarily closed under a government order. In the United Kingdom, manufacturing and distribution operations are suspended until further notice. In Brazil and Mexico, the Company’s manufacturing and warehouse facilities, which serve the Latin America region, are temporarily closed under a government order.

Retail Operations

DWR and HAY retail studios and stores across the US are currently closed to the public, but the Company’s distribution center in Batavia, OH is still operational. Freight carriers are delivering to every market domestically but changing policies and procedures daily that may affect distribution. In some markets the Company is unable to offer white glove delivery at this time, but can coordinate with customers to deliver product to their door. Its eCommerce platforms are operating, however, this will not offset the temporary closure of the studios and stores.

Cost Reductions

The Company has implemented a range of actions aimed at temporarily reducing costs and preserving liquidity. These actions include a 10% reduction in cash compensation for the majority of the Company's salaried workforce. Additionally, the Company is immediately suspending certain employer-paid retirement contributions and will suspend previously planned compensation increases and cash incentive bonus programs for the upcoming fiscal year ending May 2021. The Company will continue to evaluate further ways to manage costs in line with reduced revenue levels.

Reconciliation of Non-GAAP Financial Measures

This report contains references to Organic net sales and Adjusted earnings per share - diluted, which are non-GAAP financial measures. Organic Growth (Decline) represents the change in Net sales, excluding currency translation effects and the impact of acquisitions. Adjusted Earnings per Share represents reported diluted earnings per share excluding the impact from adjustments related to the adoption of the U.S. Tax Cuts and Jobs Act, amortization of an inventory step up on the HAY equity method investment, a gain on the consolidation of equity method investments, restructuring expenses and other special charges or gains, including related taxes. Restructuring expenses include actions involving facilities consolidation and optimization, targeted workforce reductions, and costs associated with an early retirement program. Special charges include costs related to CEO transition, third party consulting costs related to the Company's profit enhancement initiatives, and acquisition related costs.

The Company believes presenting Organic net sales and Adjusted earnings per share - diluted is useful for investors as it provides financial information on a more comparative basis for the periods presented by excluding items that are not representative of the ongoing operations of the Company.

Organic net sales and Adjusted earnings per share - diluted are not measurements of our financial performance under GAAP and should not be considered as alternatives to the related GAAP measurement. These non-GAAP measurements 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. Our presentation of non-GAAP measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing prominence of our GAAP results and using the non-GAAP financial measures only as a supplement.

The following table reconciles Net sales to Organic net sales for the periods ended as indicated below:

	Three Months Ended February 29, 2020				Three Months Ended March 2, 2019			
	North America	International	Retail	**Total**	North America	International	Retail	**Total**
Net Sales, as reported	$ 413.4	$ 156.1	$ 96.2	$ 665.7	$ 397.0	$ 126.0	$ 96.0	$ 619.0
% change from PY	4.1%	23.9 %	0.2%	7.5 %				
Proforma Adjustments								
Acquisitions	(6.4)	(44.0)	—	(50.4)	—	—	—	—
Currency Translation Effects [1]	(0.2)	0.8	—	0.6	—	—	—	—
Net Sales, organic	$ 406.8	$ 112.9	$ 96.2	$ 615.9	$ 397.0	$ 126.0	$ 96.0	$ 619.0
% change from PY	**2.5%**	**(10.4)%**	**0.2%**	**(0.5)%**				

	Nine Months Ended February 29, 2020				Nine Months Ended March 2, 2019			
	North America	International	Retail	**Total**	North America	International	Retail	**Total**
Net Sales, as reported	$ 1,322.5	$ 388.1	$ 300.2	$2,010.8	$ 1,252.8	$ 359.9	$ 283.5	$ 1,896.2
% change from PY	5.6%	7.8 %	5.9%	6.0%				
Proforma Adjustments								
Acquisitions	(8.9)	(45.0)	—	(53.9)	—	—	—	—
Currency Translation Effects [1]	0.3	4.2	0.1	4.6	—	—	—	—
Net Sales, organic	$ 1,313.9	$ 347.3	$ 300.3	$1,961.5	$ 1,252.8	$ 359.9	$ 283.5	$ 1,896.2
% change from PY	**4.9%**	**(3.5)%**	**5.9%**	**3.4%**				

[1] Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period

The following table reconciles Earnings per share - diluted to Adjusted earnings per share - diluted for the three and nine months ended:

	Three Months Ended		**Nine Months Ended**	
	2/29/20	**3/2/19**	**2/29/20**	**3/2/19**
Earnings per Share - Diluted	$ 0.64	$ 0.66	$ 2.78	$ 1.92
Less: Adjustments Related to Adoption of U.S. Tax Cuts and Jobs Act	—	(0.03)	—	(0.02)
Add: Inventory step up on HAY equity method investment, after tax	—	—	—	0.01
Less: Gain on consolidation of equity method investments	—	—	(0.51)	—
Add: Special charges, after tax	0.06	0.01	0.08	0.15
Add: Restructuring expense, after tax	0.04	—	0.12	0.03
Adjusted Earnings per Share - Diluted	**$ 0.74**	**$ 0.64**	**$ 2.47**	**$ 2.09**
Weighted Average Shares Outstanding (used for Calculating Adjusted Earnings per Share) – Diluted	**59,218,101**	**59,127,258**	**59,266,929**	**59,448,294**

Analysis of Results for Three and Nine Months

The following table presents certain key highlights from the results of operations for the three and nine months ended:

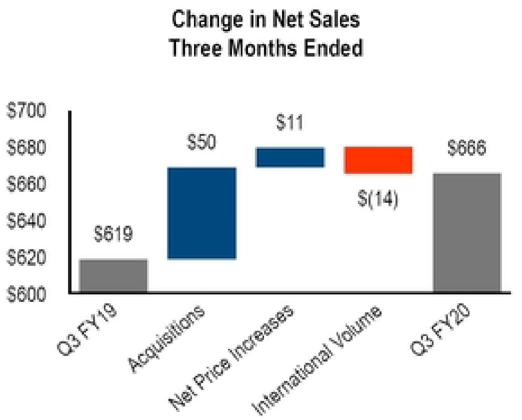
	Three Months Ended			Nine Months Ended		
(In millions, except per share data)	February 29, 2020	March 2, 2019	% Change	February 29, 2020	March 2, 2019	% Change
Net sales	$ 665.7	$ 619.0	7.5 %	$ 2,010.8	$ 1,896.2	6.0 %
Cost of sales	422.4	398.0	6.1 %	1,265.9	1,214.5	4.2 %
Gross margin	243.3	221.0	10.1 %	744.9	681.7	9.3 %
Operating expenses	192.9	173.2	11.4 %	571.9	534.8	6.9 %
Operating earnings	50.4	47.8	5.4 %	173.0	146.9	17.8 %
Gain on consolidation of equity method investments	—	—	n/a	30.5	—	n/a
Other expenses, net	2.8	2.2	27.3 %	7.5	7.8	(3.8)%
Earnings before income taxes and equity income	47.6	45.6	4.4 %	196.0	139.1	40.9 %
Income tax expense	10.6	7.3	45.2 %	35.8	27.3	31.1 %
Equity income from nonconsolidated affiliates, net of tax	0.3	1.0	(70.0)%	3.7	2.8	32.1 %
Net earnings	37.3	39.3	(5.1)%	163.9	114.6	43.0 %
Net (loss) earnings attributable to redeemable noncontrolling interests	(0.4)	0.1	n/a	(0.6)	0.1	n/a
Net earnings attributable to Herman Miller, Inc.	$ 37.7	$ 39.2	(3.8)%	$ 164.5	$ 114.5	43.7 %
Earnings per share — diluted	$ 0.64	$ 0.66	(3.0)%	$ 2.78	$ 1.92	44.8 %
Orders	$ 651.7	$ 612.8	6.3 %	$ 2,003.3	$ 1,950.4	2.7 %
Backlog	$ 411.2	$ 400.5	2.7 %			

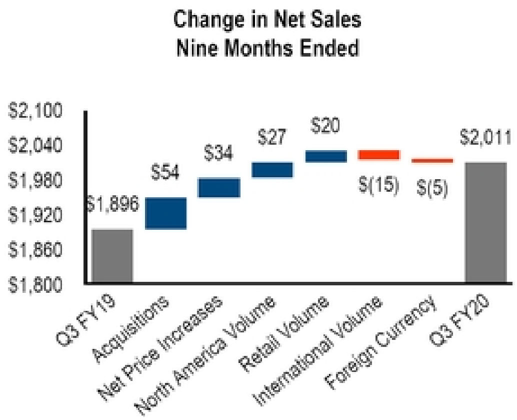
The following table presents select components of the Company's Condensed Consolidated Statements of Comprehensive Income as a percentage of net sales, for the three and nine months ended:

	Three Months Ended		Nine Months Ended	
	February 29, 2020	March 2, 2019	February 29, 2020	March 2, 2019
Net sales	100.0 %	100.0%	100.0 %	100.0%
Cost of sales	63.5	64.3	63.0	64.0
Gross margin	36.5	35.7	37.0	36.0
Operating expenses	29.0	28.0	28.4	28.2
Operating earnings	7.6	7.7	8.6	7.7
Gain on consolidation of equity method investments	—	—	1.5	—
Other expenses, net	0.4	0.4	0.4	0.4
Earnings before income taxes and equity income	7.2	7.4	9.7	7.3
Income tax expense	1.6	1.2	1.8	1.4
Equity income from nonconsolidated affiliates, net of tax	—	0.2	0.2	0.1
Net earnings	5.6	6.3	8.2	6.0
Net (loss) earnings attributable to redeemable noncontrolling interests	(0.1)	—	—	—
Net earnings attributable to Herman Miller, Inc.	5.7	6.3	8.2	6.0

Net Sales

The following chart presents graphically the primary drivers of the year-over-year change in Net sales for the three and nine months ended February 29, 2020. The amounts presented in the bar graph are expressed in millions and have been rounded.





Net sales increased $46.7 million or 7.5% in the third quarter of fiscal 2020 compared to the third quarter of fiscal 2019. The following items contributed to the change:

- Approximately $50 million due to the acquisition of HAY and naughtone.
- Incremental list price increases, net of contract price discounting, of approximately $11 million.
- Decreased sales volumes within the International segment of approximately $14 million, of which approximately $6 million was due to the temporary closure of the Company's China manufacturing facility, stemming from the outbreak of COVID-19.

Net sales increased $114.6 million or 6.0% in the first nine months of fiscal 2020 compared to the first nine months of fiscal 2019. The following items led to the change:

- Approximately $54 million due to the acquisition of HAY and naughtone.
- Incremental list price increases, net of contract price discounting, of approximately $34 million.
- Increased sales volumes within the North America Contract segment of approximately $27 million due to increased demand within the core contract and Geiger businesses.
- Increased sales volumes within the Retail segment of approximately $20 million which were driven primarily by growth across the Company's DWR studio, outlet and contract channels, which were partially offset by lower freight revenue.
- Decreased sales volumes within the International segment of approximately $15 million, of which approximately $6 million was due to the temporary closure of the Company's China manufacturing facility, stemming from the outbreak of COVID-19.
- Foreign currency translation had a negative impact on net sales of approximately $5 million.

Gross Margin

Gross margin was 36.5% in the third quarter of fiscal 2020 as compared to 35.7% in the third quarter of fiscal 2019. The following factors summarize the major drivers of the year-over-year change in gross margin percentage:

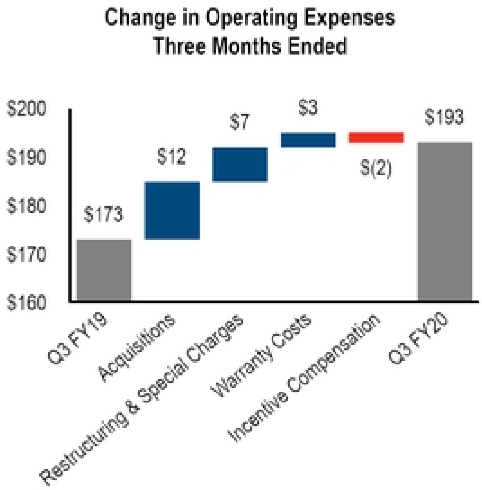
- Incremental list price increases, net of contract price discounting, increased gross margin by approximately 90 basis points.
- Lower steel costs and ongoing profitability improvement efforts increased gross margin by approximately 110 basis points.
- Lower volume leverage primarily within the North America Contract segment decreased gross margin by approximately 50 basis points.
- Special charges related to the initial purchase accounting of HAY combined with unfavorable product mix associated with the business acquisitions decreased gross margin by approximately 70 basis points.

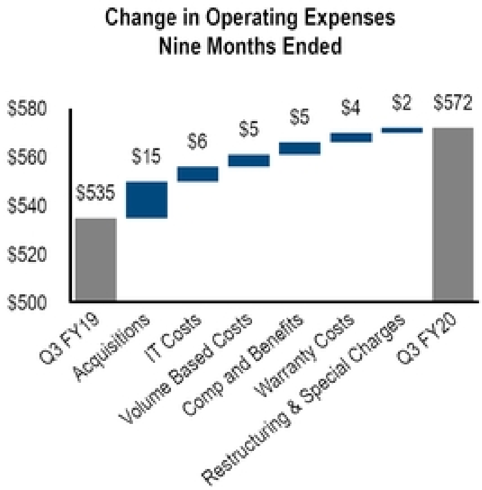
Gross margin was 37.0% for the nine month period ended February 29, 2020 as compared to 36.0% for the same period of the prior fiscal year. The following factors summarize the major drivers of the year-over-year change in gross margin percentage:

- Incremental list price increases, net of contract price discounting, increased gross margin by approximately 110 basis points.
- Lower steel costs increased gross margin by approximately 40 basis points.
- Higher net freight expenses and cost inefficiencies driven partly by the move into a new Ohio–based distribution center within the Retail segment decreased gross margin by approximately 50 basis points.

Operating Expenses

The following chart presents graphically the primary drivers of the year-over-year change in Operating expenses for the three and nine months ended February 29, 2020. The amounts presented in the bar graph are expressed in millions and have been rounded.





Operating expenses increased by $19.7 million or 11.4% in the third quarter of fiscal 2020 compared to the prior year period. The following factors contributed to the change:

- The acquisition of HAY and naughtone increased Operating expenses by approximately $12 million.
- Special charges increased by approximately $4 million, while restructuring expense increased by approximately $3 million.
- Incremental warranty costs increased by approximately $3 million partially due to higher claim rates and a product recall.
- Lower incentive compensation costs of approximately $2 million.

Operating expenses increased by $37.1 million or 6.9% in the first nine months of fiscal 2020 compared to the prior year period. The following factors contributed to the change:

- The acquisition of HAY and naughtone increased Operating expenses by approximately $15 million.
- Incremental IT costs increased by approximately $6 million.
- Incremental sales volume based costs, such as sales commissions and royalties, increased approximately $5 million.
- Compensation and benefit costs increased approximately $5 million.
- Incremental warranty costs increased by approximately $4 million partially due to higher claim rates and a product recall.
- Restructuring expense increased approximately $7 million, while special charges decreased approximately $5 million.

Other Income/Expense

During the three months ended February 29, 2020, net other expense was $2.8 million, an increase of $0.6 million compared to the same period in the prior year. This increase resulted primarily from investment losses associated with the Company's deferred compensation plan in the current quarter relative to investment gains recorded in the prior fiscal year. These investments losses are directly offset by decreases in compensation expense within operating expenses related to the deferred compensation plan.

Other income/expense in the nine months ended February 29, 2020 reflected a pre-tax gain of $30.5 million related to the purchase accounting treatment of the initial equity-method investment in U.K.-based naughtone. The Company acquired the remaining shares of naughtone during the second quarter and as a result, was required to adjust the value of the initial investment to fair value, resulting in a non-taxable gain.

During the nine months ended February 29, 2020, net other expense was $7.5 million, a decrease of $0.3 million compared to the same period in the prior year. This decrease resulted primarily from investment gains associated with the Company's deferred compensation plan in the current year relative to investment losses recorded in the prior fiscal year, and foreign currency losses in the current year relative to foreign currency gains recorded in the prior fiscal year.

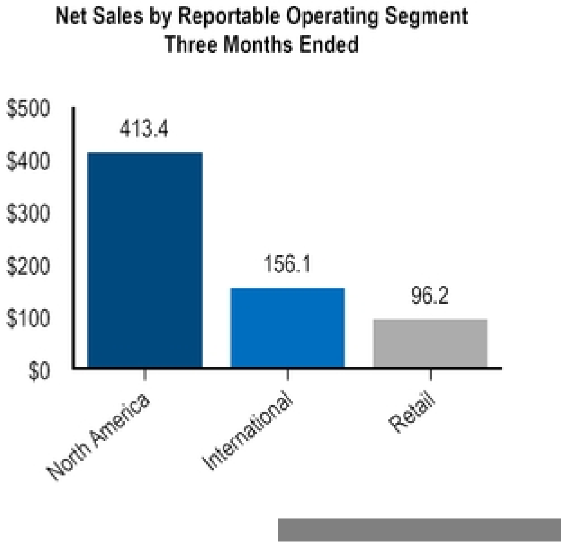
Income Taxes

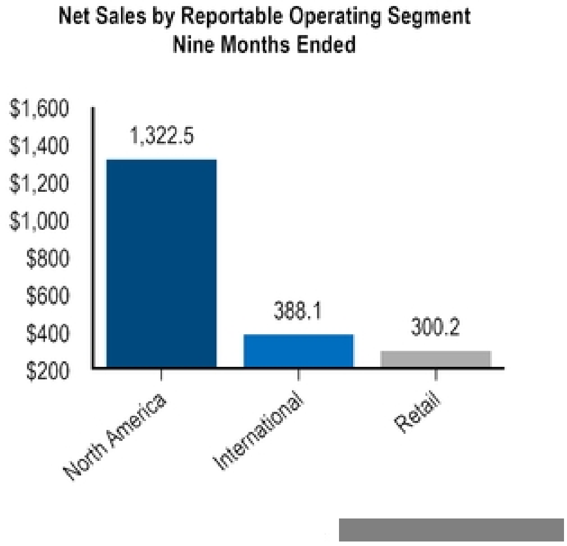
See Note 11 of the Condensed Consolidated Financial Statements for additional information.

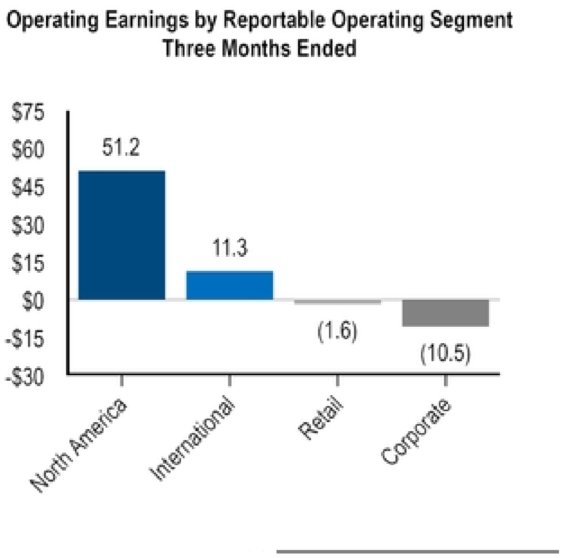
Reportable Operating Segment Results

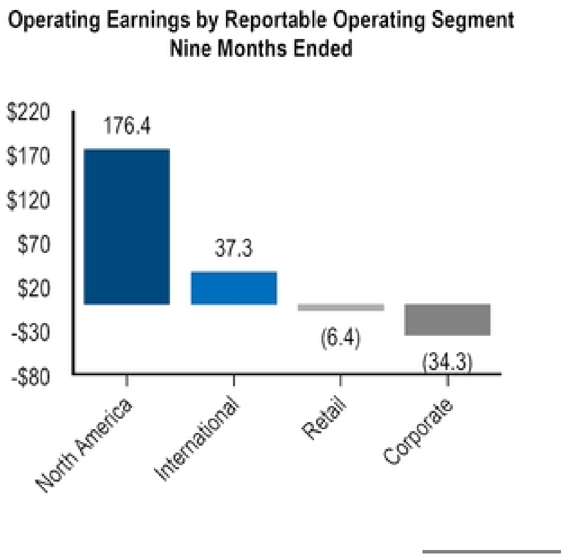
The business is comprised of various operating segments as defined by generally accepted accounting principles in the United States. These operating segments are determined on the basis of how the Company internally reports and evaluates financial information used to make operating decisions. The reportable segments identified by the Company include North America Contract, International Contract, Retail, and Corporate. For descriptions of each segment, refer to Note 16 of the Condensed Consolidated Financial Statements.

The charts below present the relative mix of Net sales and Operating earnings across the Company's reportable segments during the three and nine month periods ended February 29, 2020. This is followed by a discussion of the Company's results, by reportable segment.









North America Contract ("North America")

	Three Months Ended			Nine Months Ended		
	February 29, 2020	March 2, 2019	Change	February 29, 2020	March 2, 2019	Change
Net sales	$ 413.4	$ 397.0	$ 16.4	$ 1,322.5	$ 1,252.8	$ 69.7
Gross margin	150.1	136.6	13.5	487.0	436.3	50.7
Gross margin %	36.3%	34.4%	1.9%	36.8%	34.8%	2.0%
Operating earnings	51.2	40.2	11.0	176.4	139.5	36.9
Operating earnings %	12.4%	10.1%	2.3%	13.3%	11.1%	2.2%

For the three month comparative period, Net sales increased 4.1%, or 2.5%(*) on an organic basis, over the prior year period due to:

- Incremental list price increases, net of contract price discounting, of approximately $9 million; and
- Approximately $6 million due to the acquisition of naughtone.

For the three month comparative period, Operating earnings increased $11.0 million, or 27.4%, over the prior year period due to:

- Increased Gross margin of $13.5 million and increased gross margin percentage of 190 basis points due primarily to incremental list price increases, net of contract price discounting, and lower steel costs, partially offset by lower volume leverage; offset by
- Increased Operating expenses of $2.5 million driven primarily by increased restructuring, warranty, and IT costs, partially offset by lower employee incentive compensation costs.

For the nine month comparative period, Net sales increased 5.6%, or 4.9%(*) on an organic basis, over the prior year period due to:

- Increased sales volumes within the North America segment of approximately $27 million due to increased demand within the core contract and Geiger businesses;
- Incremental list price increases, net of contract price discounting, of approximately $32 million; and
- Approximately $9 million due to the acquisition of naughtone.

For the nine month comparative period, Operating earnings increased $36.9 million, or 26.5%, over the prior year period due to:

- Increased Gross margin of $50.7 million and increased gross margin percentage of 200 basis points due primarily to incremental list price increases, net of contract price discounting, and lower steel costs; offset by
- Increased Operating expenses of $13.8 million driven primarily by increased restructuring, warranty, and IT costs, partially offset by lower marketing costs.

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

International Contract ("International")

	Three Months Ended			Nine Months Ended		
	February 29, 2020	March 2, 2019	Change	February 29, 2020	March 2, 2019	Change
Net sales	$ 156.1	$ 126.0	$ 30.1	$ 388.1	$ 359.9	$ 28.2
Gross margin	50.8	42.1	8.7	130.9	119.9	11.0
Gross margin %	32.5%	33.4%	(0.9)%	33.7%	33.3%	0.4 %
Operating earnings	11.3	16.3	(5.0)	37.3	40.7	(3.4)
Operating earnings %	7.2%	12.9%	(5.7)%	9.6%	11.3%	(1.7)%

For the three month comparative period, Net sales increased 23.9%, or decreased 10.4%(*) on an organic basis, over the prior year period due to:

- Approximately $44 million due to the acquisition of HAY and naughtone; offset by
- Decreased sales volumes within the International segment of approximately $14 million, of which approximately $6 million was due to the outbreak of COVID-19 in China during the current quarter and associated temporary closure of our China facility.

For the three month comparative period, Operating earnings decreased $5.0 million, or 30.7%, over the prior year period due to:

- Increased Operating expenses of $13.7 million driven primarily by the acquisition of HAY and naughtone and special charges related to the initial purchase accounting effects of HAY and naughtone; offset by
- Increased Gross margin of $8.7 million due to the increase in sales explained above, and decreased gross margin percentage of 90 basis points due primarily to special charges related to the initial purchase accounting effects of HAY. Gross margin during the current quarter was approximately $2 million lower due to the outbreak of COVID-19 as described above.

For the nine month comparative period, Net sales increased 7.8%, or decreased 3.5%(*) on an organic basis, over the prior year period due to:

- Approximately $45 million due to the acquisition of HAY and naughtone; offset by
- Decreased sales volumes within the International segment of approximately $15 million, of which approximately $6 million was due to the temporary closure of the Company's China manufacturing facility, stemming from the outbreak of COVID-19; and
- The impact of foreign currency translation which decreased sales by approximately $4 million.

For the nine month comparative period, Operating earnings decreased $3.4 million, or 8.4%, over the prior year period due to:

- Increased Operating expenses of $14.4 million, driven primarily by the acquisition of HAY and naughtone and special charges related to the initial purchase accounting effects of HAY and naughtone; offset by
- Increased Gross margin of $11.0 million due to the increase in sales explained above, and increased gross margin percentage of 40 basis points due primarily to incremental list price increases, net of contract price discounting and restructuring cost savings, offset partially by special charges related to the initial purchase accounting effects of HAY. Gross margin during the current year was approximately $2 million lower due to the outbreak of COVID-19 as described above.

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

Retail

	Three Months Ended			Nine Months Ended		
	February 29, 2020	March 2, 2019	Change	February 29, 2020	March 2, 2019	Change
Net sales	$ 96.2	96.0	$ 0.2	$ 300.2	$ 283.5	$ 16.7
Gross margin	42.4	42.3	0.1	127.0	125.5	1.5
Gross margin %	44.1 %	44.1%	— %	42.3 %	44.3%	(2.0)%
Operating earnings	(1.6)	2.3	(3.9)	(6.4)	6.3	(12.7)
Operating earnings %	(1.7)%	2.4%	(4.1)%	(2.1)%	2.2%	(4.3)%

For the three month comparative period, Net sales increased 0.2%, both on an as reported and organic(*) basis, over the prior year period.

For the three month comparative period, Operating earnings decreased $3.9 million, or 169.6%, over the prior year period due to:

- Increased Operating expenses of $4.0 million primarily due to restructuring costs, sales volume based costs, new DWR studios, and the launch of the HAY brand in North America.

For the nine month comparative period, Net sales increased 5.9%, both on an as reported and organic(*) basis, over the prior year period due to:

- Increased sales volumes within the Retail segment of approximately $20 million which were driven primarily by growth across the Company's DWR studio, outlet and contract channels, which were partially offset by lower freight revenue.

For the nine month comparative period, Operating earnings decreased $12.7 million, or 201.6%, over the prior year period due to:

- Increased Operating expenses of $14.2 million primarily due to restructuring costs, sales volume based costs, new DWR studios, and the launch of the HAY brand in North America; offset by
- Increased Gross margin of $1.5 million and decreased gross margin percentage of 200 basis points due primarily to higher net freight expenses and cost inefficiencies associated with the move into a new Ohio–based distribution center, partially offset by product mix.

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

Corporate

Corporate unallocated expenses totaled $10.5 million for the third quarter of fiscal 2020, a decrease of $0.5 million from the third quarter of fiscal 2019. The decrease was driven primarily by lower IT and medical costs, partially offset by higher employee compensation and incentive costs in the current period.

Corporate unallocated expenses totaled $34.3 million for the first nine months of fiscal 2020, a decrease of $5.3 million from the same period of fiscal 2019. The decrease was driven primarily by lower special charges related to third-party consulting costs for the Company's profit optimization initiatives, as well as transition costs incurred in the prior year related to the retirement of the Company's previous CEO, partially offset by higher employee compensation and incentive costs in the current period.

Liquidity and Capital Resources

The table below summarizes the net change in cash and cash equivalents for the nine months ended as indicated.

(In millions)	February 29, 2020	March 2, 2019
Cash provided by (used in):		
Operating activities	$ 191.8	$ 130.6
Investing activities	(171.3)	(142.4)
Financing activities	(69.8)	(76.6)
Effect of exchange rate changes	0.7	(2.0)
Net change in cash and cash equivalents	$ (48.6)	$ (90.4)

Cash Flows - Operating Activities

Cash provided by operating activities for the nine months ended February 29, 2020 was $191.8 million, as compared to $130.6 million in the same period of the prior year. The increase in cash generated from operations in the current year, compared to the prior year, was primarily due to:

- An increase in net earnings, excluding the naughtone non-cash gain, of $18.8 million; and
- A decrease in current assets in the current period of $17.8 million, driven by a decrease in accounts receivable. This compares to an increase in current assets of $55.3 million in the prior year period. The increase in the prior year period was driven primarily by an increase in inventory and unbilled accounts receivable; offset by
- A decrease in current liabilities in the current period of $36.7 million, driven primarily by a decease in accounts payable and accrued liabilities. This compares to an increase in current liabilities of $7.5 million in the prior year period. The increase in the prior year period was driven primarily by an increase in accounts payable and accrued liabilities.

Cash Flows - Investing Activities

Cash used in investing activities for the nine months ended February 29, 2020 was $171.3 million, as compared to $142.4 million in the same period of the prior year. The increase in cash outflow in the current year, compared to the prior year, was primarily due to:

- Current year cash outflows of $111.2 million for the additional investments in naughtone and HAY compared to prior year cash outflows of $71.6 million for equity investments in HAY and Maars, and $4.8 million for the purchase of the HAY licensing agreement.

At the end of the third quarter of fiscal 2020, there were outstanding commitments for capital purchases of $21.8 million. The Company plans to fund these commitments with cash on hand and/or cash generated from operations. The Company expects full-year capital purchases to be between $75.0 million and $85.0 million, which will be primarily related to investments in the Company's facilities and equipment. This compares to full-year capital spending of $85.8 million in fiscal 2019.

Cash Flows - Financing Activities

Cash used in financing activities for the nine months ended February 29, 2020 was $69.8 million, as compared to $76.6 million in the same period of the prior year. The decrease in cash outflow in the current year, compared to the prior year, was primarily due to:

- Lower common stock repurchased of $25.9 million in the current year compared to $43.4 million in the prior year; offset by
- The purchase of the remaining redeemable noncontrolling interests in the current year for $20.3 million as described in Note 12 of the Condensed Consolidated Financial Statements, compared to purchases of $10.1 million in the prior year.

Sources of Liquidity

In addition to steps taken to protect its workforce and manage business operations, the Company has taken actions to safeguard its capital position in the current environment. The Company is closely managing spending levels, capital investments, and working capital, and has temporarily suspended share repurchase activity as part of managing cash flows during this period. In addition, the Company's Board of Directors has approved a resolution to postpone payment of the current quarter's dividend to a future date to be established by the Board of Directors and temporarily suspend all future planned dividends. For more information on current cost reductions, refer to the COVID-19 Update section within Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.

At the end of the third quarter of fiscal 2020, the Company had a well-positioned balance sheet and liquidity profile to weather these disruptions for the foreseeable future. In addition to cash flows from operating activities, the Company has access to liquidity through credit facilities, cash and cash equivalents, and short-term investments. These sources have been summarized below. For additional information, refer to Note 14 to the Condensed Consolidated Financial Statements.

(In millions)	February 29, 2020	June 1, 2019
Cash and cash equivalents	$ 110.6	$ 159.2
Marketable securities	8.9	8.8
Availability under syndicated revolving line of credit	265.5	165.0
Total liquidity	$ 385.0	$ 333.0

At the end of the third quarter of fiscal 2020, the Company had cash and cash equivalents of $110.6 million, including $94.6 million of cash and cash equivalents held outside the United States. In addition, the Company had marketable securities of $8.9 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 intends to repatriate $23 million in cash held in certain foreign jurisdictions and as such has recorded a deferred tax liability related to foreign withholding taxes on these future dividends received in the U.S. from foreign subsidiaries of $0.5 million. A significant portion of this cash was previously taxed under the U.S. Tax Cut and Jobs Act (TCJA) one-time U.S. tax liability on undistributed foreign earnings. The Company intends to remain indefinitely reinvested in the remaining undistributed earnings outside the U.S.

The Company’s syndicated revolving line of credit, which expires on August 28, 2024, provides the Company with up to $500 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 up to $250 million. 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 February 29, 2020, the total debt outstanding related to borrowings under the syndicated revolving line of credit was $225.0 million with available borrowings against this facility of $265.5 million. Since the end of the quarter, the company withdrew $265 million.

The Company believes that its financial resources will allow it to manage the anticipated impact of COVID-19 on the Company's business operations for the foreseeable future which will include materially reduced revenue and profits for the Company. The challenges posed by COVID-19 on the Company's business have evolved rapidly in the past two months and are likely to evolve further. Consequently, the Company will continue to evaluate its financial position in light of future developments, particularly those relating to COVID-19.

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 as of June 1, 2019 was provided in the Company's annual report on Form 10-K for the year ended June 1, 2019. There have been no material changes in such obligations since that date.

Guarantees

See Note 13 to the Condensed Consolidated Financial Statements.

Variable Interest Entities

See Note 18 to the Condensed Consolidated Financial Statements.

Contingencies

See Note 13 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 for the year ended June 1, 2019. During fiscal 2020, the Company changed certain accounting policies in connection with the adoption of *ASC 842 - Leases*. Refer to Note 4 to the Condensed Consolidated Financial Statements for further information.

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, that are based on management’s beliefs, assumptions, current expectations, estimates, and projections about the office furniture industry, the economy, and the Company itself. Words like “anticipates,” “believes,” “confident,” “estimates,” “expects,” “forecasts,” likely,” “plans,” “projects,” and “should,” variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. These risks include, without limitation, the success of our growth strategy, employment and general economic conditions, the pace of economic growth in the U.S., and in our International markets, the potential impact of changes in U.S. tax law, the increase in white collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, competitive-pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, our ability to expand globally given the risks associated with regulatory and legal compliance challenges and accompanying currency fluctuations, the ability to increase prices to absorb the additional costs of raw materials, the financial strength of our dealers and the financial strength of our customers, our ability to locate new DWR and HAY studios, negotiate favorable lease terms for new and existing locations and the implementation of our studio portfolio transformation, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the success of newly-introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, natural disasters, public health crises, disease outbreaks, 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 June 1, 2019 has not changed significantly. The nature of market risks from interest rates and commodity prices has not changed materially during the first nine months of fiscal 2020.

Foreign Exchange Risk

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

In the normal course of business, the Company enters into contracts denominated in foreign currencies. The principal foreign currencies in which the Company conducts its business are the British pound sterling, euro, Canadian dollar, Japanese yen, Mexican peso, Hong Kong dollar and Chinese renminbi. Changes in the fair value of such contracts are reported in earnings in the period the value of the contract changes. The net gain or loss upon settlement and the change in fair value of outstanding contracts is recorded as a component of Other expense (income), net.

Item 4: Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, management has 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 February 29, 2020, and the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of that date, the Company's disclosure controls and procedures are effective.

Changes in 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 February 29, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1: Legal Proceedings

Referred to in Note 13 of the Condensed Consolidated Financial Statements.

Item 1A: Risk Factors

There have been no material changes in the Company's risk factors from those set forth in the Company's Annual Report on Form 10-K for the year ended June 1, 2019, except for the following risk factor which supplements the risk factors previously disclosed and should be considered in conjunction with the Risk Factors section in the Company's Annual report on Form 10-K for the year ended June 1, 2019:

Disease outbreaks, such as the COVID-19 pandemic, could have an adverse impact on the Company's operations and financial results
From time to time, various disease outbreaks may adversely impact our business, consolidated results of operations and financial condition, such as the current COVID-19 pandemic which has had such an adverse impact. The Company has global manufacturing facilities, suppliers, dealers and customers. Therefore, COVID-19, as well as measures taken by governmental authorities and private actors to limit the spread of this virus, may interfere with the ability of our employees, suppliers and other business providers to carry out their assigned tasks or supply materials at ordinary levels of performance relative to the conduct of our business. This has caused, and may continue to cause, us to materially curtail certain of our business operations, and has had and could continue to have, a material adverse effect on our results of operations and cash flow.

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

Issuer Purchases of Equity Securities
The following is a summary of share repurchase activity during the quarter ended February 29, 2020.

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)
12/1/19 - 12/28/19	13,572	$ 42.69	13,572	$ 255,569,568
12/29/19 - 1/25/20	148,671	$ 41.20	148,671	$ 249,444,561
1/26/20 - 2/29/20	278,711	$ 40.44	278,711	$ 238,172,837
Total	440,954		440,954	

The Company repurchased shares under previously announced plans authorized by the Board of Directors. No repurchase plans expired or were terminated during the third quarter of fiscal 2020, nor do any plans exist under which the Company does not intend to make further purchases. The Board has the authority to terminate any further repurchases. During the period covered by this report, the Company did not sell any of its equity securities 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
10.1*	Form of Herman Miller, Inc. Long-Term Incentive Plan Restricted Stock Unit Award Agreement
10.2*	Form of Herman Miller, Inc. Long-Term Incentive Plan Operating Income Growth Performance Share Unit With TSR Modifier Award Agreement
10.3*	Form of Herman Miller, Inc. Long-Term Incentive Plan Revenue Growth Performance Share Unit With TSR Modifier Award Agreement
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	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL 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

(*) Denotes compensatory plan or arrangement.

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.

April 7, 2020	/s/ Andrea R. Owen
	Andrea R. Owen President and Chief Executive Officer (Duly Authorized Signatory for Registrant)
April 7, 2020	/s/ Jeffrey M. Stutz
	Jeffrey M. Stutz Chief Financial Officer (Duly Authorized Signatory for Registrant)

HERMAN MILLER, INC. 2011 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

This certifies that Herman Miller, Inc. (the "Company") has on [insert date/month/year] (the "Award Date"), granted to [insert employee's first and last name] (the "Participant") an award (the "Award") of [insert shares granted] restricted stock units (the "Restricted Stock Units") pursuant to and under the Herman Miller, Inc. 2011 Long-Term Incentive Plan (the "Plan") and subject to the terms set forth in this agreement (the "Award Agreement"). A copy of the Plan Prospectus has been delivered to Participant, and a copy of the Plan is available from the Company on request. The Plan is incorporated into this Award Agreement by reference, and in the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan shall govern; provided, however, that definitions under this Award Agreement shall govern. Any capitalized terms not defined herein shall have the meaning set forth in the Plan.

1. Rights of the Participant with Respect to the Restricted Stock Units.

(a) No Shareholder Rights. The Restricted Stock Units granted pursuant to this Award are not shares of Common Stock, but instead are the contingent right to receive shares of Common Stock and do not and shall not entitle Participant to any rights of a shareholder of Common Stock. The rights of Participant with respect to the Restricted Stock Units shall remain forfeitable at all times prior to the date on which such rights become vested in accordance with Section 2, 3 or 4.

(b) Additional Restricted Stock Units. As long as Participant holds Restricted Stock Units granted pursuant to this Award, the Company shall credit to Participant, as of each date that the Company pays a Dividend (as defined below) in cash to holders of Common Stock (the "Dividend Payment Date"), an additional number of Restricted Stock Units ("Additional Restricted Stock Units") equal to:

(i) The total number of Restricted Stock Units and Additional Restricted Stock Units credited to Participant under this Award as of the close of business on the record date for such Dividend, multiplied by

(ii) The dollar amount of the Dividend paid per share of Common Stock by the Company on such Dividend Payment Date, divided by

(iii) The Fair Market Value of a share of Common Stock on such Dividend Payment Date.

The term "Dividend" shall include all dividends, whether normal or special, and whether payable in cash, Common Stock, or other property.

The calculation of Additional Restricted Stock Units shall be carried to four (4) decimal places, and any fractional Restricted Stock Unit resulting from such calculation shall be included in the Participant's Additional Restricted Stock Units. A report showing the number of Additional Restricted Stock Units so credited shall be made available to Participant periodically, as determined by the Company. The Additional Restricted Stock Units so credited shall vest and be subject to the same terms and conditions as the Restricted Stock Units to which such Additional Restricted Stock Units relate, and the Additional Restricted Stock Units shall be forfeited in the event that the Restricted Stock Units with respect to which such Additional Restricted Stock Units were credited are forfeited.

(c) Conversion of Restricted Stock Units; Issuance of Common Stock. No shares of Common Stock shall be issued to Participant prior to the date on which the Restricted Stock Units vest, and the restrictions with respect to the Restricted Stock Units lapse, in accordance with Section 2, 3 or 4. Neither this Section 1(c) nor any action taken pursuant to or in accordance with this Section 1(c) shall be construed to create a trust of any kind. After any Restricted Stock Units vest pursuant to Section 2, 3 or 4, all restrictions with respect to the distribution of the Restricted Stock Units have lapsed, and any tax withholding obligations related to such Restricted Stock Units have been satisfied pursuant to Section 8, the Company shall, within sixty (60) days, 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 Restricted Stock Units and Additional Restricted Stock Units, unless a valid deferral has been made pursuant to Section 7, in which case such distribution shall be made within sixty (60) days after the date to which distribution has been deferred.

2. Vesting. Subject to the terms and conditions of this Award, the Restricted Stock Units shall vest on the third (3rd) anniversary of the Award Date if Participant remains continuously employed by the Company or a Subsidiary.

3. Forfeiture or Early Vesting Upon Termination of Employment.

(a) Termination of Employment Generally. Except as provided in Sections 3(b), 3(c), 3(d), and 3(e), if, prior to vesting of the Restricted Stock Units pursuant to Section 2 or 4, Participant ceases to be an employee of the Company or a Subsidiary, then Participant's rights to all of the unvested Restricted Stock Units shall be immediately and irrevocably forfeited, including the right to receive Additional Restricted Stock Units issued in respect of unvested Restricted Stock Units.

(b) Death. If Participant dies while employed by the Company or a Subsidiary and has complied with Section 2 prior to the time that his Restricted Stock Units become vested, then all of his or her unvested Restricted Stock Units shall become immediately vested as of the date of death. No transfer by will or the applicable laws of descent and distribution of any Restricted Stock Units that vest by reason of Participant's death shall be effective to bind the Company unless the Committee shall have been furnished with written notice of such transfer and a copy of the will or such other evidence as the Committee may deem necessary to establish the validity of the transfer.

(c) Disability. If Participant's employment by the Company or Subsidiary is terminated due to Participant's Disability and the Participant has complied with Section 2 at all times prior to such termination, then all of his or her unvested Restricted Stock Units shall become immediately vested as of the date of such termination.

(d) Retirement.

(i) Except as provided in 3(d)(ii) below, if Participant's employment by the Company or Subsidiary is terminated by reason of Participant's Retirement (as defined below) during the first 12 months after the Award Date and prior to the time that his Restricted Stock Units have otherwise become vested, then a portion of his or her unvested Restricted Stock Units shall become immediately vested as of the date the Participant Retires. The portion of the Restricted Stock Units that shall vest upon the date of the Participant’s Retirement will be determined by multiplying the sum of Participant's Restricted Stock Units granted under this Award and any related Additional Restricted Stock Units by a fraction, the numerator of which is the number of full calendar months, beginning on the Award Date and ending on the date the Participant Retires during which the Participant was employed by the Company, and the denominator of which is 12. If Participant terminates his or her employment by reason of Retirement after the initial 12 month period, all of his or her Restricted Stock Units will be fully vested. “Retires” or “Retirement” means for purposes of this Award Agreement the Participant’s resignation on or after attaining (A) age 55 and 5 or more years of service, or (B) 30 or more years of service. For clarity, a Company-initiated termination of the employment of the Participant shall not be considered a “Retirement”. Subject to Participant's compliance with the covenants set forth in Section 9 below and to applicable policies of the Company, the Restricted Stock Units shall, to the extent the right to receive shares has vested in accordance with the preceding sentences, be sellable any time.

(ii) Notwithstanding (i), if the Participant is a "Key Employee" (as defined below), such pro rata portion of Participant's Restricted Stock Units shall become vested as provided above, but the conversion to Common Stock and the distribution of Common Stock to the Participant shall not occur until the earlier of:

(A) The date which is six (6) months after the date of the Participant's Retirement, or

(B) The date of Participant's death.

(iii) For purposes of Section 3, a "**Key Employee**" is a Participant who, at any time during the year in which his or her employment with the Company terminated, was:

(A) An officer of the Company whose compensation from the Company for the year was more than $180,000, as adjusted pursuant to Code Section 416(i)(1)(A);

(B) A more than 5% owner of the Company; or

(C) A more than 1% owner of the Company with annual compensation from the Company of more than $150,000. For purposes of this Section 3, the term "owner" will include ownership attributed to the Participant under the rules of Code Section 318; provided, however, that the rules of Code Section 414(b), (c), and (m) do not apply for purposes of determining ownership of the Company.

(e) Termination of Employment without Cause.

(i) Except as provided in Section 3(e)(ii) below, if the Company or a Subsidiary terminates the Participant's employment without "Cause" prior to the time that Participant's Restricted Stock Units become vested, then a portion of his or her unvested Restricted Stock Units shall become immediately vested as of the date the Company or a Subsidiary terminates the Participant's employment without Cause. The portion of Restricted Stock Units that shall vest upon the Company's or a Subsidiary's termination of the Participant's employment without Cause is determined by multiplying the sum of Participant's Restricted Stock Units granted under this Award and related Additional Restricted Stock Units by a fraction, the numerator of which is the number of full calendar months, beginning on the Award Date and ending on the date of Company's or Subsidiary's termination of Participant's employment without Cause, that Participant was employed by the Company or a Subsidiary, and the denominator of which is 36.

(ii) Notwithstanding the foregoing, if the Participant is a "Key Employee," such pro rata portion of Participant's Restricted Stock Units shall become vested as provided above, but the conversion to Common Stock and the distribution of Common Stock to the Participant shall not occur until the earlier of:

(A) The date which is six (6) months after the date the Company terminates the Participant's employment without Cause, or

(B) The date of Participant's death.

(iii) Subject to Participant's compliance with the covenants set forth in Section 9 below and to applicable policies of the Company, the Restricted Stock Units shall, to the extent the right to receive shares has vested in accordance with this Section 3(e), be sellable any time.

4. Change in Control. Notwithstanding any term to the contrary in this Agreement or the Plan, if within two (2) years after a Change in Control 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 vesting under any individual employment agreement between the Participant and the Company, a Subsidiary, or any successor thereof, then this Award (or its replacement) shall become fully vested upon the date of such termination of employment. Notwithstanding the foregoing, if upon the occurrence of a Change in Control this Award is not assumed or continued, then this Award shall be treated in accordance with Section 14.3(a) of the Plan.

5. Restriction on Transfer. 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.

6. Adjustments to Restricted Stock Units for Certain Corporate Transactions.

(a) The Committee will make an appropriate and proportionate adjustment to the number of Restricted Stock Units 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 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 for 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 to 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 Restricted Stock Units 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 6(a) above.

7. Deferral of Distribution. A Participant may elect to defer the conversion of Restricted Stock Units granted under this Award and related Additional Restricted Stock Units into Common Stock and the issuance of such Common Stock with respect thereto to a time later than that provided under Section 1(c). The Participant must file such election with the Committee at least 12 months prior to the date provided under Section 1(c) that such Restricted Stock Units 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 Restricted Stock Units granted under this Award and the related Additional Restricted Stock Units 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 Restricted Stock Units would have been converted to Common Stock and issued to the Participant under Section 1(c).

8. 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 arising from the receipt of, the lapse of restrictions relating to, or any other event relating to, the Restricted Stock Units, 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 prior to the date that the amount of tax to be withheld is determined (the “Tax Date”), then the Company shall withhold shares of Common Stock as described in Section 8(b)(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 issuable to the Participant a number of shares having a Fair Market Value as of the Tax Date up to the 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, up to the amount of the withholding tax obligation. Any shares of Common Stock already owned by Participant referred to in this Section 8(b)(iii) must have been owned by Participant for no less than six (6) months prior to the date delivered to the Company.

9. Participant Covenants. In consideration of the grant of this Award by the Company, Participant agrees to the following:

(a) Confidentiality. In the course of Participant's employment with the Company, Participant may be making use of, acquiring, or adding to the Company's confidential information, trade secrets, and Protected Information; accordingly, Participant agrees and promises:

(i) to protect and maintain the confidentiality of Protected Information while employed by the Company;

(ii) to return (and not retain) any and all materials reflecting Protected Information that Participant may possess (including all Company-owned equipment) immediately upon end of employment or upon demand by the Company; and

(iii) not to use or disclose, except as necessary for the performance of Participant's services on behalf of the Company or as required by law or legal process, any Protected Information where such use or disclosure would be detrimental to the interests of the Company. This promise applies only for so long as such Protected Information remains confidential and not generally known to the Company's competitors, or 18 months following the end of Participant's employment with the Company, whichever occurs first.

(b) Restrictive Covenants**.** Participant understands and agrees that the Company has legitimate interests in protecting its goodwill, its relationships with customers and business partners, and in maintaining its confidential information, trade secrets and Protected Information, and hereby agrees that the following restrictions are appropriate to meet such goals.

(i) Non-Solicitation. Participant acknowledges that the relationships and goodwill that Participant develops with Company Customers as a result of Participant's employment belong to the Company. Participant therefore agrees that while employed by the Company and for a period of 12 months after Participant's employment with the Company ends, for whatever reason, Participant will not, and will not assist anyone else to, (1) solicit or encourage any Company Customer to terminate or diminish its relationship with the Company relating to Competitive Services or Products; or (2) seek to persuade any Company Customer to conduct with anyone other than the Company any business or activity relating to Competitive Services or Products that such Company Customer conducts or could conduct with the Company.

(ii) Non-Competition. Participant agrees that while employed by the Company and for a period of 12 months after Participant's employment with the Company ends for any reason, Participant will not, for himself or herself, or on behalf of any other person or entity, directly or indirectly, provide services to a Direct Competitor in a role where Participant's knowledge of Protected Information is likely to affect Participant's decisions or actions for the Direct Competitor to the detriment of the Company.

(c) Definitions. For purposes of this Section 9, the following terms shall be defined as follows:

(i) Protected Information. "Protected Information" means Company information not generally known to, and not readily ascertainable through proper means by, the Company's competitors on matters such as customer information, partner information, and the relative skills and experience of the Company's other Participants or agents; nonpublic information; strategic plans; business methods; investment strategies and plans; intellectual property; sales and marketing plans; Company (not individual) know-how; trade secrets; and other information of a technical or economic nature relating to the Company's business.

Protected Information does not include information that (i) was in the public domain, (ii) was independently developed or acquired by Participant, (iii) was approved by the Company for use and disclosure by Participant without restriction, or (iv) is the type of information which might form the basis for protected concerted activity under the National Labor Relations Act (for example, Participant pay or Participant terms and conditions of employment).

(ii) Company Customer. "Company Customer" is limited to those customers or partners who did business with the Company within the most recent 18 months of Participant's employment (or during the period of Participant's employment, if Participant was employed for less than 18 months) and with whom Participant personally dealt on behalf of the Company in the 12 months immediately preceding the last day of Participant's employment and Participant had business contact or responsibility with such Company Customer as a result of his or her employment with the Company. "Company Customer" shall not, however, include any individual who purchased a Competitive Product from the Company by direct purchase from one of its retail establishments or via on-line over the Internet, unless such purchase was of such quantity that the purchase price exceeded $15,000.

(iii) Competitive Services. "Competitive Services" means services of the type that the Company provided or offered to its customers or partners at any time during the 12 months immediately preceding the last day of Participant's employment with the Company (or at any time during Participant's employment if Participant was employed for less than 12 months), and for which Participant was involved in providing or managing the provision of such services.

(iv) Competitive Products**.** "Competitive Products" means products that serve the same function as, or that could be used to replace, products the Company provided to, offered to, or was in the process of developing for a present, former, or future possible customer/partner at any time during the twelve (12) months immediately preceding the last day of Participant's employment (or at any time during Participant's employment if Participant was employed for less than 12 months), with which Participant had direct responsibility for the sale or development of such products or managing those persons responsible for the sale or development of such products.

(v) Direct Competitor**.** "Direct Competitor" means a person, business or company providing Competitive Products or Competitive Services anywhere in the United States. "Direct Competitor" does not include any business which the parties have agreed in writing to exclude from the definition, and the Company will not unreasonably or arbitrarily withhold such agreement.

(a) Non-disparagement. Participant agrees that, while employed with the Company and thereafter, Participant will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement calculated or likely to have the effect of undermining, disparaging or otherwise reflecting poorly upon the Company, any member of its Board of Directors or any executive officer of the Company (the “Protected Persons”) or the Company’s business. Without limitation, Participant shall not publish, communicate, post or blog disparaging or confidential information about the Protected Persons. However, the Participant may give truthful and non-malicious testimony if properly subpoenaed to testify under oath.

(e) Exception. Nothing in this Award Agreement is intended to prevent the Participant from making disclosures of Protected Information if required by applicable law, regulation, or legal process, provided that the Participant provide the Company with prior notice of the contemplated disclosure and reasonably cooperate with the Company, at its expense, in seeking a protective order or other appropriate protection of such information. In addition, nothing in this Award Agreement is intended interfere with the whistleblower provisions of any United States federal, state or local law or regulation, including but not limited to Rule 21F-17 of the Securities Exchange Act of 1934 or § 1833(b) of the Defend Trade Secrets Act of 2016. Accordingly, notwithstanding anything to the contrary therein, nothing in this Award Agreement prohibits, restricts or prevents the Participant from reporting possible violations of United States federal, state or local law or regulation to any United States federal, state or local governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or to an attorney, or from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from disclosing trade secrets and other Protected Information in the course of such reporting; provided, however, that the Participant use the Participant’s reasonable best efforts to (i) disclose only information that is reasonably related to such possible violations or that is requested by such agency or entity and (ii) request that such agency or entity treat such information as confidential. The Participant does not need the prior authorization from the Company to make any such whistleblower reports or disclosures and is not required to notify the Company that the Participant has made such reports or disclosures.

10. Miscellaneous.

(a) Neither this Award Agreement 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) 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 Award Date or at the time of conversion of the Restricted Stock Units to shares of Common Stock. 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, or; (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 Participant caused the Restatement, to (A) forfeit this Award, and/or (B) to require repayment or return of any benefit derived from this Award. 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.

(c) An original record of this Award Agreement and all the terms hereof, executed by the Company and accepted and acknowledged by the Participant, is held on file by the Company. This Award Agreement and the Participant's acknowledgment may be made in paper or in electronic format as specified by the Company. To the extent there is any conflict between the terms contained in this Award and the terms contained in the original held by the Company, the terms of the original held by the Company shall control.

11. Section 409A Compliance. To the extent applicable, it is intended that this Award Agreement be exempt from or 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 (a) all such payments shall be made only upon a "separation from service" within the meaning of Section 409A, (b) 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 and (c) to the extent required for compliance with Section 409A if Participant is a “specified employee” within the meaning of Section 409A, payments will be delayed by six months.

12. Section 280G. Notwithstanding anything contained in this Award Agreement to the contrary, to the extent that any of the payments and benefits provided for under this Award Agreement, together with any payments or benefits under any other agreement or arrangement between the Company or any of its affiliates and the Participant (collectively, the “Payments”) would constitute a “parachute payment” within the meaning of Section 280G of the Code, the amount of such Payments shall be reduced (to the extent any reduction is necessary) to the amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code if and only if such reduction would provide the Participant with an after-tax amount greater than if there was no reduction. Any reduction shall be done in a manner that maximizes the amount to be retained by the Participant, provided that to the extent any order is required to be set forth herein, then such reduction shall be applied in the following order: (a) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (b) payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced next (if necessary, to zero), with amounts that are payable or deliverable last reduced first; (c) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G- 1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); (d) payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (e) all other non-cash benefits will be next reduced pro-rata.

[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have executed this Award Agreement effective as of the Award Date.

Herman Miller, Inc.

By: ______________________________

Jeffrey M. Stutz
Chief Financial Officer

ACCEPTANCE AND ACKNOWLEDGEMENT

Via electronic ACCEPT, I accept the Award Agreement 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.

HERMAN MILLER, INC. 2011 LONG-TERM INCENTIVE PLAN
OPERATING INCOME GROWTH PERFORMANCE SHARE UNIT WITH TSR MODIFER AWARD AGREEMENT

This certifies that Herman Miller, Inc. (the “Company”) has on [insert date/month/year] (the “Award Date”), granted to [insert employee first and last name] (the “Participant”) an award (the “Award”) of [insert total shares granted] target Performance Share Units (the “Target Performance Share Units”) pursuant to and under the Herman Miller, Inc. 2011 Long-Term Incentive Plan (the “Plan”) and subject to the terms set forth in this Award Agreement. A copy of the Plan Prospectus has been delivered to Participant, and a copy of the Plan is available from the Company on request. The Plan is incorporated into this Award Agreement by reference, and in the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will govern; provided, however, that definitions under this Award Agreement shall govern. Any capitalized terms not defined herein will have the meaning set forth in the Plan.

1. Definitions.

“Actual Performance Share Units” means the number of Performance Share Units earned in accordance with Section 2 of this Award Agreement.

“Adjusted Operating Income” means the amount of profit realized after deducting from revenue, cost of goods sold, operating expenses and restructure amortization, and plus or minus any approved adjustments determined in accordance with the Manual.

“Average Annual Adjusted Operating Income” means the sum of the Adjusted Operating Income for each fiscal year of the Performance Period divided by the number of fiscal years in the Performance Period.

“Award Agreement” means the terms and conditions of the Award set forth in this agreement.

“Common Stock” means the Company’s $.20 par value per share common stock.

“Earnout Percentage” means the percentage by which the number of the Target Performance Share Units is multiplied to determine the Actual Performance Share Units, as determined under Section 2 of this Award Agreement.

“Manual” shall mean the Incentive Technical Manual as approved by the Committee.

“Peer Group” means the companies approved by the Committee as peer group companies, listed on the attached Appendix A of this Award Agreement. For the sake of clarity, the Company is not included in the Peer Group.

“Performance Period” means the period of three (3) consecutive fiscal years beginning with the fiscal year in which the Award Date occurs.

“Performance Share Unit” means the right to receive one (1) share of Common Stock on a future date subject to certain restrictions and on the terms and conditions contained in this Award Agreement.

“Retirement” means for purposes of this Award Agreement the Participant’s resignation on or after attaining (A) age 55 and 5 or more years of service, or (B) 30 or more years of service. For clarity, a Company-initiated termination of the employment of the Participant shall not be considered a “Retirement”.

“Total Shareholder Return” or “TSR” with respect to the Company and each member of the Peer Group shall mean the quotient of (a) the Beginning Price (as defined below) divided by (b) the Ending Price (as defined below). The “Beginning Price” shall equal the average closing price of a share of common stock during the twenty (20) trading day period ending on the last day before the start of the Performance Period. The “Ending Price” shall equal the average closing price of a share of common stock during the twenty (20) day trading period ending on the last day of the Performance Period. The Beginning Price and Ending Price shall be adjusted to reflect any and all cash, stock or in-kind dividends paid on the stock of such company during the Performance Period, or any stock splits or reverse stock splits that occur during the Performance Period. For the avoidance of doubt, dividends paid throughout the Performance Period for the Company and Peer Group companies will be reinvested as of the ex-dividend date.

“TSR Modifier” means the modification to the initial Earnout Percentage determined by the Company’s TSR relative to the Peer Group.

2. Determination of Actual Performance Share Units. The Actual Performance Share Units that the Participant may earn shall equal (a) the number of Target Performance Share Units, multiplied by (b) the Earnout Percentage, as determined under this Section 2.

(a) Determination of Average Annual Adjusted Operating Income.

(i) Year-End Determinations. Within ninety (90) days after the end of each fiscal year in the Performance Period, the Committee will determine the Adjusted Operating Income for such fiscal year consistent with the Manual.

(ii) End of Performance Period Determinations. Within ninety (90) days after the end of the Performance Period, the Committee will determine the Average Annual Adjusted Operating Income for the Performance Period.

(b) Calculation of Earnout Percentage. Within ninety (90) days after the end of the Performance Period, the Committee will determine the Earnout Percentage based on the annual adjusted operating income target specified by the Committee at the time of the Award, subject to adjustment in accordance with the Manual.

If the Average Annual Revenue is between the approved performance levels, then the Earnout Percentage will be determined based on straight line interpolation.

(c) Determination of TSR.

(i) Determination of Company TSR. Within ninety (90) days after the end of the Performance Period, the Committee will determine the Company's TSR during the Performance Period, in accordance with the Manual.

(ii) Determination of Peer Group TSRs. Within ninety (90) days after the end of the Performance Period, the Committee will determine the TSR for each member of the Peer Group during the Performance Period, in accordance with the Manual.

(iii) Determination of Percentile Rank. Following the determination of Company's TSR and the TSR of each member of the Peer Group, the Committee shall determine the percentile rank of the Company within the Peer Group companies. The Committee will include the Company in its determination of the Company's percentile ranking.

(d) Calculation of TSR Modifier. The initial Earnout Percentage determined in Section 2(b) shall be modified based on the Company's TSR relative to the TSR of the Peer Group in accordance with the following (with such modified Earnout Percentage being deemed the final "Earnout Percentage"), applying a multiplier approach:

Relative TSR Ranking:	TSR Modifier Percentage:
75th percentile or above	125%
50th percentile (target performance)	100% (no modification)
25th percentile or below	75%

If the Company's relative TSR ranking is between the above performance levels, the TSR Modifier percentage shall be determined based on straight line interpolation. Notwithstanding any other provision of this Agreement, in no event shall the final Earnout Percentage (as modified under this Section 2(d)) exceed two hundred percent (200%).

(e) Calculation of Actual Performance Share Units after a Change in Control. If a Change in Control occurs, the Committee will determine the Participant's Actual Performance Share Units as of the date of such Change in Control in accordance with Section 2(a)-(d), subject to the following:

(i) the Performance Period will end (the "Adjusted Performance Period") on the effective date of the Change in Control;

(ii) the Committee will determine the Adjusted Operating Income for the fiscal year in which the Change in Control occurs from the first day of the fiscal year through the effective date of the Change in Control; and

(iii) the Committee will determine the Average Annual Adjusted Operating Income by adding the Adjusted Operating Income for each fiscal year (or portion thereof) in the Adjusted Performance Period and dividing the sum by the number of whole and partial fiscal years in the Adjusted Performance Period.

(f) Certification. Not later than ninety (90) days after the end of the Performance Period or the Adjusted Performance Period, as applicable, the Committee shall determine the Actual Performance Share Units and shall certify such finding to the Company and the Participant.

3. Adjustments Following Termination of Employment.

(a) Termination Due to Death. Notwithstanding anything in this Award Agreement to the contrary, 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 the Participant's death, the Participant's Actual Performance Share Units shall equal the Participant's Target Performance Share Units multiplied by a fraction, the numerator of which is the number of full calendar months that the Participant was employed by the Company or a Subsidiary, beginning on the Award Date and ending on the date of Participant's death, and the denominator of which is 36, and such Actual Performance Share Units shall vest immediately upon the Participant's death.

(b) Termination Due to Disability or Termination Without Cause. 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 Disability or termination by the Company or a Subsidiary without Cause, the Participant's Target Performance Share Units will be adjusted by multiplying the Participant's Target Performance Share Units by a fraction, the numerator of which is the number of full calendar months that the Participant was employed by the Company or a Subsidiary, beginning on the Award Date and ending on the Participant's termination date, and the denominator of which is 36. Actual Performance Share Units shall continue to be calculated according to Section 2.

(c) Termination Due to Retirement. 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 Share Units will be adjusted as follows:

(i) If the Participant's Retirement occurs prior to the end of the first twelve (12) months after the Award Date, the Participant's Target Performance Share Units will be adjusted by multiplying the Participant's Target Performance Share Units by a fraction, the numerator of which is the number of full calendar months that the Participant was employed by the Company or a Subsidiary, beginning on the Award Date and ending on the date of the Participant's Retirement, and the denominator of which is 12;

(ii) No adjustment to the Participant's Target Performance Share Units will be made if the Participant's Retirement occurs on or after the end of the first twelve (12) months after the Award Date.

Actual Performance Share Units shall continue to be calculated according to Section 2.

(d) Termination of Employment for Other Reasons. In the event that the Participant's employment with the Company or a Subsidiary terminates prior to the end of the Performance Period for any reason other than death, Disability, Retirement, or Termination by the Company or a Subsidiary without Cause, the Participant's rights to all of the Target Performance Share Units granted under this Award Agreement will be immediately and irrevocably forfeited upon such termination of employment and the Participant shall earn no Actual Performance Share Units.

(e) Termination After a Change in Control. Notwithstanding any term to the contrary in this Award Agreement or the Plan, the Participant shall retain the right to earn all of the Participant's Target Performance Share Units if, within two (2) years following a Change in Control, the Participant's employment (i) is terminated without Cause (including death or Disability), (ii) terminates with Good Reason, or (iii) terminates under circumstances that entitle the Participant to accelerated vesting under any individual employment agreement between the Participant and the Company, a Subsidiary, or any successor thereof, and Actual Performance Share Units shall be calculated in accordance with Section 2(d). For all other terminations of employment that occur after a Change in Control, the Participant's Target Performance Share Units shall be adjusted in accordance with subsections (a)-(c) of this Section 3, and Actual Performance Share Units shall be calculated in accordance with Section 2(e).

4. Issuance of Common Stock; Shareholder Rights.

(a) Conversion of Performance Shares to Common Stock. Within ninety (90) days after the end of the Performance Period (or, in the case of the Participant's Retirement prior to the end of the Performance Period, within ninety (90) days after the later of the end of the Performance Period or the expiration of the duration of the restrictive covenant set forth in Section 9(b)(ii), as applicable), the Company shall 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 whole Actual Performance Share Units, unless a valid deferral has been made pursuant to Section 7, in which case such distribution will be made within sixty (60) days after the date to which distribution has been deferred, in either case, provided that the Participant has satisfied any tax withholding obligations related to such Actual Performance Share Units.

(b) No Shareholder Rights. No shares of Common Stock will be issued to Participant prior to the date on which the Target Performance Share Units become Actual Performance Share Units under the provisions of Section 2 of this Award Agreement. The Target Performance Share Units granted pursuant to this Award Agreement represent 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. Except as otherwise provided in Section 2, the rights of the Participant with respect to the Target Performance Share Units will remain forfeitable at all times prior to the end of the Performance Period as provided in this Award Agreement. Prior to conversion of some or all of the Target Performance Share Units into Common Stock, such Target Performance Share Units will represent only an unsecured obligation of the Company. Neither this Section 4(b) nor any action taken pursuant to or in accordance with this Section 4(b) will be construed to create a trust of any kind.

5. Restriction on Transfer. Any rights under this Award Agreement 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.

6. Adjustments to Target Performance Share Units for Certain Corporate Transactions. Adjustments to Target Performance Share Units will be determined in accordance with this Section 6.

(a) The Committee will make an appropriate and proportionate adjustment to the number of Target Performance Share Units granted under this Award Agreement 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 Share Units granted under this Award Agreement if the outstanding shares of Common Stock are increased or decreased as a result of a recapitalization or reorganization not included within Section 6(a) above.

7. Deferral of Distribution. Participant may elect to defer the conversion of Actual Performance Share Units granted under this Award Agreement into Common Stock and the issuance of such Common Stock with respect thereto to a time later than that provided under Section 4(a). The Participant must file such election with the Committee at least 12 months prior to the end of the Performance Period. The Participant must specify in the election the date on which the Actual Performance Share Units earned under this Award Agreement 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 Actual Performance Share Units would have been converted to Common Stock and issued to the Participant under Section 4(a).

8. 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 arising from the receipt of, the lapse of restrictions relating to, or other event relating to, the Actual Performance Share Units, 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 prior to the date that the amount of tax to be withheld is determined (the "Tax Date"), then the Company will withhold shares of Common Stock as described in Section 8(b)(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 issuable to the Participant a number of shares having a Fair Market Value as of the Tax Date up to the 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, up to the amount of the withholding tax obligation. Any shares of Common Stock already owned by Participant referred to in this Section 8(b)(iii) must have been owned by Participant for no less than six (6) months prior to the date delivered to the Company.

9. Participant Covenants. In consideration of the grant of this Award by the Company, Participant agrees to the following:

(a) Confidentiality. In the course of Participant's employment with the Company, Participant may be making use of, acquiring, or adding to the Company's confidential information, trade secrets, and Protected Information; accordingly, Participant agrees and promises:

(i) to protect and maintain the confidentiality of Protected Information while employed by the Company;

(ii) to return (and not retain) any and all materials reflecting Protected Information that Participant may possess (including all Company-owned equipment) immediately upon end of employment or upon demand by the Company; and

(iii) not to use or disclose, except as necessary for the performance of Participant's services on behalf of the Company or as required by law or legal process, any Protected Information where such use or disclosure would be detrimental to the interests of the Company. This promise applies only for so long as such Protected Information remains confidential and not generally known to the Company's competitors, or 18 months following the end of Participant's employment with the Company, whichever occurs first.

(b) Restrictive Covenants. Participant understands and agrees that the Company has legitimate interests in protecting its goodwill, its relationships with customers and business partners, and in maintaining its confidential information, trade secrets and Protected Information, and hereby agrees that the following restrictions are appropriate to meet such goals.

(i) Non-Solicitation. Participant acknowledges that the relationships and goodwill that Participant develops with Company Customers as a result of Participant's employment belong to the Company. Participant therefore agrees that while employed by the Company and for a period of 12 months after Participant's employment with the Company ends, for whatever reason, Participant will not, and will not assist anyone else to, (1) solicit or encourage any Company Customer to terminate or diminish its relationship with the Company relating to Competitive Services or Products; or (2) seek to persuade any Company Customer to conduct with anyone other than the Company any business or activity relating to Competitive Services or Products that such Company Customer conducts or could conduct with the Company.

(ii) Non-Competition. Participant agrees that while employed by the Company and for a period of 12 months after Participant's employment with the Company ends for any reason, Participant will not, for himself or herself, or on behalf of any other person or entity, directly or indirectly, provide services to a Direct Competitor in a role where Participant's knowledge of Protected Information is likely to affect Participant's decisions or actions for the Direct Competitor to the detriment of the Company.

(c) Definitions. For purposes of this Section 9, the following terms shall be defined as follows:

(i) Protected Information. "Protected Information" means Company information not generally known to, and not readily ascertainable through proper means by, the Company's competitors on matters such as customer information, partner information, and the relative skills and experience of the Company's other Participants or agents; nonpublic information; strategic plans; business methods; investment strategies and plans; intellectual property; sales and marketing plans; Company (not individual) know-how; trade secrets; and other information of a technical or economic nature relating to the Company's business.

Protected Information does not include information that (i) was in the public domain, (ii) was independently developed or acquired by Participant, (iii) was approved by the Company for use and disclosure by Participant without restriction, or (iv) is the type of information which might form the basis for protected concerted activity under the National Labor Relations Act (for example, Participant pay or Participant terms and conditions of employment).

(ii) Company Customer. "Company Customer" is limited to those customers or partners who did business with the Company within the most recent 18 months of Participant's employment (or during the period of Participant's employment, if Participant was employed for less than 18 months) and with whom Participant personally dealt on behalf of the Company in the 12 months immediately preceding the last day of Participant's employment and Participant had business contact or responsibility with such Company Customer as a result of his or her employment with the Company. "Company Customer" shall not, however, include any individual who purchased a Competitive Product from the Company by direct purchase from one of its retail establishments or via on-line over the Internet, unless such purchase was of such quantity that the purchase price exceeded $15,000.

(iii) Competitive Services. "Competitive Services" means services of the type that the Company provided or offered to its customers or partners at any time during the 12 months immediately preceding the last day of Participant's employment with the Company (or at any time during Participant's employment if Participant was employed for less than 12 months), and for which Participant was involved in providing or managing the provision of such services.

(iv) Competitive Products. "Competitive Products" means products that serve the same function as, or that could be used to replace, products the Company provided to, offered to, or was in the process of developing for a present, former, or future possible customer/partner at any time during the twelve (12) months immediately preceding the last day of Participant's employment (or at any time during Participant's employment if Participant was employed for less than 12 months), with which Participant had direct responsibility for the sale or development of such products or managing those persons responsible for the sale or development of such products.

(v) Direct Competitor. "Direct Competitor" means a person, business or company providing Competitive Products or Competitive Services. "Direct Competitor" does not include any business which the parties have agreed in writing to exclude from the definition, and the Company will not unreasonably or arbitrarily withhold such agreement.

(d) Non-disparagement. Participant agrees that, while employed with the Company and thereafter, Participant will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement calculated or likely to have the effect of undermining, disparaging or otherwise reflecting poorly upon the Company, any member of its Board of Directors or any executive officer of the Company (the "Protected Persons") or the Company's business. Without limitation, Participant shall not publish, communicate, post or blog disparaging or confidential information about the Protected Persons. However, the Participant may give truthful and non-malicious testimony if properly subpoenaed to testify under oath.

(e) Exception. Nothing in this Award Agreement is intended to prevent the Participant from making disclosures of Protected Information if required by applicable law, regulation, or legal process, provided that the Participant provide the Company with prior notice of the contemplated disclosure and reasonably cooperate with the Company, at its expense, in seeking a protective order or other appropriate protection of such information. In addition, nothing in this Award Agreement is intended interfere with the whistleblower provisions of any United States federal, state or local law or regulation, including but not limited to Rule 21F-17 of the Securities Exchange Act of 1934 or § 1833(b) of the Defend Trade Secrets Act of 2016. Accordingly, notwithstanding anything to the contrary therein, nothing in this Award Agreement prohibits, restricts or prevents the Participant from reporting possible violations of United States federal, state or local law or regulation to any United States federal, state or local governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or to an attorney, or from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from disclosing trade secrets and other Protected Information in the course of such reporting; provided, however, that the Participant use the Participant's reasonable best efforts to (i) disclose only information that is reasonably related to such possible violations or that is requested by such agency or entity, and (ii) request that such agency or entity treat such information as confidential. The Participant does not need the prior authorization from the Company to make any such whistleblower reports or disclosures and is not required to notify the Company that the Participant has made such reports or disclosures.

10. Miscellaneous.

(a) Neither this Award Agreement 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) 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 Award Date or at the time of earning any Actual Performance Share Units. 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, or; (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 Participant caused the Restatement, to (A) forfeit this Award, and/or (B) to require repayment or return of any benefit derived from this Award. 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.

(c) An original record of this Award Agreement and of the Participant's acceptance and acknowledgement will be held on file by the Company. This Award Agreement and the Participant's acknowledgement may be made either in 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.

(d) Notwithstanding anything to the contrary herein, upon a Change in Control in which the surviving entity does not assume this Award (or replace this Award with an award having substantially similar terms), this Award shall be treated in accordance with Section 14.3(b) of the Plan.

11. Section 409A Compliance. To the extent applicable, it is intended that this Award Agreement to be exempt from or 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 (a) all such payments shall be made only upon a "separation from service" within the meaning of Section 409A, (b) 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, and (c) to the extent required for compliance with Section 409A if Participant is a "specified employee" within the meaning of Section 409A, payments will be delayed by six months.

12. Section 280G. Notwithstanding anything contained in this Award Agreement to the contrary, to the extent that any of the payments and benefits provided for under this Award Agreement, together with any payments or benefits under any other agreement or arrangement between the Company or any of its affiliates and the Participant (collectively, the “Payments”) would constitute a “parachute payment” within the meaning of Section 280G of the Code, the amount of such Payments shall be reduced (to the extent any reduction is necessary) to the amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code if and only if such reduction would provide the Participant with an after-tax amount greater than if there was no reduction. Any reduction shall be done in a manner that maximizes the amount to be retained by the Participant, provided that to the extent any order is required to be set forth herein, then such reduction shall be applied in the following order: (a) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (b) payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced next (if necessary, to zero), with amounts that are payable or deliverable last reduced first; (c) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G- 1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); (d) payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (v) all other non-cash benefits will be next reduced pro-rata.

IN WITNESS WHEREOF, the parties have executed this Award Agreement effective as of the Award Date.

Herman Miller, Inc.

By: ______________________________

Jeffrey M. Stutz
Chief Financial Officer

ACCEPTANCE AND ACKNOWLEDGEMENT

Via electronic ACCEPT, I accept the Award Agreement 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.

APPENDIX A

<u>Peer Group</u>

1. **Peer Group**. The Peer Group shall consist of the following companies:

American Woodmark Corporation	Kimball International, Inc.	Steelcase, Inc.
Armstrong World Industries, Inc.	Knoll, Inc.	Tempur-Pedic International, Inc.
Ethan Allen Interiors, Inc.	La-Z-Boy, Inc.	Universal Forest Products, Inc.
Hill-Rom Holdings, Inc.	Leggett & Platt, Inc.	Williams-Sonoma, Inc.
HNI Corporation	Masonite International Corp	Wayfair, Inc.
Interface, Inc.	Restoration Hardware Holdings, Inc.	
JELD-WEN Holdings, Inc.	Sleep Number Corporation	

2. **Adjustments to the Peer Group.** The Committee may decide to adjust, in its sole discretion, the Peer Group at any time during the Performance Period to reflect the occurrence of certain extraordinary events. The Committee will generally make the determination to adjust (or not adjust) the Peer Group in accordance with the following guidelines but reserves the right to make adjustments in addition to, or that conflict with, such guidelines if it determines such adjustments are equitable.

   a. If a Peer Group company becomes bankrupt, the bankrupt company will remain in the Peer Group and will positioned at one level below the lowest performing non-bankrupt Peer Group company. In the case of multiple bankruptcies, the bankrupt companies will be positioned below the non-bankrupt companies in reverse chronological order by bankruptcy date.

   b. If a Peer Group company is acquired by another company, the acquired company will be removed from the Peer Group for the entire Performance Period.

   c. If a Peer Group company sells, spins-off, or disposes of a portion of its business, the selling Peer Group company will remain in the Peer Group for the entire Performance Period unless such disposition(s) results in the disposition of more than 50% of the company's total assets during the Performance Period, in which case the Peer Group company shall be removed from the Peer Group.

   d. If a Peer Group company acquires another company, the acquiring Peer Group company will remain in the Peer Group.

   e. If the price of a Peer Company's common stock (or its equivalent) is not available on a consistent, reliable basis due to delisting on all major stock exchanges and over-the-counter markets, such delisted Peer Group company will be removed from the Peer Group for the entire Performance Period; *provided, however*, that if the company becomes bankrupt prior to the end of the Performance Period, it shall be treated as in (a) above.

   f. If the Company's and/or any Peer Group company's stock splits, then the Committee shall adjust such company's performance in a manner that it deems equitable so as not to give an advantage or disadvantage to such Peer Group company by comparison to the other Peer Group companies.

HERMAN MILLER, INC. 2011 LONG-TERM INCENTIVE PLAN
REVENUE GROWTH PERFORMANCE SHARE UNIT WITH TSR MODIFIER AWARD AGREEMENT

This certifies that Herman Miller, Inc. (the "Company") has on [insert date/month/year] (the "Award Date"), granted to [insert employee first and last name] (the "Participant") an award (the "Award") of [insert total shares granted] target Performance Share Units (the "Target Performance Share Units") pursuant to and under the Herman Miller, Inc. 2011 Long-Term Incentive Plan (the "Plan") and subject to the terms set forth in this Award Agreement. A copy of the Plan Prospectus has been delivered to Participant, and a copy of the Plan is available from the Company on request. The Plan is incorporated into this Award Agreement by reference, and in the event of any conflict between the terms of the Plan and this Award Agreement, the terms of the Plan will govern; provided, however, that definitions under this Award Agreement shall govern. Any capitalized terms not defined herein will have the meaning set forth in the Plan.

1. Definitions.

"Actual Performance Share Units" means the number of Performance Share Units earned in accordance with Section 2 of this Award Agreement.

"Average Annual Revenue" means (A) the amount equal to the sum of the Revenue for each fiscal year of the Performance Period, divided by (B) the number of fiscal years in the Performance Period.

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

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

"Earnout Percentage" means the percentage by which the number of the Target Performance Share Units is multiplied to determine the Actual Performance Share Units, as determined under Section 2 of this Award Agreement.

"Manual" shall mean the Incentive Technical Manual as approved by the Committee.

"Peer Group" means the companies approved by the Committee as peer group companies, listed on the attached Appendix A of this Award Agreement. For the sake of clarity, the Company is not included in the Peer Group.

"Performance Period" means the period of three (3) consecutive fiscal years beginning with the fiscal year in which the Award Date occurs.

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

"Revenue" means net sales from sale of products and services.

"Retirement" means for purposes of this Award Agreement the Participant's resignation on or after attaining (A) age 55 and 5 or more years of service, or (B) 30 or more years of service. For clarity, a Company-initiated termination of the employment of the Participant shall not be considered a "Retirement".

"Total Shareholder Return" or "TSR" with respect to the Company and each member of the Peer Group shall mean the quotient of (a) the Beginning Price (as defined below) divided by (b) the Ending Price (as defined below). The "Beginning Price" shall equal the average closing price of a share of common stock during the twenty (20) trading day period ending on the last day before the start of the Performance Period. The "Ending Price" shall equal the average closing price of a share of common stock during the twenty (20) day trading period ending on the last day of the Performance Period. The Beginning Price and Ending Price shall be adjusted to reflect any and all cash, stock or in-kind dividends paid on the stock of such company during the Performance Period, or any stock splits or reverse stock splits that occur during the Performance Period. For the avoidance of doubt, dividends paid throughout the Performance Period for the Company and Peer Group companies will be reinvested as of the ex-dividend date.

"TSR Modifier" means the modification to the initial Earnout Percentage determined by the Company's TSR relative to the Peer Group.

2. Determination of Actual Performance Share Units. The Actual Performance Share Units that the Participant may earn shall equal (a) the number of Target Performance Share Units, multiplied by (b) the Earnout Percentage, as determined under this Section 2.

(a) Determination of Average Annual Revenue.

(i) Year-End Determinations. Within ninety (90) days after the end of each fiscal year in the Performance Period, the Committee will determine the Revenue for such fiscal year consistent with the Manual.

(ii) End of Performance Period Determinations. Within ninety (90) days after the end of the Performance Period, the Committee will determine the Average Annual Revenue for the Performance Period.

(b) Calculation of Earnout Percentage. Within ninety (90) days after the end of the Performance Period, the Committee will determine the Earnout Percentage based on the annual revenue target specified by the Committee at the time of the Award, subject to adjustment in accordance with the Manual.

If the Average Annual Revenue is between the approved performance levels, then the Earnout Percentage will be determined based on straight line interpolation.

(c) Determination of TSR.

(i) Determination of Company TSR. Within ninety (90) days after the end of the Performance Period, the Committee will determine the Company's TSR during the Performance Period, in accordance with the Manual.

(ii) Determination of Peer Group TSRs. Within ninety (90) days after the end of the Performance Period, the Committee will determine the TSR for each member of the Peer Group during the Performance Period, in accordance with the Manual.

(iii) Determination of Percentile Rank. Following the determination of Company's TSR and the TSR of each member of the Peer Group, the Committee shall determine the percentile rank of the Company within the Peer Group companies. The Committee will include the Company in its determination of the Company's percentile ranking.

(d) Calculation of TSR Modifier. The initial Earnout Percentage determined in Section 2(b) shall be modified based on the Company's TSR relative to the TSR of the Peer Group in accordance with the following (with such modified Earnout Percentage being deemed the final "Earnout Percentage") applying a multiplier approach:

Relative TSR Ranking:	TSR Modifier Percentage:
75th percentile or above	125%
50th percentile (target performance)	100% (no modification)
25th percentile or below	75%

If the Company's relative TSR ranking is between the above performance levels, the TSR Modifier percentage shall be determined based on straight line interpolation. Notwithstanding any other provision of this Agreement, in no event shall the final Earnout Percentage (as modified under this Section 2(d)) exceed two hundred percent (200%).

(e) Calculation of Actual Performance Share Units after a Change in Control. If a Change in Control occurs, the Committee will determine the Participant's Actual Performance Share Units as of the date of such Change in Control in accordance with Section 2(a)-(d), subject to the following:

(i) the Performance Period will end (the "Adjusted Performance Period") on the effective date of the Change in Control;

(ii) the Committee will determine the Revenue for the fiscal year in which the Change in Control occurs from the first day of the fiscal year through the effective date of the Change in Control; and

(iii) the Committee will determine the Average Annual Revenue by adding the Revenue for each fiscal year (or portion thereof) in the Adjusted Performance Period and dividing the sum by the number of whole and partial fiscal years in the Adjusted Performance Period.

(f) Certification. Not later than ninety (90) days after the end of the Performance Period or the Adjusted Performance Period, as applicable, the Committee shall determine the Actual Performance Share Units and shall certify such finding to the Company and the Participant.

3. Adjustments Following Termination of Employment.

(a) Termination Due to Death. Notwithstanding anything in this Award Agreement to the contrary, 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 the Participant's death, the Participant's Actual Performance Share Units shall equal the Participant's Target Performance Share Units multiplied by a fraction, the numerator of which is the number of full calendar months that the Participant was employed by the Company or a Subsidiary, beginning on the Award Date and ending on the date of Participant's death, and the denominator of which is 36, and such Actual Performance Share Units shall vest immediately upon the Participant's death.

(b) Termination Due to Disability or Termination Without Cause. 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 Disability or termination by the Company or a Subsidiary without Cause, the Participant's Target Performance Share Units will be adjusted by multiplying the Participant's Target Performance Share Units by a fraction, the numerator of which is the number of full calendar months that the Participant was employed by the Company or a Subsidiary, beginning on the Award Date and ending on the Participant's termination date, and the denominator of which is 36. Actual Performance Share Units shall continue to be calculated according to Section 2.

(c) Termination Due to Retirement. 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 Share Units will be adjusted as follows:

(i) If the Participant's Retirement occurs prior to the end of the first twelve (12) months after the Award Date, the Participant's Target Performance Share Units will be adjusted by multiplying the Participant's Target Performance Share Units by a fraction, the numerator of which is the number of full calendar months that the Participant was employed by the Company or a Subsidiary, beginning on the Award Date and ending on the date of the Participant's Retirement, and the denominator of which is 12;

(ii) No adjustment to the Participant's Target Performance Share Units will be made if the Participant's Retirement occurs on or after the end of the first twelve (12) months after the Award Date.

Actual Performance Share Units shall continue to be calculated according to Section 2.

(d) Termination of Employment for Other Reasons. In the event that the Participant's employment with the Company or a Subsidiary terminates prior to the end of the Performance Period for any reason other than death, Disability, Retirement, or Termination by the Company or a Subsidiary without Cause, the Participant's rights to all of the Target Performance Share Units granted under this Award Agreement will be immediately and irrevocably forfeited upon such termination of employment and the Participant shall earn no Actual Performance Share Units.

(e) Termination After a Change in Control. Notwithstanding any term to the contrary in this Award Agreement or the Plan, the Participant shall retain the right to earn all of the Participant's Target Performance Share Units if, within two (2) years following a Change in Control, the Participant's employment (i) is terminated without Cause (including death or Disability), (ii) terminates with Good Reason, or (iii) terminates under circumstances that entitle the Participant to accelerated vesting under any individual employment agreement between the Participant and the Company, a Subsidiary, or any successor thereof, and Actual Performance Share Units shall be calculated in accordance with Section 2(d). For all other terminations of employment that occur after a Change in Control, the Participant's Target Performance Share Units shall be adjusted in accordance with subsections (a)-(c) of this Section 3, and Actual Performance Share Units shall be calculated in accordance with Section 2(e).

4. Issuance of Common Stock; Shareholder Rights.

(a) Conversion of Performance Shares to Common Stock. Within ninety (90) days after the end of the Performance Period (or, in the case of the Participant's Retirement prior to the end of the Performance Period, within ninety (90) days after the later of the end of the Performance Period or the expiration of the duration of the restrictive covenant set forth in Section 9(b)(ii), as applicable), the Company shall 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 whole Actual Performance Share Units, unless a valid deferral has been made pursuant to Section 7, in which case such distribution will be made within sixty (60) days after the date to which distribution has been deferred, in either case, provided that the Participant has satisfied any tax withholding obligations related to such Actual Performance Share Units.

(b) No Shareholder Rights. No shares of Common Stock will be issued to Participant prior to the date on which the Target Performance Share Units become Actual Performance Share Units under the provisions of Section 2 of this Award Agreement. The Target Performance Share Units granted pursuant to this Award Agreement represent 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. Except as otherwise provided in Section 2, the rights of the Participant with respect to the Target Performance Share Units will remain forfeitable at all times prior to the end of the Performance Period as provided in this Award Agreement. Prior to conversion of some or all of the Target Performance Share Units into Common Stock, such Target Performance Share Units will represent only an unsecured obligation of the Company. Neither this Section 4(b) nor any action taken pursuant to or in accordance with this Section 4(b) will be construed to create a trust of any kind.

5. Restriction on Transfer. Any rights under this Award Agreement 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.

6. Adjustments to Target Performance Share Units for Certain Corporate Transactions. Adjustments to Target Performance Share Units will be determined in accordance with this Section 6.

(a) The Committee will make an appropriate and proportionate adjustment to the number of Target Performance Share Units granted under this Award Agreement 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 Share Units granted under this Award Agreement if the outstanding shares of Common Stock are increased or decreased as a result of a recapitalization or reorganization not included within Section 6(a) above.

7. Deferral of Distribution. Participant may elect to defer the conversion of Actual Performance Share Units granted under this Award Agreement into Common Stock and the issuance of such Common Stock with respect thereto to a time later than that provided under Section 4(a). The Participant must file such election with the Committee at least 12 months prior to the end of the Performance Period. The Participant must specify in the election the date on which the Actual Performance Share Units earned under this Award Agreement 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 Actual Performance Share Units would have been converted to Common Stock and issued to the Participant under Section 4(a).

8. 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 arising from the receipt of, the lapse of restrictions relating to, or other event relating to, the Actual Performance Share Units, 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 prior to the date that the amount of tax to be withheld is determined (the "Tax Date"), then the Company will withhold shares of Common Stock as described in Section 8(b)(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 issuable to the Participant a number of shares having a Fair Market Value as of the Tax Date up to the 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, up to the amount of the withholding tax obligation. Any shares of Common Stock already owned by Participant referred to in this Section 8(b)(iii) must have been owned by Participant for no less than six (6) months prior to the date delivered to the Company.

9. Participant Covenants. In consideration of the grant of this Award by the Company, Participant agrees to the following:

(a) Confidentiality. In the course of Participant's employment with the Company, Participant may be making use of, acquiring, or adding to the Company's confidential information, trade secrets, and Protected Information; accordingly, Participant agrees and promises:

(i) to protect and maintain the confidentiality of Protected Information while employed by the Company;

(ii) to return (and not retain) any and all materials reflecting Protected Information that Participant may possess (including all Company-owned equipment) immediately upon end of employment or upon demand by the Company; and

(iii) not to use or disclose, except as necessary for the performance of Participant's services on behalf of the Company or as required by law or legal process, any Protected Information where such use or disclosure would be detrimental to the interests of the Company. This promise applies only for so long as such Protected Information remains confidential and not generally known to the Company's competitors, or 18 months following the end of Participant's employment with the Company, whichever occurs first.

(b) Restrictive Covenants. Participant understands and agrees that the Company has legitimate interests in protecting its goodwill, its relationships with customers and business partners, and in maintaining its confidential information, trade secrets and Protected Information, and hereby agrees that the following restrictions are appropriate to meet such goals.

(i) Non-Solicitation. Participant acknowledges that the relationships and goodwill that Participant develops with Company Customers as a result of Participant's employment belong to the Company. Participant therefore agrees that while employed by the Company and for a period of 12 months after Participant's employment with the Company ends, for whatever reason, Participant will not, and will not assist anyone else to, (1) solicit or encourage any Company Customer to terminate or diminish its relationship with the Company relating to Competitive Services or Products; or (2) seek to persuade any Company Customer to conduct with anyone other than the Company any business or activity relating to Competitive Services or Products that such Company Customer conducts or could conduct with the Company.

(ii) Non-Competition. Participant agrees that while employed by the Company and for a period of 12 months after Participant's employment with the Company ends for any reason, Participant will not, for himself or herself, or on behalf of any other person or entity, directly or indirectly, provide services to a Direct Competitor in a role where Participant's knowledge of Protected Information is likely to affect Participant's decisions or actions for the Direct Competitor to the detriment of the Company.

(c) Definitions. For purposes of this Section 9, the following terms shall be defined as follows:

(i) Protected Information. "Protected Information" means Company information not generally known to, and not readily ascertainable through proper means by, the Company's competitors on matters such as customer information, partner information, and the relative skills and experience of the Company's other Participants or agents; nonpublic information; strategic plans; business methods; investment strategies and plans; intellectual property; sales and marketing plans; Company (not individual) know-how; trade secrets; and other information of a technical or economic nature relating to the Company's business.

Protected Information does not include information that (i) was in the public domain, (ii) was independently developed or acquired by Participant, (iii) was approved by the Company for use and disclosure by Participant without restriction, or (iv) is the type of information which might form the basis for protected concerted activity under the National Labor Relations Act (for example, Participant pay or Participant terms and conditions of employment).

(ii) Company Customer. "Company Customer" is limited to those customers or partners who did business with the Company within the most recent 18 months of Participant's employment (or during the period of Participant's employment, if Participant was employed for less than 18 months) and with whom Participant personally dealt on behalf of the Company in the 12 months immediately preceding the last day of Participant's employment and Participant had business contact or responsibility with such Company Customer as a result of his or her employment with the Company. "Company Customer" shall not, however, include any individual who purchased a Competitive Product from the Company by direct purchase from one of its retail establishments or via on-line over the Internet, unless such purchase was of such quantity that the purchase price exceeded $15,000.

(iii) Competitive Services. "Competitive Services" means services of the type that the Company provided or offered to its customers or partners at any time during the 12 months immediately preceding the last day of Participant's employment with the Company (or at any time during Participant's employment if Participant was employed for less than 12 months), and for which Participant was involved in providing or managing the provision of such services.

(iv) Competitive Products. "Competitive Products" means products that serve the same function as, or that could be used to replace, products the Company provided to, offered to, or was in the process of developing for a present, former, or future possible customer/partner at any time during the twelve (12) months immediately preceding the last day of Participant's employment (or at any time during Participant's employment if Participant was employed for less than 12 months), with which Participant had direct responsibility for the sale or development of such products or managing those persons responsible for the sale or development of such products.

(v) Direct Competitor. "Direct Competitor" means a person, business or company providing Competitive Products or Competitive. "Direct Competitor" does not include any business which the parties have agreed in writing to exclude from the definition, and the Company will not unreasonably or arbitrarily withhold such agreement.

(d) Non-disparagement. Participant agrees that, while employed with the Company and thereafter, Participant will not, directly or indirectly, individually or in concert with others, engage in any conduct or make any statement calculated or likely to have the effect of undermining, disparaging or otherwise reflecting poorly upon the Company, any member of its Board of Directors or any executive officer of the Company (the "Protected Persons") or the Company's business. Without limitation, Participant shall not publish, communicate, post or blog disparaging or confidential information about the Protected Persons. However, the Participant may give truthful and non-malicious testimony if properly subpoenaed to testify under oath.

(e) Exception. Nothing in this Award Agreement is intended to prevent the Participant from making disclosures of Protected Information if required by applicable law, regulation, or legal process, provided that the Participant provide the Company with prior notice of the contemplated disclosure and reasonably cooperate with the Company, at its expense, in seeking a protective order or other appropriate protection of such information. In addition, nothing in this Award Agreement is intended interfere with the whistleblower provisions of any United States federal, state or local law or regulation, including but not limited to Rule 21F-17 of the Securities Exchange Act of 1934 or § 1833(b) of the Defend Trade Secrets Act of 2016. Accordingly, notwithstanding anything to the contrary therein, nothing in this Award Agreement prohibits, restricts or prevents the Participant from reporting possible violations of United States federal, state or local law or regulation to any United States federal, state or local governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or to an attorney, or from making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or from disclosing trade secrets and other Protected Information in the course of such reporting; provided, however, that the Participant use the Participant's reasonable best efforts to (i) disclose only information that is reasonably related to such possible violations or that is requested by such agency or entity, and (ii) request that such agency or entity treat such information as confidential. The Participant does not need the prior authorization from the Company to make any such whistleblower reports or disclosures and is not required to notify the Company that the Participant has made such reports or disclosures.

10. Miscellaneous.

(a) Neither this Award Agreement 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) 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 Award Date or at the time of earning any Actual Performance Share Units. 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, or; (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 Participant caused the Restatement, to (A) forfeit this Award, and/or (B) to require repayment or return of any benefit derived from this Award. 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.

(c) An original record of this Award Agreement and of the Participant's acceptance and acknowledgement will be held on file by the Company. This Award Agreement and the Participant's acknowledgement may be made either in 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.

(d) Notwithstanding anything to the contrary herein, upon a Change in Control in which the surviving entity does not assume this Award (or replace this Award with an award having substantially similar terms), this Award shall be treated in accordance with Section 14.3(b) of the Plan.

11. Section 409A Compliance. To the extent applicable, it is intended that this Award Agreement to be exempt from or 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 (a) all such payments shall be made only upon a "separation from service" within the meaning of Section 409A, (b) 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, and (c) to the extent required for compliance with Section 409A if Participant is a "specified employee" within the meaning of Section 409A, payments will be delayed by six months.

12. Section 280G. Notwithstanding anything contained in this Award Agreement to the contrary, to the extent that any of the payments and benefits provided for under this Award Agreement, together with any payments or benefits under any other agreement or arrangement between the Company or any of its affiliates and the Participant (collectively, the “Payments”) would constitute a “parachute payment” within the meaning of Section 280G of the Code, the amount of such Payments shall be reduced (to the extent any reduction is necessary) to the amount that would result in no portion of the Payments being subject to the excise tax imposed pursuant to Section 4999 of the Code if and only if such reduction would provide the Participant with an after-tax amount greater than if there was no reduction. Any reduction shall be done in a manner that maximizes the amount to be retained by the Participant, provided that to the extent any order is required to be set forth herein, then such reduction shall be applied in the following order: (a) payments that are payable in cash that are valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced (if necessary, to zero), with amounts that are payable last reduced first; (b) payments due in respect of any equity valued at full value under Treasury Regulation Section 1.280G-1, Q&A 24(a) will be reduced next (if necessary, to zero), with amounts that are payable or deliverable last reduced first; (c) payments that are payable in cash that are valued at less than full value under Treasury Regulation Section 1.280G- 1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); (d) payments due in respect of any equity valued at less than full value under Treasury Regulation Section 1.280G-1, Q&A 24 will be reduced next (if necessary, to zero), with the highest values reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and (v) all other non-cash benefits will be next reduced pro-rata.

IN WITNESS WHEREOF, the parties have executed this Award Agreement effective as of the Award Date.

Herman Miller, Inc.

By: ________________________________

Jeffrey M. Stutz
Chief Financial Officer

ACCEPTANCE AND ACKNOWLEDGEMENT

Via electronic ACCEPT, I accept the Award Agreement 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.

APPENDIX A

Peer Group

1. **Peer Group**. The Peer Group shall consist of the following companies:

American Woodmark Corporation	Kimball International, Inc.	Steelcase, Inc.
Armstrong World Industries, Inc.	Knoll, Inc.	Tempur-Pedic International, Inc.
Ethan Allen Interiors, Inc.	La-Z-Boy, Inc.	Universal Forest Products, Inc.
Hill-Rom Holdings, Inc.	Leggett & Platt, Inc.	Williams-Sonoma, Inc.
HNI Corporation	Masonite International Corp	Wayfair, Inc.
Interface, Inc.	Restoration Hardware Holdings, Inc.	
JELD-WEN Holdings, Inc.	Sleep Number Corporation	

2. **Adjustments to the Peer Group.** The Committee may decide to adjust, in its sole discretion, the Peer Group at any time during the Performance Period to reflect the occurrence of certain extraordinary events. The Committee will generally make the determination to adjust (or not adjust) the Peer Group in accordance with the following guidelines but reserves the right to make adjustments in addition to, or that conflict with, such guidelines if it determines such adjustments are equitable.

   a. If a Peer Group company becomes bankrupt, the bankrupt company will remain in the Peer Group and will positioned at one level below the lowest performing non-bankrupt Peer Group company. In the case of multiple bankruptcies, the bankrupt companies will be positioned below the non-bankrupt companies in reverse chronological order by bankruptcy date.

   b. If a Peer Group company is acquired by another company, the acquired company will be removed from the Peer Group for the entire Performance Period.

   c. If a Peer Group company sells, spins-off, or disposes of a portion of its business, the selling Peer Group company will remain in the Peer Group for the entire Performance Period unless such disposition(s) results in the disposition of more than 50% of the company's total assets during the Performance Period, in which case the Peer Group company shall be removed from the Peer Group.

   d. If a Peer Group company acquires another company, the acquiring Peer Group company will remain in the Peer Group.

   e. If the price of a Peer Company's common stock (or its equivalent) is not available on a consistent, reliable basis due to delisting on all major stock exchanges and over-the-counter markets, such delisted Peer Group company will be removed from the Peer Group for the entire Performance Period; *provided, however*, that if the company becomes bankrupt prior to the end of the Performance Period, it shall be treated as in (a) above.

   f. If the Company's and/or any Peer Group company's stock splits, then the Committee shall adjust such company's performance in a manner that it deems equitable so as not to give an advantage or disadvantage to such Peer Group company by comparison to the other Peer Group companies.

Exhibit 31.1

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

I, Andrea R. Owen, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended February 29, 2020, 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: April 7, 2020

/s/ Andrea R. Owen
Andrea R. Owen
President and Chief Executive Officer

Exhibit 31.2

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

I, Jeffrey M. Stutz, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended February 29, 2020, 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: April 7, 2020

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
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, Andrea R. Owen, President and 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 February 29, 2020, 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 February 29, 2020, fairly presents, in all material respects, the financial condition and results of operations of the company

Dated: April 7, 2020

/s/ Andrea R. Owen
Andrea R. Owen
President and 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, Jeffrey M. Stutz, 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 February 29, 2020, 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 February 29, 2020, fairly presents, in all material respects, the financial condition and results of operations of the company.

Dated: April 7, 2020

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
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.