UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

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

For Quarter Ended November 28, 1998 Commission File No. 0-5813

HERMAN MILLER, INC.

A Michigan Corporation ID No. 38-0837640

855 East Main Avenue, Zeeland, MI 49464-0302 Phone (616) 654 3000

Herman Miller, Inc.

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

Yes X No
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(2) has been subject to such filing requirements for the past 90 days.

Yes X No
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Common Stock Outstanding at January 7, 1999--84,973,235 shares.

The Exhibit Index appears at page 18.

HERMAN MILLER, INC. FORM 10-Q
FOR THE QUARTER ENDED NOVEMBER 28, 1998
INDEX

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

	Nov 28, 1998 (unaudited)	May 30, 1998 (audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 97,310	$115,316
Accounts receivable, net	196,063	192,384
Inventories--		
Finished goods	17,073	19,807
Work in process	9,224	8,844
Raw materials	17,760	19,006
Total inventories	44,057	47,657
Prepaid expenses and other	48,328	44,778
Total current assets	385,758	400,135
PROPERTY AND EQUIPMENT, AT COST:	614,903	595,872
Less-accumulated depreciation	318,904	305,208
Net property and equipment	295,999	290,664
OTHER ASSETS:		
Notes receivable, net	25,340	27,522
Other noncurrent assets	60,885	66,025
Total assets	$767,982	$784,346

	Nov. 28, 1998 (unaudited)	May 30, 1998 (audited)
LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Unfunded checks	$ 17,509	$ 35,241
Current portion of long-term debt	146	10,203
Notes payable	11,193	19,542
Accounts payable	88,416	92,241
Accruals	226,221	221,105
Total current liabilities	343,485	378,332
LONG-TERM DEBT, less current portion	100,910	100,910
OTHER LIABILITIES	78,531	74,102
SHAREHOLDERS' EQUITY:		
Common stock $.20 par value	16,988	17,397
Retained earnings	244,664	227,464
Cumulative translation adjustment	(9,443)	(9,360)
Key executive stock programs	(7,153)	(4,499)
Total shareholders' equity	245,056	231,002
Total liabilities and shareholders' equity	$767,982	$784,346

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	Nov. 28, 1998	Nov. 29, 1997	Nov. 28, 1998	Nov. 29, 1997
NET SALES	$464,818	$415,086	$912,321	$816,631
COST AND EXPENSES:				
Cost of goods sold	288,706	263,443	565,997	517,987
Operating expenses (1)	115,797	102,758	231,083	204,858
Interest expense	2,390	1,843	4,666	4,032
Other income, net	(6,938)	(1,654)	(10,043)	(3,999)
	399,955	366,390	791,703	722,878
INCOME BEFORE TAXES ON INCOME	64,863	48,696	120,618	93,753
PROVISION FOR TAXES ON INCOME	25,950	18,250	47,700	35,500
NET INCOME (1)	$ 38,913	$ 30,446	$ 72,918	$ 58,253
NET INCOME PER COMMON SHARE--BASIC (1)	$ .46	$ .34	$ .85	$ .64
NET INCOME PER COMMON SHARE--DILUTED (1)	$ .45	$ .33	$ .84	$ .63
DIVIDENDS PER SHARE OF COMMON STOCK	$ .03625	$ .03625	$ .0725	$ .0725

(1) Fiscal 1998 amounts have been restated for the adoption of Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use."

See accompanying notes to condensed consolidated financial statements.

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

	Six Months Ended	
	Nov. 28, 1998	Nov. 29, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (1)	$ 72,918	$ 58,253
Depreciation and amortization	31,266	27,102
Changes in current assets and liabilities	(19,422)	4,610
Other, net	(41)	6,670
Net cash provided by operating activities	84,721	96,635
CASH FLOWS FROM INVESTING ACTIVITIES:		
Notes receivable repayments	243,749	297,593
Notes receivable issued	(239,464)	(289,910)
Capital expenditures (1)	(44,819)	(23,919)
Proceeds from sale of fixed assets	20,485	
Other, net	(3,988)	4,184
Net cash used for investing activities	(24,037)	(12,052)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net short-term debt repayments	(8,820)	2,082
Net long-term debt repayments	(10,055)	(23)
Dividends paid	(6,276)	(6,668)
Capital lease repayment	(38)	(72)
Net common stock issued	10,417	18,265
Common stock purchased and retired	(63,474)	(93,302)
Net cash used for financing activities	(78,246)	(79,718)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(444)	359
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,006)	5,224
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	115,316	106,161
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 97,310	$ 111,385

(1) Fiscal 1998 amounts have been restated for the adoption of Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use."

See accompanying notes to condensed consolidated financial statements.

HERMAN MILLER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOOTNOTE DISCLOSURES

The condensed consolidated financial statements have been prepared by the company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The company believes that the disclosures made in this document are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the company's Annual Report on Form 10-K for the year ended May 30, 1998.

FISCAL YEAR

The company's fiscal year ends on the Saturday closest to May 31. The years ended May 29, 1999, and May 30, 1998, contain 52 weeks.

NEW ACCOUNTING STANDARDS

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The company adopted this SOP during the third quarter of fiscal 1998, retroactive to the beginning of the fiscal year. The adoption of this SOP resulted in an increase in net income of $.8 million, or $.01 in diluted earnings per share (EPS) for the quarter ended November 29, 1997, and an increase in net income of $1.3 million, or $.02 in diluted earnings per share for the six months ended November 29, 1997. The company is also in compliance with Emerging Issues Task Force (EITF) Issue 97-13, "Accounting for Costs Incurred in Connection with a Consulting Contract that Combines Business Process Reengineering and Information Technology Transformation."

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," issued in June 1997, was adopted by the company during the three months ended August 29, 1998. This statement requires the disclosure of comprehensive income, which, for Herman Miller, includes net income and foreign currency translation adjustments. Comprehensive income was approximately $38.7 million and $30.8 million for the three months ended November 28, 1998, and November 29, 1997, respectively. During the six months ended November 28, 1998, and November 29, 1997, comprehensive income was approximately $72.8 million and $58.9 million, respectively.

EARNINGS PER SHARE

The following table reconciles the numerators and denominators used in the calculations of basic and diluted EPS:

	Three Months Ended		Six Months Ended	
	Nov. 28, 1998	Nov. 29, 1997	Nov. 28, 1998	Nov. 29, 1997
Numerators:				
Numerator for both basic and diluted EPS, net income	$ 38,913	30,446	$ 72,918	$ 58,253
Denominators:				
Denominator for basic EPS, weighted-average common shares outstanding	85,421,269	90,723,276	85,949,817	91,386,152
Potentially dilutive shares resulting from stock option plans	1,117,093	1,774,402	1,273,237	1,820,858
Denominator for diluted EPS	86,538,362	92,497,678	87,223,054	93,207,010

The following exercisable stock options were not included in the computation of year-to-date diluted EPS because the option prices were greater than average market prices for the periods presented.

	Six Months Ended	
Exercise Price	Nov. 28, 1998	Nov. 29, 1997
$28.41	13,000	13,000
$29.75	1,061,249	
$31.00	7,950	
$32.50	131,258	
	1,213,457	13,000

SUPPLEMENTAL CASH FLOW INFORMATION

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

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

	Six Months Ended	
	Nov. 28, 1998	Nov. 29, 1997
Interest paid	$ 4,169	$ 4,425
Income taxes paid	$31,499	$31,116

CONTINGENCIES

The company, for a number of years, has sold various products to the United States Government under General Services Administration (GSA) multiple award schedule contracts. The GSA is permitted to audit the company's compliance with the GSA contracts. At any point in time, a number of GSA audits are either scheduled or in progress. Management has been notified that the GSA has referred the audit of the 1988 contract to the Justice Department for consideration of a potential civil False Claims Act case. Management does not expect resolution of the audits to have a material adverse effect on the company's consolidated financial statements. Management does not have information which would indicate a substantive basis for a civil False Claims Act under the 1988 contract.

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

REPORT OF MANAGEMENT

In the opinion of the company, the accompanying unaudited condensed consolidated financial statements taken as a whole contain all adjustments, which are of a normal recurring nature, necessary to present fairly the financial position of the company as of November 28, 1998, and the results of its operations and cash flows for the six months then ended. Interim results are not necessarily indicative of results for a full year.

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

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

A. Financial Summary

A summary of the period-to-period changes is shown below. All amounts are increases unless otherwise noted. Dollars are shown in thousands.

	Three Months		Six Months	
	$	%	$	%
NET SALES	49,732	12.0	95,690	11.7
COST OF GOODS SOLD	25,263	9.6	48,010	9.3
OPERATING EXPENSES	13,039	12.7	26,225	12.8
INTEREST EXPENSE	547	29.7	634	15.7
OTHER INCOME NET*	(5,284)	N/A	(6,044)	N/A
INCOME BEFORE TAXES ON INCOME	16,167	33.2	26,865	28.7
PROVISION FOR TAXES ON INCOME	7,700	42.2	12,200	34.4
NET INCOME	8,467	27.8	14,665	25.2

*Represents an increase in other income. The increase in other income net for the second quarter and six months is due to gains associated with the disposal of our Grandville, Michigan, facility and the majority of our Roswell, Georgia, facility.

B. Results of Operations

Second Quarter FY 1999 versus Second Quarter FY 1998

Net Sales increased $49.7 million, or 12.0 percent, to $464.8 million for the three months ended November 28, 1998. Our second quarter sales were approximately 2-3 percent above our estimates which were in the range of $450-455 million. For the first six months of fiscal 1999, sales were $912.3 million compared to sales of $816.6 million in the first six months of last year. This represents an increase of 11.7 percent. From a product segment viewpoint, once again our largest percentage growth for the quarter was in the seating category. The most significant growth came from our Aeron and Ambi chairs.

Our domestic sales increased 13.4 percent for the first six months. Excluding the impact of acquisitions, domestic sales grew 12.3 percent during the second quarter. No new acquisitions were completed this quarter.

New orders for the second quarter increased 2.2 percent to $475.2 million. Our second quarter orders were 7.0 percent higher than our first quarter orders. For the first six months of fiscal 1999, new orders were $918.9 million compared with new orders of $872.4 million in the first six months of last year. The backlog of unfilled orders at November 28, 1998 increased 4.6 percent to $235.7 million from the $225.3 million reported at the end of the first quarter.

BIFMA has estimated industry sales increased 6.3 percent during the five month period ended October 1998. Industry orders, on the other hand, increased at a slower rate, 3.5 percent. BIFMA is currently estimating industry sales will increase 7.5 percent for calendar 1998 and 5.0 percent for calendar 1999. Based on BIFMA's order and sales reporting, we continued to gain market share. In additon, our order and net sales growth rates for the quarter and six months exceeded the overall industry growth rates as estimated by BIFMA.

Net sales of international operations and export sales from the United States in the second quarter ended November 28, 1998, totaled $70.5 million compared with $67.3 million last year. This represents an increase of 4.8 percent for the quarter. Year to date, net sales have increased 2.4% compared to the first six months of last year. The entire increase was generated by our European operations, in particular, the UK. Results in the UK continue to be very good in terms of top line growth and profitability. Our continental operations also had improved operating results. We are still losing money in some operations, but the actions taken over the past few years, coupled with modest growth, is enabling us to approach break even.

We continue to experience some weakness in demand throughout Asia and Latin America. While these areas are only around 3 percent of our total sales, they are a significant percentage of our international business.

While we are concerned with the economic outlook in Asia and Latin America and the impact it has on revenue and profitability, we are very pleased with the progress we have made in improving the profitability of our total international business. For the quarter, net income from international operations was $3.1 million compared with $2.3 million in the same quarter of last year. This improvement is due to volume growth and productivity improvements in the UK, as stated previously, and due to cost reduction efforts implemented in Germany and Italy over the past few years. Sustaining profitability will continue to be our primary focus.

Gross margin, as a percent of sales, for the quarter and six months was 37.9 percent and 38.0 percent, respectively. This compares to 36.5 percent and 36.6 percent in the same periods of last year. The improvements in gross margins are primarily due to a favorable product mix, improved productivity, and value enhancement engineering projects. In addition, we have had a slight improvement in per-unit material cost. The improved productivity is due to our continued implementation of lean manufacturing techniques throughout our facilities. While we have just begun this process, we are beginning to see tangible benefits and results. Our improvement in per-unit material cost is due in part to material cost reductions obtained by increased efforts by our purchasing organization. These favorable factors were partially offset by increases in discounts given to customers. The year-to-date impact of increased discounting is approximately $3 million or .3 percent of sales. Much of this occurred in the second quarter of fiscal 1999. The increased discounting has been in the systems product lines and/or product lines that are longer in their life cycle. Going forward, we expect gross margins to be in the range of 37.5 percent to 38.0 percent. We believe we can continue to improve productivity and implement cost savings measures; however, these improvements may be partially offset by potential disruption costs associated with implementing our new ERP (Enterprise Resource Planning) system and continued price pressures.

At the present time, our ERP Systems project schedule is being revised. After experiencing the difficulty of getting one plant up and running, we have elongated the schedule. This will enable us to fine tune before going to the next site and ensure our internal experts are well versed in the system to support future sites. The next plant is scheduled to go live at the end of fiscal 1999 and we expect the manufacturing part of the project to be completed by May 2000. We are still developing the revised plan for the development and implementation of the order management phase of the project. We are confident of the long-term benefits expected to be obtained from this project.

Operating expenses, as a percent of net sales, increased for both the quarter and six months. For the quarter, operating expenses, as a percent of net sales were 24.9 percent compared with 24.8 percent in the prior year. Likewise, the six months stood at 25.3 percent versus 25.1 percent last year. The total percentage increase is unfavorable, however, we are doing a good job of containing general overheads while increasing our spending in support of our strategy. During the quarter and six months, we have made significant investments in three areas. First, we have been investing in our ERP Systems project. For the quarter and six months, $2.4 million and $4.7 million was included in operating expense, respectively. Secondly, we continue to expand our capabilities on our electronic selling platform. The incremental investment here was approximately $2.4 million for the quarter and $4.4 million for the six months. Our third area of investment is the continued development of new and enhanced products for our customers. Related spending increased $2.4 million for the quarter compared to the same quarter of last year and $5.0 million year-to-date.

Interest expense of $4.7 million was comparable to the first six months of fiscal 1998. Total interest-bearing debt was $112.2 million at the end of the second quarter of fiscal 1999, compared with $130.7 million at May 30, 1998, and $129.5 million at November 29, 1997.

The effective tax rate for the second quarter was 40.0 percent compared with 37.5 percent in the same period of last year. We expect the tax rate to remain in the 38.0 to 40.0 percent range.

Net income increased 25.2 percent to $72.9 million in the first six months of fiscal 1999, compared to $58.3 million for the same period last year. The faster growth rate in net income compared with sales reflects our continued improvement in operating margins.

Included in the results for the quarter are gains from disposing of both our Grandville, Michigan facility and the majority of our Roswell, Georgia facility. Net of other captial losses, these gains had the after-tax effect of increasing net income for the quarter by $3.4 million.

Year 2000 READINESS DISCLOSURE

This Year 2000 readiness disclosure is the most current information available and replaces all previous disclosures made by the Company in its filings on form 10-Q and form 10-K, and in its annual report to shareholders.

During fiscal year 1998, the company performed an analysis of the work necessary to assure that its existing information systems and manufacturing equipment for both domestic and international operations will be able to address the issues surrounding the advent of the year 2000.

Company's State of Readiness:
Herman Miller has a comprehensive, written plan, which is regularly updated and monitored by technical personnel and company management, and reported to senior management and the Board of Directors.

As of December 1998, our domestic locations are all substantially year 2000 compliant. For international locations, the company presently believes that all remediation and testing will be completed prior to any year 2000 issues having an adverse material impact on its operations.

The Company is also in the process of verifying year 2000 conversion plans with its significant vendors and independent dealers. If any significant vendors or dealers are identified which do not have appropriate or timely year 2000 conversion plans, the company will immediately begin to make contingency plans in order to minimize potential adverse effects on business operations.

Costs to Address the Company's Year 2000 Issues:
To date, the Company has spent approximately $5.0 million on year 2000 renovations. These are renovations to existing systems and are exclusive of the implementation of our new ERP system. The company does not separately track the internal costs incurred for the year 2000 project, and such costs incurred are principally related to payroll costs for employees involved with the project.

Based on costs incurred to date, the Company does not believe the expenses related to year 2000 compliance will be material to the results of its operations, financial position or cash flows.

The Company expects to spend an additional $.5 - $1.0 million to complete the renovation. The majority of the renovation is expected to be completed by May 1999.

Risks of the Company's Year 2000 Issues: The Company expects to have completed its year 2000 remediation plan prior to any year 2000 issues having an adverse impact on its operations. However, due to the uncertain and unprecedented nature of the year 2000 issue, and especially the uncertainty surrounding the readiness of third party suppliers and customers, there may be possible business consequences of the year 2000 dating issue. These possible business consequences include, but are not limited to, higher than expected costs of remediation, a temporary inability to manufacture or ship product; process transactions; communicate with customers, suppliers, subsidiary locations and employees; or conduct other similar corporate activities in a normal business environment.

Company's Contingency Plans:
Contingency planning will be initiated at which point the Company identifies those circumstances that would require development of a contingency plan. The Company expects to begin contingency planning activities in early calendar 1999 and expects this planning to continue throughout 1999.

Safe Harbor Provision

Certain statements in this filing are not historical facts but are "forward-looking statements" as defined under the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. Furthermore, Herman Miller, Inc., undertakes no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements include, but are not limited to, statements concerning the outcome of GSA audits; future gross margin expectations; expected CORO investments; future debt-to-capital ratios; the ERP systems project; future tax rates; the Company's ability to implement its year 2000 project in accordance with estimated timetables and costs; and the consequences of potential year 2000 business interruptions.

C. Financial Condition, Liquidity, and Capital Resources

Second Quarter FY 1999 versus Second Quarter FY 1998

1. Cash flow from operating activities was $84.7 million versus $96.6 million in the first six months of fiscal 1998.
2. Days sales in accounts receivable plus days sales in inventory decreased to 53.4 days versus 60.3 days on November 29, 1997, and 56.2 days on May 30, 1998.
3. Total interest-bearing debt decreased to $112.2 million compared to $130.7 million at May 30, 1998. Debt-to-total capital now stands at 31.4 percent versus 36.1 percent on May 30, 1998. Going forward, we expect to be in the range of 30 to 35 percent for the debt-to-total capital ratio.
4. Capital expenditures for the first six months of fiscal 1999 were $44.8 million versus $23.9 million for the first six months of fiscal 1998. Much of the increase was related to the implementation of our enterprise-wide information system, continued implementation of our electronic selling platform, and new product development. We also expect to spend $20 million for the continued development of the Coro network.
5. During the first six months of fiscal 1999, the company repurchased 2.4 million shares of common stock for $63.5 million.

Part II

Item 6: Exhibits and Reports on Form 8-K

1. Exhibits

   See Exhibit Index.

2. Reports on Form 8-K

   No reports on Form 8-K were filed during the three months ended November 28, 1998.

SIGNATURES

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

HERMAN MILLER, INC.

January 12, 1998	/s/ Michael A. Volkema ----------------------------------- Michael A. Volkema (President and Chief Executive Officer)
January 12, 1998	/s/ Brian C. Walker ----------------------------------- Brian C. Walker (Chief Financial Officer)

Exhibit Index

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

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6-MOS
MAY-29-1999
MAY-31-1998
NOV-28-1998
97,310
0
211,832
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