MILLER HERMAN INC
Form 10-Q
October 06, 2004

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 August 28, 2004 Commission File No. 001-15141

HERMAN MILLER, INC.

A Michigan Corporation ID No. 38-0837640

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

Indicate by check mark whether the registrant

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

Yes [X] No [__]

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

Yes [X] No [__]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [__]

Common Stock Outstanding at September 29, 2004 70,660,017 shares.

HERMAN MILLER, INC. FORM 10-Q
FOR THE QUARTER ENDED AUGUST 28, 2004
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HERMAN MILLER, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Millions)

	August 28, 2004	May 29, 2004
	(Unaudited)	(Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 155.8	$ 189.2
Short-term investments (Note 10)	10.7	10.7
Accounts receivable, net	141.9	142.4
Inventories -		
Finished goods	19.2	16.4
Work in process	12.5	10.5
Raw materials	11.0	11.2
Total inventories	42.7	38.1
Prepaid expenses and other	48.8	50.2
Total current assets	399.9	430.6
Property and Equipment, at cost	698.3	700.1
Less - accumulated depreciation	498.1	491.6
Net property and equipment	200.2	208.5
Other Assets:		
Notes receivable, net	1.7	1.9
Goodwill	39.1	39.1
Intangible assets, net (Note 13)	5.9	5.9
Other noncurrent assets	28.6	28.7
Total Assets	$ 675.4	$ 714.7

	August 28, 2004	May 29, 2004
	(Unaudited)	(Audited)
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Unfunded checks	$ 5.5	$ 8.6
Current portion of long-term debt	13.0	13.0
Notes payable (Note 18)	--	1.5
Accounts payable	85.1	90.4
Accrued liabilities (Note 15)	132.0	123.8
Total current liabilities	235.6	237.3
Long-term Liabilities:		
Long-term Debt, less current portion (Note 14)	194.6	192.7
Pension Benefits (Note 17)	19.9	43.2
Other Liabilities (Note 15)	45.1	46.9
Shareholders' Equity:		
Common stock $.20 par value	14.2	14.4
Retained earnings	230.9	246.1
Accumulated other comprehensive loss (Note 4)	(56.4)	(57.6)
Key executive stock programs	(8.5)	(8.3)
Total Shareholders' Equity	180.2	194.6
Total Liabilities and Shareholders' Equity	$ 675.4	$ 714.7

See accompanying notes to condensed consolidated financial statements

HERMAN MILLER, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Millions, Except Per Share Data)
(Unaudited)

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Net Sales	$ 357.3	$ 324.5
Cost of Sales	245.2	222.9
Gross Margin	112.1	101.6
Operating Expenses	88.6	85.6
Restructuring Expenses (Note 8)	0.5	3.8
Operating Earnings	23.0	12.2
Other Expenses (Income):		
Interest Expense	3.3	3.8
Other, Net (Notes 3, 6, and 18)	(1.6)	(1.3)
Earnings Before Income Taxes	21.3	9.7
Income Tax Expense (Note 16)	7.0	3.5
Net Earnings	$ 14.3	$ 6.2
Earnings Per Share - Basic (Note 7)	$ .20	$ .08
Earnings Per Share - Diluted (Note 7)	$ .20	$ .08
Dividends Per Share	$ .0725	$ .03625

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Cash Flows from Operating Activities:		
Net earnings	$ 14.3	$ 6.2
Depreciation and amortization	11.8	15.4
Restructuring charges / (credits)	(0.5)	1.5
Changes in current assets and liabilities	(0.4)	10.5
Pension benefits	(23.8)	--
Other, net	1.4	2.1
Net Cash Provided by Operating Activities	2.8	35.7
Cash Flows from Investing Activities:		
Notes receivable issued, net	(0.4)	(1.8)
Short-term investment purchases	--	(3.4)
Short-term investment sales	--	3.5
Capital expenditures	(3.8)	(5.5)
Proceeds from sale of fixed assets	0.2	0.1
Net cash paid for acquisitions (Note 6)	(0.7)	(0.2)
Other, net	0.3	0.2
Net Cash Used for Investing Activities	(4.4)	(7.1)
Cash Flows from Financing Activities:		
Net short-term debt repayments (Note 18)	(1.5)	--
Net long-term debt repayments	--	(1.8)
Dividends paid	(5.2)	(2.6)
Common stock issued (Note 5)	11.8	2.0
Common stock repurchased and retired (Note 5)	(37.6)	(2.3)
Net Cash Used for Financing Activities	(32.5)	(4.7)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	0.7	(2.3)
Net Increase (Decrease) in Cash and Cash Equivalents	(33.4)	21.6
Cash and Cash Equivalents, Beginning of Period	$ 189.2	$ 185.5
Cash and Cash Equivalents, End of Period	$ 155.8	$ 207.1

See accompanying notes to condensed consolidated financial statements.

HERMAN MILLER, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated financial statements have been prepared by Herman Miller, Inc. (the company), without audit, in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. Management believes that the disclosures made in this document are adequate so as not to make the information presented misleading. Operating results for the three-month period ended August 28, 2004, are not necessarily indicative of the results that may be expected for the year ending May 28, 2005. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the company s Form 10-K for the year ended May 29, 2004.

2. FISCAL YEAR

The company s fiscal year ends on the Saturday closest to May 31. Fiscal 2005, the year ending May 28, 2005, will contain 52 weeks as did fiscal 2004, the year ended May 29, 2004. Both of the three-month periods ended August 28, 2004, and August 30, 2003, contained 13 weeks.

3. FOREIGN CURRENCY TRANSLATION

The functional currency for foreign subsidiaries is the local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the United States dollar at current exchange rates and revenue and expense accounts using average exchange rates for the period are included as a separate component of shareholders equity. Gains (losses) arising from remeasuring all foreign currency transactions into the appropriate functional currency, which were included in determining net earnings, were negligible and $0.3 million for the three months ended August 28, 2004, and August 30, 2003, respectively.

4. COMPREHENSIVE INCOME/(LOSS)

Comprehensive income/(loss) consists of net earnings, foreign currency translation adjustments, minimum pension liability, and unrealized holding gains/(losses) on available-for-sale securities. Comprehensive income was approximately $15.5 million and $3.3 million for the three months ended August 28, 2004, and August 30, 2003, respectively. The following presents the components of Accumulated Other Comprehensive Loss for the periods indicated.

(In Millions)

	Foreign Currency Translation Adjustments	Minimum Pension Liability (net of tax)	Unrealized Holding Period Gains/(Losses)	Total Accumulated Other Comprehensive Income/(Loss)
Balance, May 29, 2004	$ (7.9)	$ (50.1)	$ 0.4	$ (57.6)
Other comprehensive income/ (loss) for the three months ended August 28, 2004	1.1	0.1	--	1.2
Balance, August 28, 2004	$ (6.8)	$ (50.0)	$ 0.4	$ (56.4)

5. COMMON STOCK AND EARNINGS PER SHARE

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

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Numerators:		
Numerator for both basic and diluted EPS, net earnings (In Millions)	$ 14.3	$ 6.2
Denominators:		
Denominator for basic EPS, weighted-average common shares outstanding	71,182,794	72,869,965
Potentially dilutive shares resulting from stock plans	679,053	301,608
Denominator for diluted EPS	71,861,847	73,171,573

Certain exercisable stock options were not included in the computation of diluted EPS at August 28, 2004, and August 30, 2003, because the option prices were greater than the average market prices for the period. The number of stock options outstanding, which meet this criterion, and the range of exercise prices for the three months ended August 28, 2004, and August 30, 2003, were 1,822,216 at $26.29 $32.50 and 6,463,738 at $21.02 $32.50, respectively.

Common stock activity for the three months ended August 28, 2004, and August 30, 2003, included the repurchase of approximately 1,379,179 shares for $37.6 million and 108,646 shares for $2.3 million in the respective periods. In addition, the issuance of 654,003 shares for $11.8 million (net of $0.8 million tax effect) and 176,859 shares for $2.0 million (net of $0.4 million tax effect) occurred as the result of stock-based benefit program activity during the respective three months ended August 28, 2004, and August 30, 2003.

6. ACQUISITIONS

During the first quarter of fiscal 2005, the company acquired certain assets and liabilities of Office Interiors, Inc., a contract furniture dealership primarily based in Oklahoma City, Oklahoma, for $0.7 million of which $0.5 million was allocated to the fair value of net assets acquired and $0.2 million to an amortizable intangible asset. This resulted in the recognition of a pre-tax gain of $0.4 million due to the reversal of a financial guarantee liability because the company was released from the guarantee by the third-party as result of this transaction. The gain is reflected in Other Expenses (Income) in the condensed consolidated statements of operations. If this purchase had been effective May 30, 2003, there would have been no material effect on the company s consolidated financial statements for the first quarter of fiscal year 2005 or 2004.

During the first quarter of fiscal 2004, the company acquired, for $0.2 million, an additional ownership interest in OP Spectrum LLP, a contract furniture dealership based in Philadelphia, Pennsylvania. As a result of this transaction, which increased the company s ownership interest to 90%, the dealership s balance sheet and results of operations were consolidated in the company s fiscal 2004 financial statements since the date of acquisition. Prior to the transaction, the company s investment in this dealership was accounted for under the equity method, with the company s proportionate share of resulting gains or losses reported as a component of other income/expense.

7. STOCK-BASED COMPENSATION

The company accounts for its stock-based compensation plans under the recognition and measurement principles of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. Under this method, which continues to be acceptable under Statement of Financial Accounting Standards (SFAS) No. 148, Accounting for Stock-Based Compensation Transition and Disclosure An Amendment of FASB Statement No. 123, (SFAS 148), no compensation expense is recognized when stock options are granted to employees and directors at fair market value as of the grant date.

The following table illustrates the effect on net earnings and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, (SFAS 123) to stock-based employee compensation during the periods indicated with the Black-Scholes pricing model used for valuation of stock options.

(In Millions, Except Per Share Data)

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Net earnings, as reported	$ 14.3	$ 6.2
Less: Incremental stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1.7)	(2.6)
Pro forma net earnings	$ 12.6	$ 3.6
Total stock-based employee compensation expense included in net earnings, as reported, net of related tax effects	$ 0.2	$ 0.2
Earnings per share:		
Basic, as reported	$ 0.20	$ 0.08
Basic, pro forma	$ 0.18	$ 0.05
Diluted, as reported	$ 0.20	$ 0.08
Diluted, pro forma	$ 0.18	$ 0.05

8. RESTRUCTURING CHARGES

The following is a summary of the restructuring activities for the three months ended August 28, 2004. It should be read in conjunction with the company s Form 10-K for the year ended May 29, 2004, which provides a description of the specific actions taken since fiscal 2002. For purposes of this discussion, the restructuring actions taken since fiscal 2002 are referred to collectively as the Plan.

The following table presents the pre-tax restructuring charges / (credits), by category, recorded pursuant to the Plan.

(In Millions)

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Severance & Outplacement	$ --	$ 3.2
Pension Related	0.4	--
Lease & Supplier Contract Terminations	--	(0.1)
Facility Exit Costs & Other	0.1	0.7
Total	$ 0.5	$ 3.8

The restructuring charges recognized during the quarter ended August 28, 2004 related to the Canton consolidation. These charges primarily consisted of pension related settlements, which are recognized as terminated employees withdraw their assets from the retirement plan.

The majority of the restructuring charges recognized in the quarter ended August 30, 2003 related to the Canton consolidation as well. Expenses related to this action included severance and outplacement benefits of $3.2 million and facility exit costs totaling $0.2 million. In addition, the consolidation of the Holland, Michigan, Formcoat operation resulted in additional facility exit costs totaling $0.5 million. The remaining credit of $0.1 million consisted of adjustments to the expected sublease timing of previously exited leased facilities.

Approximately 2,100 employees, across a wide range of job classifications, have been terminated as a result of the Plan. This includes approximately 300 employees from the company s international operations.

Asset impairment charges recorded in connection with the Plan have been accounted for in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets or SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of , as applicable. The impairment charges in connection with the Plan consisted of long-lived assets, including real estate, fixed assets and manufacturing equipment from the operations the company intends to transfer or discontinue. The assets were written-down to the lower of their carrying amounts or estimated fair values, less the disposition costs. Fair value estimates were determined by the company s management, with the assistance of independent appraisers, and were based on estimated proceeds from sale.

The company s Canton, Georgia, facility, which was exited in fiscal 2004, remains listed for sale. As a consequence of the Plan, this facility was previously written down to its expected fair value of $7.2 million. This carrying value remained classified under the caption Net property and equipment on the company s condensed consolidated balance sheet as of the end of the first quarter.

Restructuring charges recognized pursuant to the Plan include certain estimated qualifying exit costs. Those costs, related to actions announced during and subsequent to fiscal 2003, were recorded in accordance with SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities (SFAS 146).

The following summarizes the restructuring accrual activity since the beginning of fiscal 2005. This summary does not include restructuring activity related to the impairment of fixed assets or the effect on the company s employee retirement plans, as these items are not accounted for through the restructuring accrual on the condensed consolidated balance sheet but are included as a component of Restructuring Expenses on the condensed consolidated statement of operations. In addition, facility costs associated with the movement of inventory and equipment, as well as employee relocation and training related to the consolidation of production processes, are recognized as incurred and are not included in the ending restructuring accrual balance.

(In Millions)

	Severance & Outplacement Costs	Lease & Supplier Contract Terminations	Facility Exit Costs & Other	Total
Accrual Balance, May 29, 2004	$ 1.0	$ 1.0	$ 1.3	$ 3.3
Restructuring Charges	--	--	0.1	0.1
Cash Payments	(0.8)	--	(0.2)	(1.0)
Accrual Balance, August 28, 2004	$ 0.2	$ 1.0	$ 1.2	$ 2.4

9. SUPPLEMENTAL CASH FLOW INFORMATION

The company holds cash equivalents as part of its cash management function. Cash equivalents include money market funds, time deposit investments, and treasury bills with original maturities of less than three months at the time of purchase. All cash and cash equivalents are high-credit quality financial instruments, and the amount of credit exposure to any one financial institution or instrument is limited.

Cash payments/(refunds) for income taxes and interest were as follows:

(In Millions)

	Three Months Ended	
	August 28, 2004	August 30, 2003
Income taxes refunded, net	$ (1.6)	$ (0.1)
Interest paid	$ 0.2	$ 0.3

10. SHORT-TERM INVESTMENTS

The company maintains a portfolio of short-term investments comprised of investment grade fixed-income securities. These investments are held by the company s wholly-owned insurance captive and are considered available-for-sale as defined in SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Accordingly, they have been recorded at fair market value based on quoted market prices, with the resulting net unrealized holding gains or losses reflected as a component of comprehensive income/(loss). Net investment income recognized in the condensed consolidated statements of operations resulting from these investments totaled $0.1 million for both of the three months ended August 28, 2004, and August 30, 2003, respectively.

The following is a summary of the carrying and market values of the company s short-term investments as of August 28, 2004, and May 29, 2004.

(In Millions)

	August 28, 2004			
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Foreign Government Debt Securities	$ 5.5	$ 0.5	$ --	$ 6.0
Corporate Bonds	4.8	--	(0.1)	4.7
Total	$ 10.3	$ 0.5	$ (0.1)	$ 10.7

	May 29, 2004			
	Cost	Unrealized Gain	Unrealized Loss	Market Value
Foreign Government Debt Securities	$ 5.5	$ 0.5	$ --	$ 6.0
Corporate Bonds	4.8	--	(0.1)	4.7
Total	$ 10.3	$ 0.5	$ (0.1)	$ 10.7

11. OPERATING SEGMENTS

In accordance with Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information, management evaluates the company as one operating segment in the office furniture industry. The company is engaged worldwide in the design, manufacture, and sale of office furniture systems, products, and related services through its majority owned subsidiaries. Throughout the world the product offerings, the production processes, the methods of distribution, and the customers serviced are consistent. The company s product offerings consist primarily of office furniture systems, seating, storage solutions, freestanding furniture, and casegoods. These product offerings are marketed, distributed, and managed primarily as a group of similar products on an overall portfolio basis. The accounting policies of the operating segment are the same as those described in the summary of significant accounting and reporting policies in the company s 10-K report for the year ended May 29, 2004.

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12. NEW ACCOUNTING STANDARDS

In May 2004, the FASB issued Staff Position No. 106-2, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP 106-2), in response to the Act signed into law on December 8, 2003. The Act introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree healthcare plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The provisions of FSP 106-2 provide guidance on the accounting treatment and required disclosures relating to the effects of the Act. This guidance supersedes FASB Staff Position No. 106-1, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (FSP 106-1). Currently specific regulatory guidance does not exist regarding how to determine whether a plan is considered actuarially equivalent, a key criterion under FSP 106-2. Accordingly, the company is currently in the process of evaluating existing plan benefits to determine actuarial equivalency and the corresponding impact of the FSP on the financial statements. The company expects to adopt the provisions of FSP 106-2 in the second quarter of fiscal 2005.

13. OTHER INTANGIBLE ASSETS

Intangible assets are comprised of patents, trademarks, and intellectual property rights with a combined gross carrying value and accumulated amortization of $11.2 million and $5.3 million, respectively, as of August 28, 2004. As of May 29, 2004, these amounts totaled $11.0 million and $5.1 million, respectively. The company amortizes its intangible assets over periods ranging from 8 to 17 years.

Amortization expense related to intangible assets totaled approximately $0.2 million and $0.5 million for the three-month periods ended August 28, 2004, and August 30, 2003, respectively.

Estimated amortization expense for intangible assets as of August 28, 2004, for each of the succeeding fiscal years is as follows.

(In Millions)	
Remaining 2005	$0.7
2006	$0.9
2007	$0.9
2008	$0.9
2009	$0.9

14. INTEREST RATE SWAP

In May 2002, the company entered into a fixed-to-floating interest rate swap agreement which expires March 6, 2006, effectively converting $40 million of fixed-rate private placement debt to a floating-rate basis. The fair value of this swap instrument as of August 28, 2004, was approximately $0.3 million. This amount is recorded in the August 28, 2004, condensed consolidated balance sheet as an addition to long-term debt and an offsetting addition to other noncurrent assets. As of August 28, 2004, the floating interest rate, which is based on the 90-day LIBOR, set in advance of each quarterly period, was approximately 3.7%.

In November 2003, the company entered into two additional fixed-to-floating interest rate swap agreements. One agreement which expires March 15, 2011, effectively converted $50 million of fixed-rate debt securities to a floating-rate basis. The fair value of this swap instrument as of August 28, 2004, was approximately $0.4 million. This amount is recorded in the August 28, 2004, condensed consolidated balance sheet as an addition to long-term debt and an offsetting addition to other noncurrent assets. The second agreement which expires March 5, 2008, effectively converted $15 million of fixed-rate private placement debt to a floating-rate basis. The fair value of this swap instrument as of August 28, 2004, was approximately $(0.1) million. This amount is recorded in the August 28, 2004, condensed consolidated balance sheet as a reduction to long-term debt and an offsetting addition to other long-term liabilities. The floating interest rate for these two agreements is based on the six-month LIBOR, set in-arrears at the end of each semi-annual period.

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As of August 28, 2004, a total of $82.0 million of the company s outstanding debt was effectively converted to a variable-rate basis as a result of these interest rate swap arrangements. These swaps are fair-value hedges and qualify for hedge-accounting treatment using the short-cut method under the provisions of Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities. Under this accounting treatment, the change in the fair value of the interest rate swap is equal to the change in value of the related hedged debt and, as a result, there is no net effect on earnings. These agreements require the company to pay floating-rate interest payments in return for receiving fixed-rate interest payments that coincide with the semi-annual payments to the debt holders at the same rate. The counterparties to these swap instruments are large major financial institutions which the company believes are of high-quality creditworthiness. While the company may be exposed to potential losses due to the credit risk of non-performance by these counterparties, such losses are not anticipated. The swap arrangements resulted in the reduction to net interest expense of approximately $0.4 million and $0.2 million for the three months ended August 28, 2004, and August 30, 2003, respectively.

15. GUARANTEES, INDEMNIFICATIONS, AND CONTINGENCIES

Product Warranties

The company provides warranty coverage to the end-user for parts and labor on products sold. The standard length of warranty is 12 years; however, this varies depending on the product classification. The company does not sell or otherwise issue warranties or warranty extensions as stand-alone products. Reserves have been established for the 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 to correct the problem.

A roll-forward of the warranty reserve for the three months ended August 28, 2004, is as follows.

(In Millions)

Accrual Balance - May 29, 2004	$	14.6
Accrual for warranty matters		2.3
Settlements and adjustments		(3.3)
Accrual Balance - August 28, 2004	$	13.6

Other Guarantees

The company has entered into two separate agreements to guarantee the debt of two independent contract furniture dealerships. In accordance with the provisions of FIN 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of the Indebtedness of Others, the company initially recorded the estimated fair values of these guarantees. The maximum financial exposure assumed by the company as a result of these arrangements totaled $0.7 million as of August 28, 2004. The guarantees are reflected under the caption Other Liabilities in the condensed consolidated balance sheet as of August 28, 2004, at $0.1 million, which approximates the original estimated fair values.

The company has entered into a standby letter of credit arrangement for purposes of guaranteeing the debt of an independent contract furniture dealership. At the point the company entered into the arrangement the estimated fair value of the guarantee, which equaled the maximum financial exposure assumed by the company, was recorded by the company in accordance with the provisions of FIN 45. As of August 28, 2004, this guarantee is reflected as a component of Other Liabilities in the condensed consolidated balance sheet at $0.1 million, which approximates the original estimated fair value. Additionally, in connection with the two separate dealership transactions that occurred during the first quarter of fiscal 2005, as described in Notes 6 and 18, the company was released from two standby letter of credit arrangements disclosed at May 29, 2004. This resulted in the reversal of a $0.4 million liability previously recorded under FIN 45 during the first quarter of 2005.

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The company has entered into agreements to guarantee contractual lease obligations of two independent contract furniture dealerships. The lease terms associated with these arrangements expire at dates between November 2004 and November 2005. As of August 28, 2004, the remaining unpaid lease payments under these arrangements totaled approximately $0.4 million. In accordance with the provisions of FIN 45, no liability has been recorded, since the company entered into these arrangements prior to December 31, 2002. Additionally, in connection with the dealership transaction that occurred during the first quarter of fiscal 2005, as described in Note 18, the company was released from the guarantee of the dealership s contractual lease obligation disclosed at May 29, 2004.

The company is periodically required to provide performance bonds in order to do business with certain customers. These arrangements are common and generally have terms ranging between one and three years. The bonds are required to provide assurances to customers that the products and services they have purchased will be installed and/or provided properly and without damage to their facilities. The bonds are provided by various bonding agencies, and the company is ultimately liable for claims that may occur against them. As of August 28, 2004, the company had a maximum financial exposure related to performance bonds totaling approximately $4.5 million. The company has had no history of claims nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company s financial statements. Accordingly, no liability has been recorded.

The company periodically enters into agreements in the normal course of business, which may include indemnification clauses regarding patent/trademark infringement and service losses. Service losses represent all direct or consequential loss, liability, damages, costs and expenses incurred by the customer or others resulting from services rendered by the company, the dealer, or certain sub-contractors due to a proven negligent act. The company has entered into one arrangement in particular, under which the company has assumed a maximum financial exposure of $10 million in any qualifying instance. The company has had no history of claims, nor is it aware of circumstances that would require it to perform under this arrangement and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company s financial statements. Accordingly, no liability has been recorded.

The company has entered into standby letter of credit arrangements for the purpose of protecting various insurance companies against default on the payment of certain premiums and claims. A majority of these arrangements are related to the company s wholly owned captive insurance company. As of August 28, 2004, the company had a maximum financial exposure from these insurance-related standby letters of credit totaling approximately $12.8 million. The company has had no history of claims nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the company s financial statements. Accordingly, no liability has been recorded.

Contingencies

The company leases a facility in the UK under an agreement that expires in June 2005. Under the terms of the lease, the company is required to perform the maintenance and repairs necessary to address the general dilapidation of the facility over the lease term. The ultimate cost of this provision to the company is dependent on a number of factors including, but not limited to, the future use of the facility by the lessor and whether the company chooses and is permitted to renew the lease term. The company has estimated the cost of these maintenance and repairs to be between $0 and $1 million, depending on the outcome of future plans and negotiations. Based on existing circumstances, it is considered probable that these costs will approximate $0.5 million. As a result, this amount has been recorded as a liability reflected under the caption Other Liabilities in the condensed consolidated balance sheets as of August 28, 2004, and May 29, 2004.

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

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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.

16. INCOME TAXES

The effective tax rate for the three months ended August 28, 2004, and August 30, 2003, was 32.9% and 36.5%, respectively. The current quarter effective rate was lower than the United States statutory rate of 35% and the rate in the prior year first quarter primarily due to the fact that a portion of the net gain from the VIE ownership transition disclosed in Note 18 was not subject to tax due to the nature of the transaction.

17. EMPLOYEE BENEFIT PLANS

The following table summarizes the costs of the company s employee pension and post-retirement plans for the periods indicated.

(In Millions)

	Three Months Ended			
	Pension Benefits		Post-Retirement Benefits	
	August 28, 2004	August 30, 2003	August 28, 2004	August 30, 2003
Domestic:				
Service cost	$ 1.9	$ 2.1	$ --	$ --
Interest cost	3.7	3.3	0.3	0.3
Expected return on plan assets	(5.7)	(5.1)	--	--
Net amortization (gain)/loss	(0.3)	(0.5)	0.1	0.1
Net periodic benefit cost (credit)	$ (0.4)	$ (0.2)	$ 0.4	$ 0.4
International:				
Service cost	$ 0.4	$ 0.4		
Interest cost	0.7	0.5		
Expected return on plan assets	(0.9)	(0.6)		
Net amortization loss	0.1	0.1		
Net periodic benefit cost	$ 0.3	$ 0.4		

In addition, the company also recognized pension settlements of $0.4 million associated with restructuring actions, as further discussed in Note 8.

In fiscal 2004, the company made cash contributions totaling $28.3 million to its employee pension plans. As previously disclosed in the company s financial statements for the year ended May 29, 2004, the company expects its pension plan contributions in fiscal 2005 to approximate the amount paid in fiscal 2004. In the first quarter of fiscal 2005, $23.0 million of voluntary contributions were made to the company s domestic employee pension plans. The company currently anticipates making an additional $2 million voluntary contribution to its employee pension plans in the balance of fiscal 2005, for a total of $25 million.

18. VARIABLE INTEREST ENTITES

Effective May 29, 2004, the company adopted the revised version of FASB Interpretation No. 46, Consolidation of Variable Interest Entities (FIN 46(R)). This resulted in the consolidation of two variable interest entities (VIEs) of which the company was considered the primary beneficiary. The company s variable interests in these VIEs are the result of providing subordinated debt to and/or guarantees on behalf of two independent dealerships created prior to January 31, 2003.

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Due to the company s history of providing on-going subordinated financial support to these dealerships, through consolidation the company absorbs all net losses of the variable interest entities in excess of the equity at the dealerships. The company recognizes all net earnings of these variable interest entities to the extent of recouping the company s associated losses. Earnings in excess of the company s associated losses are attributed to equity owners of the dealerships and shown as minority interest on the company s financial statements.

During the first quarter of fiscal 2005, a qualifying triggering event occurred with one of the VIEs which resulted in reconsideration under FIN 46(R). Based on this reconsideration, it was determined that the company is no longer considered the primary beneficiary. As such, the company recorded the ownership transition and ceased consolidation of the independent dealership in the first quarter. This resulted in a pre-tax gain of $0.5 million which is reflected in Other Expenses (Income) in the condensed consolidated statement of operations. In connection with this ownership transition the company incurred a $1.5 million cash outflow related to the extinguishment of the outstanding bank debt of the VIE.

For the three months ended August 28, 2004, the consolidation of VIEs increased net sales by $2.5 million and net earnings by $0.1 million, excluding the gain resulting from the ownership transition. The corresponding impact on the company s condensed consolidated balance sheet at August 28, 2004, was an increase in the company s assets and liabilities of approximately $1.0 million and $0.8 million, respectively. The liabilities of the VIE consolidated by the company do not represent additional claims on the company s general assets; rather they represent claims against the specific assets of the VIE. Likewise, the assets of the VIE consolidated by the company do not represent additional assets available to satisfy claims against the company s general assets. To offset the credit risk associated with the company s interests in the VIE, the company holds a security interest in the assets of the VIE subordinate only to third-party bank interests.

19. REPORT OF MANAGEMENT

In the opinion of management, the accompanying unaudited condensed consolidated financial statements, taken as a whole, contain all adjustments which are of a normal recurring nature necessary to present fairly the financial position of the company as of August 28, 2004, and the results of its operations and cash flows for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

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

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

Discussion of Current Business Conditions

The general business climate and our financial performance in the first quarter leave us encouraged about our overall position and direction in the market. Despite a significant increase in certain key direct material costs and the ongoing challenge of price competition, we were able to post year-over-year growth in sales and earnings. In fact, our first quarter marked the third consecutive period of such growth.

We also continue to be encouraged by the level of business activity, as measured by client visits to our West Michigan headquarters. The number of such visits was up substantially from the fourth quarter of last year. This trend, along with the year-over-year improvements in sales and earnings, gives us a sense of positive momentum as we move into the second quarter.

The competitive pricing environment remained challenging throughout the quarter. Higher domestic price discounting in the first quarter as compared to a year ago reduced our consolidated gross margin by approximately $1.4 million. Our strategy to counter this pressure continues to be to utilize innovative product design and differentiation to provide more value to our customers.

To this end, we have continued to invest heavily in research and development initiatives. We view development and innovation as a core business competency and, accordingly, it continues to be a top priority in our strategy. During the first quarter we incurred research and development expenses, exclusive of royalty payments to independent designers, of $7.3 million. This compares to $7.1 million in the prior year first quarter.

Consistent with our expectations and recent experience, rising material costs, particularly for raw steel, posed a significant challenge in the quarter. We reported in the fourth quarter last year that steel price increases had begun to affect our gross margin performance, though the impact was mitigated to some degree by favorable purchase contracts. These contracts expired in the first quarter of this year resulting in a more significant negative impact on our cost of goods sold. Additionally, we began to experience price increases for other direct materials such as plastics and wood products, though to a lesser degree than with steel. We expect these increases will continue to affect our cost structure at least through the balance of fiscal 2005. We are continuing to look for ways to offset these cost increases through our ongoing lean manufacturing program, the Herman Miller Production System (HMPS).

In response to these higher material costs, we announced a general price increase effective August 1, 2004. The increase, which varied by product line, averaged approximately 4% of list price. Given the effective date of the increase, it did not have a significant effect on our first quarter net sales. Considering our product portfolio lead times, we expect to begin realizing the effect of the pricing change in the latter half of the second quarter. Also, as we reported last quarter, given the ongoing reality of price competition, the price increase may not fully offset the impact of rising material costs. However, we continue to believe we can cover a large portion of these cost increases through the combination of the price increase and our HMPS strategy.

New order growth for the quarter, fueled by a general improvement in business conditions and the price increase, outpaced that of net sales across virtually all areas of our business. While the price increase did not significantly affect net sales in the quarter, we did see an acceleration of order activity by customers anticipating the price change. We estimate this increased orders in the first quarter of this year by between $13 million and $15 million.

Last year, we implemented a similar price increase at the beginning of the second quarter. This too resulted in an acceleration of customer orders and ultimately increased our first quarter order entry level at that time. While it is reasonable to attribute some of our current first quarter year-over-year order growth to the recent price increase, we believe its impact was mitigated by the similar price change in the prior year.

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We ended the quarter with a substantially higher backlog than the first quarter of last year. In fact, it was the highest level of ending backlog since the fourth quarter of fiscal 2001.

Business at our international operations, which began to show earnest improvement in the latter half of fiscal 2004, was clearly a bright spot in the first quarter. We reported significant increases in net sales, orders, and net earnings for the quarter as compared to the prior year. This growth was particularly strong in the United Kingdom, where we have our largest international business presence, and in our Asia-Pacific markets.

The financial results of our domestic operations showed year-over-year growth as well, though the recovery has been slower than we had hoped. Net sales improved 5% from the prior year first quarter, while new order growth in quarter was 12.4%. By comparison, our domestic trade industry, The Business and Institutional Furniture Manufacturers Association (BIFMA) reported an estimated year-over-year increase in U.S. office furniture shipments of approximately 5% for the three-month period ended August 2004. For the same period, BIFMA estimates industry orders grew approximately 4%.

While this data suggests our growth rate is consistent with, or in the case of orders greater than, that of the domestic industry as a whole, we believe it is difficult to draw conclusions about changes in relative market share based on short-term year-over-year comparisons. Instead, we remain consistent in our view that such conclusions may only be reached by comparing data over a period of several quarters.

We expect consolidated sales for the second quarter of fiscal 2005 to be in the range of $360 million to $380 million. Earnings per share are expected to be in the range of $.19 and $.24.

Analysis of First Quarter Results

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

	Three Months Ended		
	August 28, 2004	**August 30, 2003**	**Percent Change**
Net Sales	$ 357.3	$ 324.5	10.1%
Gross Margin	112.1	101.6	10.3%
Operating Expenses	88.6	85.6	3.5%
Restructuring Expenses	0.5	3.8	(86.8)%
Operating Earnings	23.0	12.2	88.5%
Net Earnings	14.3	6.2	130.6%
Earnings per share - diluted	0.20	0.08	150.0%
Orders	382.3	323.9	18.0%
Backlog	234.5	188.2	24.6%

Consolidated Sales, Orders, and Backlog

Net sales and orders for the first quarter improved over the prior year. Strong performance in our international markets and a general improvement in overall business conditions were the primary drivers of this performance. Additionally, as previously discussed, order levels in the quarter were accelerated somewhat due to customer anticipation of the price increase. Net sales and orders also improved on a sequential-quarter basis, with an increase of 1.0% and 5.7%, respectively, from the fourth quarter of fiscal 2004.

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As a result of the adoption of FIN 46(R) as described in Note 18, we began consolidating the operating results of two variable interest entities (VIEs) during the first quarter of fiscal 2005. The consolidation of VIEs increased net sales by approximately $2.5 million.

Backlog at the end of the first quarter of fiscal 2005 was up over the prior year due to higher order levels as discussed above. It was also up 11.9% in comparison to the $209.5 million of backlog at the end of fiscal 2004.

Domestic Operations

Domestic net sales and orders for the current quarter totaled $292.4 million and $314.4 million, respectively. On a year-over-year basis, net sales increased 5.0% while new orders improved 12.4%. Net sales and orders also improved from the fourth quarter of fiscal 2004 levels by 1.8% and 5.4%, respectively. In particular, we had strong year-over-year performance at our owned dealerships, Geiger, and Herman Miller for the Home businesses in the first quarter.

While we are pleased with the year-over-year and sequential-quarter growth in sales and orders, the recovery in our domestic business has been slower than we had hoped. Although this has us concerned, it appears to be consistent with the recovery trend for the broader domestic industry. Accordingly, we are continuing to closely monitor our performance relative to that of the industry as a whole to identify potential shifts in competitive market share.

International Operations

Our international results continued to be a highlight in the first quarter. International net sales and orders for the first quarter totaled $64.9 million and $67.8 million, respectively. This represents an increase over the prior year first quarter of 40.9% in net sales and 53.7% in orders. Specifically, we experienced strong year-over-year sales growth in our United Kingdom, Middle East, Mexico, Asia-Pacific, and South American operations. In comparison to the fourth quarter of fiscal 2004, net sales declined 2.3% while new orders increased 6.7%.

Restructuring Activities

Pre-tax restructuring expenses recorded during the first quarter totaled $0.5 million as compared to $3.8 million a year ago. The charges in both periods were primarily associated with the previously announced relocation of our Canton, Georgia operation. In the current quarter, the charges primarily consisted of pension-related settlements, which are recognized as terminated employees withdraw their assets from the retirement plan. By comparison, charges in the prior year first quarter included severance and outplacement benefits of $3.2 million and facility exit costs of $0.7 million. Partially offsetting these charges in the prior year was a credit of $0.1 million for adjustments to the expected sublease timing of previously exited facilities.

Restructuring charges have declined on a year-over-year basis as substantially all of our outstanding restructuring initiatives were completed during fiscal 2004. However, we will continue to recognize restructuring charges in the future as the final costs are incurred. We anticipate the remaining pre-tax restructuring charges to be in a range of $1.0 million to $2.0 million. The majority of the remaining expenses relates to employee benefits and is expected to be recognized by the end of fiscal 2005.

Our Canton facility, which was exited in fiscal 2004, remains listed for sale. We have an interested buyer, but have not yet reached a binding definitive agreement. As such, the carrying values of the Canton assets, which were previously reduced to their estimated fair market values totaling $7.2 million, remain classified as long-term under the balance sheet caption Net property and equipment at the end of the first quarter.

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Financial Summary

The following table presents, for the periods indicated, the components of the company s condensed consolidated statements of operations as a percentage of net sales.

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Net Sales	100.0%	100.0%
Cost of Sales	68.6	68.7
Gross Margin	31.4	31.3
Operating Expenses	24.8	26.4
Restructuring Expenses	0.1	1.2
Operating Margin (1)	6.4	3.8
Other Expense, net	0.5	0.8
Earnings Before Income Taxes (1)	6.0	3.0
Income Tax Expense	2.0	1.1
Net Earnings	4.0%	1.9%

(1) Percentages do not foot due to rounding

Consolidated Gross Margin

Gross margin, as a percentage of net sales, for the first quarter improved slightly from the prior year. The improvement was primarily the result of increased production volume and improved manufacturing overhead performance. However, unfavorable direct material performance, higher discounting, and increased incentive compensation largely offset these improvements. Pricing pressures continued in the first quarter, although at a lower rate of growth than last year. Higher discounting in the first quarter, as compared to a year ago, reduced gross margin by approximately $1.4 million or 0.4% of net sales.

Direct material costs, as a percent of sales, for the first quarter increased in comparison to the same period last year. Our performance in this area was unfavorable on a comparative basis primarily due to rising steel costs, which resulted in a year-over-year expense increase of approximately $3.9 million. The increase in price discounting discussed previously also negatively affected direct material costs on a percentage of sales basis. In addition to these factors, material performance was also negatively impacted by a LIFO inventory adjustment of $0.2 million in the first quarter, in comparison to the positive impact of $0.2 million in the prior year first quarter.

Direct labor expenses, as a percent of sales, were down in comparison to the prior year first quarter. This year-over-year reduction is primarily attributed to efficiencies gained from the closure and relocation of the Canton operation.

Overhead expenses, as a percent of sales, were lower than the prior year due to leverage gained from the higher volume and the cost reductions from the Canton consolidation. However, on a pure dollar basis, overhead expenses for the first quarter increased from the prior year due to higher incentive compensation, which varies based on financial performance.

Operating Expenses and Operating Earnings

Operating expenses for the first quarter increased in dollar terms on a year-over-year basis due primarily to higher variable selling, wage, and incentive compensation costs. On a percent of sales basis, however, operating expenses declined from the same quarter last year as a result of improved leverage on higher sales volume. Our expectation is that spending on project initiatives such as product marketing and new product development will increase through the balance of fiscal 2005 from the level experienced in the first quarter.

As a result of the adoption of FIN 46(R) as previously described, the consolidation of VIEs increased operating earnings by approximately $0.2 million in the first quarter.

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Other Income/Expense, Net Earnings, and Earnings Per Share

Net other expenses in the first quarter totaled $1.7 million compared to $2.5 million in the prior year first quarter. Contributing to this decline was interest expense, which was down approximately $0.5 million from last year due to lower debt levels and savings from our interest swap arrangements. In addition, the ownership transition of one of the VIEs, as described in Note 18, resulted in a pre-tax gain of $0.5 million during the first quarter. The acquisition related to Office Interiors, Inc., which is discussed in Note 6, resulted in a pre-tax gain of $0.4 million due to the reversal of a liability associated with a financial guarantee during the current quarter. Partially offsetting these expense reductions, was foreign currency gain/loss which was negligible in the first quarter in comparison to the gain of $0.3 million in the prior year.

Our effective tax rate for the first quarter was 32.9% compared to 36.5% in the prior year. The current quarter effective rate was lower than both the United States statutory rate of 35% and the prior year first quarter rate primarily due to the fact that a portion of the net gain from the VIE ownership transition disclosed in Note 18 was not subject to tax. It is anticipated that our effective tax rate for the rest of the year will approximate between 34% and 36%.

Financial Condition, Liquidity, and Capital Resources

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

(In Millions)

	Three Months Ended	
	August 28, 2004	**August 30, 2003**
Cash and cash equivalents, end of period	$ 155.8	$ 207.1
Short term investments, end of period	$ 10.6	$ 11.1
Cash generated from operating activities	$ 2.8	$ 35.7
Cash used for investing activities	$ (4.4)	$ (7.1)
Cash used for financing activities	$ (32.5)	$ (4.7)
Restructuring-related cash outflows	$ (1.0)	$ (2.3)
Capital expenditures	$ (3.8)	$ (5.5)
Stock repurchased and retired	$ (37.5)	$ (2.3)
Interest-bearing debt, end of period	$ 207.6	$ 220.8
Available unsecured credit facility, end of period [1]	$ 186.2	$ 186.4

[1] Amounts shown are net of outstanding letters of credit, which are applied against the company s unsecured credit facility.

Cash Flow Operating Activities

The primary factor contributing to the year-over-year decline in operating cash flows was a voluntary contribution to the company s domestic pension plans of $23.0 million during the current quarter. In addition, working capital requirements resulted in a $0.4 million use of cash in the current quarter as compared to a $10.5 million source of cash in the prior year. Also included in operating cash flows were restructuring payments totaling $1.0 million in the current quarter and $2.3 million in the prior year.

In terms of the impact of working capital changes from the prior year-end, operating cash flows during the first quarter were favorably affected by reductions in accounts receivable and income tax receivables as well as increases in accrued interest and customer deposits. These favorable changes were largely offset by the negative impact of higher inventory levels as well as reductions in accounts payable, unfunded checks, and foreign tax accruals. In the prior year first quarter, cash flows were favorably impacted by increases in accruals for compensation and benefits, interest, income taxes, and payroll-related benefits. Declines in prepaid expenses related to employee health-care benefits combined with strong collections on trade receivables further contributed to our positive cash flows last year. However, these favorable changes were partially offset by increasing inventory levels.

The decline in accounts receivable since the end of fiscal 2004 is attributed to our strong collections experience in the first quarter. The increase in inventory is due to the general increase in order activity near the end of the first quarter. Days sales outstanding (DSO) in net accounts receivable and inventory increased 1.1 days from the fourth quarter of fiscal 2004, to 51.2 days. This increase is mainly due to the impact of consolidating VIEs under FIN 46(R) and an increase in our international accounts receivable.

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In terms of future considerations affecting operating cash flows, as disclosed in Note 17, we currently anticipate making an additional $2 million voluntary contribution to our employee pension plans during the balance of fiscal 2005. In addition, future cash outflows resulting from our restructuring actions are expected to total between $2.0 million and $2.5 million, excluding potential future proceeds from the sale of our Canton facility. The majority of these future restructuring cash outflows are expected to be completed during fiscal 2005.

Cash Flow Investing Activities

The majority of the investing cash flows in the current quarter and the prior year relate to capital expenditure activity, which totaled $3.8 million and $5.5 million, respectively. Also included in investing activities were payments for acquisitions, which totaled $0.7 million in the current quarter related to Office Interiors, Inc. and $0.2 million in the prior year related to OP Spectrum LLP, both of which are discussed further in Note 6.

At the end of the first quarter, we had outstanding commitments for future capital purchases of approximately $2.9 million. We expect full-year capital expenditures for fiscal 2005 to total approximately $40 million. By comparison, fiscal year 2004 capital expenditures totaled $26.7 million.

Cash Flow Financing Activities

The most significant factor affecting the year-over-year comparison of financing outflows was share repurchases. We repurchased 1,379,179 shares for $37.6 million or $27.22 per share during the current year first quarter. By comparison, 108,646 shares were repurchased for $2.3 million or $20.64 per share during the first quarter of last year. This increase in share repurchase activity was the result of a capital structure plan approved by our Board of Directors and announced in January 2004, which provided for an additional share repurchase authorization of $100 million. We currently have approximately $52.2 million in share repurchase authorization available and plan to continue this approximate level of repurchase activity in the second quarter of fiscal 2005.

Also included in financing cash outflows were dividends payments of $5.2 million in the first quarter versus $2.6 million in the prior year. This increase was the result of a 100% increase in our quarterly dividend rate to $0.0725 per share, as announced in April 2004. Partially offsetting the effects of the share repurchases and dividend payments during the first quarter was cash received, from the issuance of 654,003 shares related to stock-based benefit programs, of approximately $11.8 million, net of $0.8 million tax effect. This represents a rise in activity compared to 176,859 shares issued in the previous year first quarter for approximately $2.0 million, net of $0.4 million tax effect.

Interest-bearing debt at the end of the first quarter increased $0.4 million from $207.2 million at the end of fiscal 2004. This increase was primarily attributed to a rise in the fair value of interest rate swap arrangements since year-end. The combined fair value of the interest rate swap arrangements as disclosed in Note 14, was a positive $0.6 million addition to debt at the end of the first quarter. This compares to a $1.3 million reduction to debt at the end of fiscal 2004. Partially offsetting this increase during the current year first quarter, was the payment of a $1.5 million note payable associated with one of the VIEs consolidated under FIN 46(R) as described in Note 18. Our next scheduled debt repayment is for $13.0 million on our private placement notes and is expected to be made in fourth quarter of fiscal 2005.

Our unsecured revolving credit facility provides for borrowings of up to $200 million. The only usage against this facility at the end of the quarter represented outstanding standby letters of credit totaling $13.8 million. The provisions of our private placement notes and unsecured credit facility require that we adhere to certain covenant restrictions and maintain certain performance ratios. We were in compliance with all such restrictions and performance ratios again this quarter and expect to remain in compliance in the foreseeable future.

We believe cash on hand, cash generated from operations, and our credit facilities will provide adequate liquidity to fund near term and future business operations and capital needs.

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Contractual Obligations

Contractual obligations associated with our ongoing business and financing activities will result in cash payments in future periods. A table summarizing the amounts and estimated timing of these future cash payments is provided in the company s 10-K report for the year ended May 29, 2004. During the first three months of fiscal 2005, there were no material changes outside the ordinary course of business in the company s contractual obligations or the estimated timing of the future cash payments.

Off-Balance Sheet Arrangements

Guarantees
We provide certain guarantees to third parties under various arrangements in the form of product warranties, loan guarantees, standby letters of credit, lease guarantees, performance bonds, and indemnification provisions. These arrangements are accounted for and disclosed in accordance with FIN 45, Guarantor s Accounting and Disclosure Requirement for Guarantees, Including Indirect Guarantees of Indebtedness of Others as described in Note 15 of the condensed consolidated financial statements.

Variable Interest Entities
On occasion, we provide financial support to certain dealers in the form of term loans, lines of credit, and/or loan guarantees. At August 28, 2004, we were considered the primary beneficiary of one such relationship due to the nature of our variable interests in the entity as further discussed in Note 18 of the condensed consolidated financial statements. In addition, we also hold variable interests in other dealerships where we are not the primary beneficiary. The risks and rewards associated with our interests in these other dealerships are primarily limited to our outstanding loans and guarantee amounts. At August 28, 2004, the company s maximum exposure to potential losses related to financing provided to such entities in the form of term loans and/or lines of credit totaled $3.7 million. Information on our exposure related to outstanding loan guarantees provided to such entities is included in Note 15 of the condensed consolidated financial statements.

Critical Accounting Policies

We strive to report our financial results clearly and understandably. We follow accounting principles generally accepted in the United States in preparing our consolidated financial statements, which require us to make certain estimates and apply judgments that affect our financial position and results of operations. We continually review our accounting policies and financial information disclosures. A summary of our more significant accounting policies that require the use of estimates and judgments in preparing the financial statements is provided in the company s 10-K report for the year ended May 29, 2004. During the first three months of fiscal 2005, there was no material change in the accounting estimates and assumptions previously disclosed.

New Accounting Standards

See Note 12 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 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 and non-compliance notifications, timing of economic or industry recovery, relative market share, dealer network health, supplier risk, future sales and earnings levels, future gross margin expectations (including future costs of direct materials), future operating expense ratios and amounts, future cash flows, future share repurchases, future capital expenditures, future tax rates, and future pension funding and related asset performance.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

During the first three months of fiscal 2005, there was no material change in foreign exchange risk or material impact of interest rates.

Item 4: Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. The company s Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the company s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) as of August 28, 2004, have concluded that as of that date, the company s disclosure controls and procedures were adequate and effective to ensure that material information relating to the company would be made known to them by others within the company.

(b) Changes in Internal Controls. There were no significant changes in the company s internal controls or in other factors that could significantly affect internal controls subsequent to the date of the most recent evaluation, nor any significant deficiencies or material weaknesses in such internal controls requiring corrective actions. As a result, no corrective actions were required and none were taken.

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HERMAN MILLER, INC.

PART II OTHER INFORMATION

Item 1: Legal Proceedings

Referred to in Note 15 of the Condensed Consolidated Financial Statements.

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

(C) Issuer Purchases of Equity Securities

The following is a summary of share repurchase activity during the first quarter ended August 28, 2004.

Period	(a) Total Number of Shares (or Units) Purchased(1)	(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
5/30/04-6/26/04	--	--	--	$ 89,693,623
6/27/04-7/24/04	954,167	$ 27.63	954,167	$ 63,331,710
7/25/04-8/28/04	425,012	$ 26.29	425,012	$ 52,158,581
Total	1,379,179	$ 27.22	1,379,179	$ 52,158,581

(1) No shares were purchased outside of a publicly announced plan or program.

The company repurchases shares under a previously announced plan authorized by the Board of Directors as follows.

Plan announced on January 13, 2004, providing share repurchase authorization of $100,000,000 with no specified expiration date.

During the period covered by this report, the company did not sell any of its equity shares that were not issued under the Securities Act of 1933. No repurchase plans expired or were terminated during the first quarter, nor do any plans exist under which the company does not intend to make further purchases.

Item 5: Other Items

During the quarter ended August 28, 2004, the company s Audit Committee pre-approved the following fees for services to be provided during the fiscal year by Ernst & Young LLP, the company s independent auditor:

Audit Fees	$ 65,000
Audit Related Fees	--
Tax Fees	$ 40,458
All Other Fees	--
Total	$ 105,458

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:

10.y Herman Miller, Inc., 1994 Non-Employee Officer and Director Stock Option Plan (as amended and restated through September 27, 2004)*

10.z Form of stock option agreement under the Herman Miller, Inc. 1994 Non-Employee Officer and Director Stock Option Plan*

10.aa Form of non-portable option agreement under the Herman Miller, Inc. Long Term Incentive Plan*

10.ab Form of portable stock option agreement under the Herman Miller, Inc. Long Term Incentive Plan*

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.

* Denotes compensatory plan or arrangement

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SIGNATURES

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

HERMAN MILLER, INC.

October 6, 2004	/s/ Brian C. Walker Brian C. Walker Chief Executive Officer
October 6, 2004	/s/ Elizabeth A. Nickels Elizabeth A. Nickels Chief Financial Officer

EXHIBIT 10.y

HERMAN MILLER, INC.
1994 NONEMPLOYEE OFFICER AND DIRECTOR STOCK OPTION PLAN
(As Amended and Restated through September 27, 2004)

1. **Name and Purpose**. This plan shall be called the Herman Miller, Inc. Nonemployee Officer and Director Stock Option Plan (the Plan). The Plan is intended to encourage stock ownership by nonemployee officers and directors of Herman Miller, Inc. (the Company), to provide them with an additional incentive to manage the Company effectively and to contribute to its success, and to provide a form of compensation which will attract and retain highly qualified individuals as nonemployee officers and members of the Board of Directors of the Company.

2. **Effective Date and Term of the Plan**. The Plan shall become effective upon its approval by the shareholders of the Company. Options may not be granted under the Plan after October 5, 2014; provided, however, that all options outstanding as of that date shall remain or become. exercisable pursuant to their terms and the terms of the Plan.

3. **Administration**. The Plan shall be administered by a committee designated by the Board of Directors (the Committee) consisting of not less than three (3) directors who shall be appointed from time to time by the Board, each of whom shall qualify as a Nonemployee Director, as defined in Rule 16b-3(b)(3) of the Securities Exchange Act of 1934, as amended.

The Committee may, from time to time, establish such regulations, provisions and procedures, within the terms of the Plan, as in the opinion of its members may be advisable in the administration of the Plan. The Committee shall keep minutes of its meetings. A majority of the Committee shall constitute a quorum, and the acts of a majority of a quorum at any meeting, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee.

The interpretation and construction by the Committee of any provisions of the Plan or of any option granted pursuant to the Plan shall be final and binding upon the Company, the Board of Directors of the Company and any optionee. No member of the Board of Directors of the Company or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any option granted pursuant thereto.

4. **Participation**. Subject to the limitations contained in this Section 4, officers and directors of the Company, who are neither contractual nor common law employees of the Company or any of its subsidiaries, shall be granted options to purchase shares of the Company s common stock in accordance with the provisions of Section 7 of the Plan and consistent with the terms and conditions of the Plan. An optionee or Permitted Transferee (as defined in Subsection 7(f) of this Plan) may hold more than one option, but only on the terms and subject to the restrictions hereafter set forth. Subject to adjustments consistent with the provisions of Subsection 7(h), no one nonemployee officer or director may be granted options covering more than a total of fifteen percent (15%) of the common stock originally reserved for issuance under the Plan, as defined in Section 5, plus such increases therein as may from time to time be approved by the Company s shareholders.

5. **Stock Available for Options**. Subject to the adjustments as promised in Subsection 7(h), the aggregate number of shares reserved for purposes of the Plan shall be 1,100,000 shares of the Company s common stock, par value $.20 per share, either authorized and unissued shares or issued shares reacquired by the Company (the Shares). Determinations as to the number of Shares that remain available for issuance under the Plan shall be made in accordance with such rules and procedures as the Committee shall determine from time to time, which shall be consistent with the requirements of Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and such interpretations thereof.

6. **Grant of Options**.

(a) Power to Grant Options. The Committee shall have the right and power to grant options to nonemployee officers and directors eligible to participate in the Plan, entitling each optionee to purchase common stock from the Company in such number of shares, at such price, and on such terms and conditions, consistent with the provisions of the Plan, as may be established by the Committee.

(b) Date of Grant. An option shall be deemed to have been granted on the date which the Committee designates as the date of grant at the time it approves the option, provided that the date of grant may not be earlier than the date on which the option is approved.

(c) Option Terms. The Committee shall have the power to determine the nonemployee officers and directors to whom options are granted, the number of shares granted to each optionee, and the date of the grant. Subject to the provisions of Section 7, the Committee shall also have the power to determine the purchase price per share, the method by which the purchase price will be determined, the period during which and the times at which the option may be exercised, limitations on the number of shares purchasable at any time, restrictions on resale of shares, conditions precedent to be satisfied before the options may be exercised, and other terms and conditions consistent with the provisions of the Plan.

(d) Option Agreement. No optionee or Permitted Transferee shall have any right with respect to the grant of an option unless and until the person to whom the option is granted has executed an agreement as contemplated by Section 7.

7. **Terms and Conditions of Option Agreement**. Options granted under this Plan shall be evidenced by agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the following conditions:

(a) Option Agreement. Each optionee shall agree to continue to serve as an officer or director of the Company, as the case may be, for the lesser of at least twelve (12) months from the date of the grant of the option or for the remainder of such optionee s term as an officer or director of the Company. Such agreement shall not impose upon the Company, its Board of Directors, or its shareholders any obligation to retain the optionee as an officer or director for any period.

(b) Number of Shares and Term of Options. The number of shares of common stock to be covered by each option and the term of each option shall be fixed by the Committee, but no Option shall be exercisable more than ten (10) years after the date the Option is granted.

(c) Option Price. The exercise price of each option shall equal to one hundred percent (100%) of the Fair Market Value of the shares of common stock on the date of the grant of the option. If the shares are traded in the over-the-counter market, the Fair Market Value per share shall be the closing price on the national market list as quoted in the National Association of Securities Dealers Automated Quotation System (NASDAQ) on the day the option is granted or if no sale of shares is reflected in NASDAQ on that day, on the next preceding day on which there was a sale of shares reflected in NASDAQ. If the shares are not traded in the over-the-counter market but are listed upon an established stock exchange or exchanges, such Fair Market Value shall be deemed to be the closing price of the shares on such stock exchange or exchanges on the day the option is granted or if no sale of the shares shall have been made on any stock exchange on that day, on the next preceding day on which there was a sale of the shares.

(d) Medium of Payment. The option price shall be payable to the Company either (i) in United States dollars in cash or by check, bank draft, or money order payable to the order of the Company or (ii) through the delivery of shares of the Company s common stock with a Fair Market Value on the date of the exercise equal to the option price, provided such shares are utilized as payment to acquire at least 100 shares of common stock, or (iii) by a combination of (i) and (ii) above. Fair Market Value will be determined in the manner specified in Subsection 7(c) except as to the date of determination.

(e) Exercise of Options. Except as provided in Subsection 7(h) no option shall be exercisable, either in whole or in part, prior to the first anniversary of the date of grant of the option. Thereafter, an option shall be exercisable at any time or from time to time during the term of the option, upon written notice to the Company, as to any or all shares covered by the option, until its termination or expiration in accordance with its terms or the provisions of the Plan. Notwithstanding the foregoing, an option shall not at any time be exercisable with respect to less than 100 shares unless the remaining shares covered by an option are less than 100 shares. The purchase price of the shares purchased pursuant to an option shall be paid in full upon delivery to the optionee of certificates for such shares.

(f) Transferability of Options. The Committee may, in its discretion, authorize all or a portion of the options to be granted to an optionee to be on terms which permit transfer by such optionee to (i) the spouse, children or grandchildren of the optionee (Immediate Family Members), (ii) a trust or trusts for the exclusive benefit of the optionee and/or one or more of such Immediate Family Members, or (iii) a partnership or limited liability company in which the optionee and/or one or more of such Immediate Family. Members are the only partners or members (whereby the person or entities described in (i) through (iii) shall be referred to as Permitted Transferees), provided that (x) there may be no consideration for any such transfer (except for the receipt of an interest in a family partnership or limited liability company, (y) the stock option agreement pursuant to which such options are granted must be approved by the Committee, and must expressly provide for transferability in a manner consistent with this Subsection 7(f), and (z) subsequent transfers of transferred options shall be prohibited except those in accordance with Section 7(g). Following transfer, any such options shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. The events of termination of service of Section 7(g) hereof and the tax withholding obligations of Section 10 shall continue to be applied with respect to the original optionee, following which the options shall be exercisable by the Permitted Transferee only to the extent, and for the periods specified at Section 7(g). The Company shall not be obligated to notify Permitted Transferees) of the expiration or termination of any option.

(g) Termination of Service as Nonemployee Officer or Director.

(i) Termination of Service for any Reason Other than Death. In the event an optionee shall cease to serve the Company as a nonemployee officer or director for any reason other than such optionee s death, each option held by such optionee or Permitted Transferee shall remain exercisable, subject to prior expiration according to its terms and other limitations imposed by the Plan, for a period of five (5) years following the optionee s cessation of service as a nonemployee officer or director of the Company. If the optionee dies after such retirement, the optionee s options shall be exercisable in accordance with Subsection 7(g)(ii) hereof.

(ii) Termination of Service for Death. If an optionee ceases to be a nonemployee officer or director by reason of death, each option held by such optionee or Permitted Transferee shall, to the extent rights to purchase shares under the option have been accrued at the time of death and shall not have been fully exercised, be exercisable, in whole or in part, by the personal representative of the estate of the Optionee or Permitted Transferee or by any person or persons who have acquired the option directly from the optionee or Permitted Transferee by bequest or inheritance or written designation during the shorter of the following periods: (i) the term of the option, or (ii) a period of five (5) years from the death of such optionee. If an optionee dies during the extended exercise period following termination of service for retirement or disability specified in Subsection 7(g)(i) above, such option maybe exercised any time within the longer of such extended period or one (1) year after death, subject to the prior expiration of the term of the option.

(h) Adjustment in Shares Covered by Option. The number of shares covered by each outstanding option, and the purchase price per share thereof, shall be proportionately adjusted for any increase or decrease in the number of issued and outstanding shares resulting from a split in or combination of shares or the payment of a stock dividend on the shares or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company.

If the Company shall be the surviving corporation in any merger or consolidation or if the Company is merged into a wholly-owned subsidiary solely for purposes of changing the Company s state of incorporation, each outstanding option shall pertain to and apply to the securities to which a holder of the number of shares subject to the option would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, except as above provided, shall cause each outstanding option to terminate, provided, that each optionee or Permitted Transferee shall, in that event, have the right immediately prior to such dissolution or liquidation, or merger or consolidation in which the Company is not the surviving corporation, to exercise his or her option in whole or in part.

In the event of a change in the shares as presently constituted, which is limited to a change of all of its authorized shares with par value into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the shares within the meaning of the Plan.

To the extent that the foregoing adjustments relate to stock or securities of the Company, such adjustments shall be made by the Committee, whose determination in that respect shall be final, binding and conclusive. Any such adjustment may provide for the elimination of any fractional share which might otherwise become subject to an option.

Except as hereinbefore expressly provided in this Subsection 7(h), the optionee or Permitted Transferee shall have no rights by reason of any split or combination of shares of stock of any class or the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class or by reason of any dissolution, liquidation, merger, or consolidation or spinoff of assets or stock of another corporation, and any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of stock subject to the option.

The grant of an option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

(i) Rights of a Shareholder. An optionee or Permitted Transferee shall have no rights as a shareholder with respect to any shares covered by his or her option until the date on which the optionee or Permitted Transferee becomes the holder of record of such shares. No adjustment shall be made for dividends, distributions, or other rights for which the record date is prior to the date on which he or she shall have become the holder of record thereof, except as provided in Subsection 7(h).

(j) Postponement of Delivery of Shares and Representations. The Company, in its discretion, may postpone the issuance and/or delivery of shares upon any exercise of an option until completion of the registration or other qualification of such shares under any state and/or federal law, rule or regulation as the Company may consider appropriate, and may require any person exercising an option to make such representations, including a representation that it is the optionee s or Permitted Transferee s intention to acquire shares for investment and not with a view to distribution thereof, and furnish such information as it may consider appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules, and regulations. In such event no shares shall be issued to such holder unless and until the Company is satisfied with the accuracy of any such representations.

(k) Other Provisions. The option agreements authorized under the Plan shall contain such other provisions, including, without limitation, restrictions upon the exercise of the option, as the Committee shall deem advisable.

8. **Adjustments in Shares Available for Options**. The adjustments in number and kind of shares and the substitution of shares, affecting outstanding options in accordance with Subsection 7(h) hereof, shall also apply to the number and kind of shares reserved for issuance pursuant to the Plan, but not yet covered by options.

9. **Amendment of the Plan**. The Committee, insofar as permitted by law, shall have the right from time to time, with respect to any shares at the time not subject to options, to suspend or discontinue the Plan or revise or amend it in any respect whatsoever, except that, without approval of the shareholders of the Company, no such revision or amendment shall:

(a) increase the maximum number of shares which may be subject to the Plan,

(b) increase the maximum number of shares which may be optioned to any one nonemployee officer or director,

(c) materially increase the benefits accruing to option holders under the Plan,

(d) decrease the exercise price of options granted under the Plan,

(e) remove the administration of the Plan from the Committee, or

(f) permit the granting of options under the Plan after October 5, 2004.

10. **Withholding of Taxes**. The Company shall have the right to deduct from any payment to be made pursuant to this Plan, or to otherwise require, prior to the issuance or delivery of any shares of common stock, payment by the optionee of any federal, state, or local taxes required by law to be withheld. Unless otherwise prohibited by the Committee, an optionee may satisfy any such withholding tax obligation by any of the following means or by a combination of such means:

(a) tendering a cash payment;

(b) authorizing the Company to withhold from the shares otherwise issuable to the optionee a number of shares having a Fair Market Value as of the Tax Date, less than or equal to the amount of withholding tax obligation; or

(c) delivering to the Company unencumbered shares owned by the optionee having a Fair Market Value, as of the Tax Date, less than or equal to the amount of the withholding tax obligation.

The Tax Date shall be the date that the amount of tax to be withheld is determined. Fair Market Value shall be determined in the manner specified in Subsection 7(c), except as to the date of determination.

11. **Right of Shareholders to Terminate Director s Service**. Nothing in this Plan or in the grant of any option hereunder shall in any way limit or effect the right of the shareholders of the Company to remove any officer or director or otherwise terminate his or her service as an officer or director, pursuant to law, the Articles of Incorporation, or Bylaws of the Company.

12. **Application of Funds**. The proceeds received by the Company from the sale of stock pursuant to options will be used for general corporate purposes.

13. **No Obligation to Exercise Option**. The granting of an option shall impose no obligation upon the optionee or Permitted Transferee to exercise such option.

14. **Construction**. This Plan shall be construed under the laws of the State of Michigan, United States of America.

CERTIFICATION

The restatement of this Plan, as amended, was duly adopted by the Board of Directors of the Company the 26th day of July, 2004.

/s/ James E. Christenson

James E. Christenson, Secretary

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EXHIBIT 10.z

HERMAN MILLER, INC. LONG-TERM INCENTIVE PLAN
STOCK OPTION AGREEMENT

OPTION AGREEMENT made on **DAY** of **MONTH, YEAR**, between **HERMAN MILLER, INC.** (the Company) and **NAME**, a nonemployee director or officer of the Company (the Optionee), pursuant to the Herman Miller, Inc. 1994 Nonemployee Officer and Director Stock Option Plan (the Plan).

RECITALS:

Optionee was granted an option to acquire shares of the Company s stock under the terms and conditions of the Plan, and the parties agree to set forth their respective understanding with respect to such grant in writing.

1. Grant of Option. Pursuant to the Plan and the Original Option, the Company hereby grants to the Optionee the option to purchase **#,###** shares of the Company s common stock, par value $.20 per share, on the terms and conditions herein set forth (the Option). This Option shall not be designated as an incentive stock option (ISO) for purposes of qualifying as such under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Purchase Price. The purchase price of the shares covered by this Option shall be **$PRICE** per share. The Committee (provided for in Article 3 of the Plan) has determined that such price represents one hundred percent (100%) of the fair market value of a share of the Company s common stock on this date.

3. Term of Option. This Option shall expire on **MONTH DAY, YEAR**, subject to earlier termination as provided in subsequent paragraphs of this Agreement.

4. Optionee s Agreement. In consideration of the granting of the Option, the Optionee agrees to continue to serve as an officer or director of the Company, as the case may be, for the lesser of a period of at least twelve (12) months from the date hereof, or the remainder of Optionee s current term as an officer or director of the Company (the Minimum Period). In the event of the termination of Optionee s services as an officer or director of the Company for any reason during the Minimum Period, this Option shall terminate, unless this Option becomes exercisable as provided in paragraph 8.

5. Exercise of Option. Except as provided in paragraph 8, this Option shall not be exercisable prior to the expiration of twelve (12) months from the date hereof. Thereafter, this Option may be exercised at any time during the term of this Option, by written notice to the Company. The notice shall state the number of shares with respect to which the Option is being exercised, shall be signed by the person exercising this Option, and shall be accompanied by payment of the full purchase price of the shares. This Option Agreement shall be submitted to the Company with the notice for purposes of recording the shares being purchased, if exercised in part, or for purposes of cancellation if all shares then subject to this Option are being purchased. In the event the Option shall be exercised pursuant to paragraph 7(b) hereof by any person other than the Optionee, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. Payment of the purchase price shall be made by: (a) cash, check, bank draft, or money order, payable to the order of the Company; (b) the delivery by the Optionee of unencumbered shares of common stock of the Company, with a fair market value on the date of exercise equal to the total purchase price of the shares to be purchased, provided such shares are utilized as payment to acquire at least 100 shares; or (c) a combination of (a) and (b). Upon exercise of all or a portion of this Option, the Company shall issue to the Optionee a stock certificate representing the number of shares with respect to which this Option was exercised.

6. Transferability of Option. Except as provided below, this Option shall not be sold, transferred, assigned, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, levy, attachment or similar process. Except as provided below, any attempted sale, transfer, assignment, pledge, hypothecation or other disposition of this Option contrary to the terms hereof, and any execution, levy, attachment or similar process upon the Option, shall be null and void and without effect. This Option may be transferred to (a) Optionee s spouse, children or grandchildren (each an Immediate Family Member), (b) a trust or trusts for the exclusive benefit of the Optionee and/or one or more of such Immediate Family Members, or (c) a partnership or limited liability company in which the Optionee and/or one or more of such Immediate Family Members are the only partners or members. Each of the persons and entities listed above are referred to as a Permitted Transferee. Options may be transferred to a Permitted Transferee provided that there may be no consideration for the transfer. Following any transfer, this Option shall continue to be subject to the same terms and conditions immediately prior to transfer.

7. Termination of Service.

(a) Termination of Service for Reasons Other Than Death. In the event Optionee ceases to serve the Company as a nonemployee officer or director for any reason other than death, this Option shall, to the extent rights to purchase shares hereunder have accrued at the date of such termination and shall not have been fully exercised, be exercisable, in whole or in part, at any time within a period of five (5) years following cessation of Optionee s service as a nonemployee officer or director of the Company, subject, however, to prior expiration of the term of this Option and any other limitations upon its exercise in effect at the date of exercise.

(b) Termination of Employment for Death. In the event of the Optionee s death, this Option shall, to the extent rights to purchase shares hereunder have accrued at the date of death and shall not have been fully exercised, be exercisable, in whole or in part, by the personal representative of the Optionee s estate, by any person or persons who shall have acquired this Option directly from the Optionee by bequest or inheritance or a Permitted Transferee at any time during the shorter of the following periods: (i) the term of this Option, or (ii) at any time within five (5) years after the date of death, subject, however, in each case, to the prior expiration of the term of this Option and any other limitations on the exercise of this Option in effect at the date of exercise. If Optionee dies during the extended period of exercise following termination of service under paragraph 7(a) above, this Option may be exercised at any time within the longer of such extended period or one (1) year after the date of death, subject to the prior expiration of the term of this option.

(c) Termination of Option. If this Option is not exercised within whichever of the exercise periods specified in paragraph 7(a) or 7(c) is applicable, this Option shall terminate upon expiration of such exercise period.

8. Changes in Capital Structure. The number of shares covered by this Option, and the price per share, shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock of the Company resulting from any combination of shares or the payment of a stock dividend on the Company s common stock or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company.

If the Company shall be the surviving corporation in any merger or consolidation, or if the Company is merged into a wholly owned subsidiary solely for purposes of changing the Company s state of incorporation, this Option shall pertain to and apply to the securities to which a holder of the same number of shares as are then subject to this Option would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, except as above provided, shall cause this Option to terminate, provided that the Optionee shall in such event have the right immediately prior to such dissolution or liquidation, or merger or consolidation in which the Company is not the surviving corporation, to exercise this Option in whole or in part.

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In the event of a change in the common stock of the Company as presently constituted, which is limited to a change of all its authorized shares into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the shares subject to this Option.

Except as expressly provided in this paragraph 8, the Optionee shall have no rights by reason of: (i) any subdivision or combination of shares of stock of any class; (ii) the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class; or (iii) any dissolution, liquidation, merger or consolidation or spinoff of assets or stock of another corporation. Except as provided in this paragraph 8, any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of stock subject to this Option.

The grant of this Option shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

9. Rights as a Shareholder. Neither the Optionee nor a transferee of this Option shall have any rights as a shareholder with respect to any shares covered hereby until Optionee shall have become the holder of record of such shares. No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date on which Optionee shall have become the holder of record thereof, except as provided in paragraph 8 hereof.

10. Modification, Extension and Renewal. Subject to the terms and conditions and within the limitations of the Plan, the Committee, subject to approval of the Board of Directors, may modify or renew this Option, or accept its surrender (to the extent not theretofore exercised) and authorize the granting of a new option or options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, no modification shall, without the consent of the Optionee, alter or impair any rights or obligations hereunder.

11. Postponement of Delivery of Shares and Representations. The Company, in its discretion, may postpone the issuance and/or delivery of shares upon any exercise of this Option until completion of such stock exchange listing, or registration, or other qualification of such shares under any state and/or federal law, rule or regulation as the Company may consider appropriate, and may require any person exercising this Option to make such representations, including a representation that it is the Optionee s intention to acquire shares for investment and not with a view to distribution thereof, and furnish such information as it may consider appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules and regulations. In such event, no shares shall be issued to such holder unless and until the Company is satisfied with the accuracy of any such representations.

12. Subject to Plan. This Option is subject to the terms and provisions of the Plan. If any inconsistency exists between the provisions of this Agreement and the Plan, the Plan shall govern.

IN WITNESS WHEREOF, this Stock Option Agreement has been executed the date first above written.

HERMAN MILLER, INC.

By:

Elizabeth A. Nickels

Its Chief Financial Officer

EXHIBIT 10.aa

HERMAN MILLER, INC. LONG-TERM INCENTIVE PLAN
STOCK OPTION AGREEMENT

OPTION AGREEMENT made this **DAY** of **MONTH, YEAR**, between **HERMAN MILLER, INC.** (the Company) and **NAME**, an employee of the Company or one of its subsidiaries (the Employee), pursuant to the Herman Miller, Inc. Long-Term Incentive Plan (the Plan).

IT IS AGREED AS FOLLOWS:

1. Grant of Option. Pursuant to the Plan and the Original Option, the Company hereby grants to the Employee the option to purchase **#,###** shares of the Company s common stock, par value $.20 per share, on the terms and conditions herein set forth (the Option). This Option shall not be designated as an incentive stock option (ISO) for purposes of qualifying as such under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Purchase Price. The purchase price of the shares covered by this Option shall be **$PRICE** per share. The Committee (provided for in Article 3 of the Plan) has determined that such price represents one hundred percent (100%) of the fair market value of a share of the Company s common stock on this date.

3. Term of Option. This Option shall expire on **MONTH DAY, YEAR**, subject to earlier termination as provided in subsequent paragraphs of this Agreement.

4. Employee s Agreement. In consideration of the granting of the Option, the Employee agrees to remain in the employ of the Company for the lesser of a period of at least twelve (12) months from the date hereof, or a period commencing on the date hereof and ending upon the Employee s Retirement (the Minimum Employment Period). Such employment, subject to the provisions of any written contract between the Company and the Employee, shall be at the pleasure of the Board of Directors, and this Option Agreement shall not impose on the Company any obligation to retain the Employee in its employ for any period. In the event of the termination of employment of the Employee for any reason during the Minimum Employment Period, this Option shall terminate, unless this Option becomes exercisable as provided in paragraph 9.

5. Exercise of Option. Except as provided in paragraph 9, this Option shall not be exercisable prior to the expiration of twelve (12) months from the date hereof. Thereafter, this Option may be exercised at any time during the term of this Option, by written notice to the Company. The notice shall state the number of shares with respect to which the Option is being exercised, shall be signed by the person exercising this Option, and shall be accompanied by payment of the full purchase price of the shares. This Option agreement shall be submitted to the Company with the notice for purposes of recording the shares being purchased, if exercised in part, or for purposes of cancellation if all shares then subject to this Option are being purchased. In the event this Option shall be exercised pursuant to paragraph 8(c) hereof by any person other than the Employee, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. Payment of the purchase price shall be made by: (a) cash, check, bank draft, or money order, payable to the order of the Company; (b) the delivery by the Employee of unencumbered shares of common stock of the Company (including Restricted Stock, as defined in the Plan, provided that an equivalent number of shares issued upon exercise of such Restricted Stock shall be subject to the same restrictions and conditions during the remainder of the Restriction Period), with a fair market value on the date of exercise equal to the total purchase price of the shares to be purchased; (c) the reduction in the number of shares issuable upon exercise (based on the fair market value of the shares on the date of exercise); or (d) a combination of (a), (b), and (c). Upon exercise of all or a portion of this Option, the Company shall issue to the Employee a stock certificate representing the number of shares with respect to which this Option was exercised.

6. Tax Withholding. The exercise of this Option is subject to the satisfaction of withholding tax or other withholding liabilities, if any, under federal, state and local laws in connection with such exercise or the delivery or purchase of shares pursuant hereto. The exercise of this Option shall not be effective unless applicable withholding shall have been effected or obtained in the following manner or in any other manner acceptable to the Committee. Unless otherwise prohibited by the Committee, Optionee may satisfy any such withholding tax obligation by any of the following means or by a combination of such means: (a) tendering a cash payment; (b) authorizing the Company to withhold from the shares otherwise issuable to Optionee as a result of the exercise of this Option a number of shares having a fair market value as of the date that the amount of tax to be withheld is to be determined (Tax Date), which shall be the date of exercise of the Option, less than or equal to the amount of the withholding tax obligation; or (c) delivering to the Company unencumbered shares of the Company s common stock owned by Optionee having a fair market value, as of the Tax Date, less than or equal to the amount of the withholding tax obligation.

7. Transferability of Option. This Option shall not be sold, transferred, assigned, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, levy, attachment or similar process. Any attempted sale, transfer, assignment, pledge, hypothecation or other disposition of this Option contrary to the terms hereof, and any execution, levy, attachment or similar process upon the Option, shall be null and void and without effect.

8. Termination of Employment.

(a) Termination of Employment for Reasons Other Than Retirement, Disability or Death. In the event the Employee ceases to be employed by the Company for any reason other than Retirement or on account of Disability or death, this Option shall, to the extent rights to purchase shares hereunder have accrued at the date of such termination and shall not have been fully exercised, be exercisable, in whole or in part, at any time within a period of three (3) months following cessation of the Employee s employment, subject, however, to prior expiration of the term of this Option and any other limitations upon its exercise in effect at the date of exercise.

(b) Termination of Employment for Retirement or Disability. In the event the Employee ceases to be employed by the Company by reason of Retirement or on account of Disability, this Option shall, to the extent rights to purchase shares hereunder have accrued at the date of such Retirement or Disability and have not been fully exercised, be exercisable, in whole or in part, at any time within the period of five (5) years following such termination of employment, subject, however, to prior expiration of the term of this Option and any other limitations upon its exercise in effect at the date of exercise. If the Employee dies after such Retirement or Disability, this Option shall be exercisable in accordance with paragraph 8(c) hereof.

(c) Termination of Employment for Death. In the event of the Employee s death, this Option shall, to the extent rights to purchase shares hereunder have accrued at the date of death and shall not have been fully exercised, be exercisable, in whole or in part, by the personal representative of the Employee s estate, by any person or persons who shall have acquired this Option directly from the Employee by bequest or inheritance at any time during the following periods: (i) if Employee dies while employed by the Company, at any time within five (5) years after the date of death, or (ii) if Employee dies during the extended exercise period following termination of employment specified in paragraph 8(b) above, at any time within the longer time of such extended period or one year after the date of death, subject, however, in each case, to the prior expiration of the term of this Option (which shall be the same as the Original Option) and any other limitations on the exercise of such Option in effect at the date of exercise.

(d) Termination of Option. If this Option is not exercised within whichever of the exercise periods specified in paragraph 8(a), 8(b) or 8(c) is applicable, this Option shall terminate upon expiration of such exercise period.

9. Changes in Capital Structure. The number of shares covered by this Option, and the price per share, shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock of the Company resulting from any combination of shares or the payment of a stock dividend on the Company s common stock or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company.

If the Company shall be the surviving corporation in any merger or consolidation, or if the Company is merged into a wholly owned subsidiary solely for purposes of changing the Company s state of incorporation, this Option shall pertain to and apply to the securities to which a holder of the same number of shares as are then subject to this Option would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, except as above provided, shall cause this Option to vest and become exercisable in accordance with the terms and provisions of the Plan.

In the event of a change in the common stock of the Company as presently constituted, which is limited to a change of all its authorized shares into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the shares subject to this Option.

Except as expressly provided in this paragraph 9, the Employee shall have no rights by reason of: (i) any subdivision or combination of shares of stock of any class; (ii) the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class; or (iii) any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another corporation. Except as provided in this paragraph 9, any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of stock subject to this Option.

The grant of this Option shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

10. Rights as a Shareholder. The Employee of this Option shall not have any rights as a shareholder with respect to any shares covered hereby until Employee shall have become the holder of record of such shares. No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date on which Employee shall have become the holder of record thereof, except as provided in paragraph 9 hereof.

11. Modification, Extension and Renewal. Subject to the terms and conditions and within the limitations of the Plan, the Committee, subject to approval of the Board of Directors, may modify or renew this Option, or accept its surrender (to the extent not theretofore exercised) and authorize the granting of a new option or options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, no modification shall, without the consent of the Employee, alter or impair any rights or obligations hereunder.

12. Postponement of Delivery of Shares and Representations. The Company, in its discretion, may postpone the issuance and/or delivery of shares upon any exercise of this Option until completion of such stock exchange listing, or registration, or other qualification of such shares under any state and/or federal law, rule or regulation as the Company may consider appropriate, and may require any person exercising this Option to make such representations, including a representation that it is the Employee s intention to acquire shares for investment and not with a view to distribution thereof, and furnish such information as it may consider appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules and regulations. In such event, no shares shall be issued to such holder unless and until the Company is satisfied with the accuracy of any such representations.

13. Subject to Plan. This Option is subject to the terms and provisions of the Plan. If any inconsistency exists between the provisions of this Agreement and the Plan, the Plan shall govern.

IN WITNESS WHEREOF, this Stock Option Agreement has been executed the date first above written.

HERMAN MILLER, INC.

By Elizabeth A. Nickels
Its Chief Financial Officer

EMPLOYEE

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EXHIBIT 10.ab

HERMAN MILLER, INC. LONG-TERM INCENTIVE PLAN
STOCK OPTION AGREEMENT

OPTION AGREEMENT made this **DAY** of **MONTH, YEAR**, between **HERMAN MILLER, INC.** (the Company) and **NAME**, an employee of the Company or one of its subsidiaries (the Employee), pursuant to the Herman Miller, Inc. Long-Term Incentive Plan (the Plan).

IT IS AGREED AS FOLLOWS:

1. Grant of Option. Pursuant to the Plan and the Original Option, the Company hereby grants to the Employee the option to purchase **#,###** shares of the Company s common stock, par value $.20 per share, on the terms and conditions herein set forth (the Option). This Option shall not be designated as an incentive stock option (ISO) for purposes of qualifying as such under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended.

2. Purchase Price. The purchase price of the shares covered by this Option shall be **$PRICE** per share. The Committee (provided for in Article 3 of the Plan) has determined that such price represents one hundred percent (100%) of the fair market value of a share of the Company s common stock on this date.

3. Term of Option. This Option shall expire on **MONTH DAY, YEAR**, subject to earlier termination as provided in subsequent paragraphs of this Agreement.

4. Employee s Agreement. In consideration of the granting of the Option, the Employee agrees to remain in the employ of the Company for the lesser of a period of at least twelve (12) months from the date hereof, or a period commencing on the date hereof and ending upon the Employee s Retirement (the Minimum Employment Period). Such employment, subject to the provisions of any written contract between the Company and the Employee, shall be at the pleasure of the Board of Directors, and this Option Agreement shall not impose on the Company any obligation to retain the Employee in its employ for any period. In the event of the termination of employment of the Employee for any reason during the Minimum Employment Period, this Option shall terminate, unless this Option becomes exercisable as provided in paragraph 9.

5. Exercise of Option. Except as provided in paragraph 9, this Option shall not be exercisable prior to the expiration of twelve (12) months from the date hereof. Thereafter, this Option may be exercised at any time during the term of this Option, by written notice to the Company. The notice shall state the number of shares with respect to which the Option is being exercised, shall be signed by the person exercising this Option, and shall be accompanied by payment of the full purchase price of the shares. This Option agreement shall be submitted to the Company with the notice for purposes of recording the shares being purchased, if exercised in part, or for purposes of cancellation if all shares then subject to this Option are being purchased. In the event this Option shall be exercised pursuant to paragraph 8(b) hereof by any person other than the Employee, such notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. Payment of the purchase price shall be made by: (a) cash, check, bank draft, or money order, payable to the order of the Company; (b) the delivery by the Employee of unencumbered shares of common stock of the Company (including Restricted Stock, as defined in the Plan, provided that an equivalent number of shares issued upon exercise of such Restricted Stock shall be subject to the same restrictions and conditions during the remainder of the Restriction Period), with a fair market value on the date of exercise equal to the total purchase price of the shares to be purchased; (c) the reduction in the number of shares issuable upon exercise (based on the fair market value of the shares on the date of exercise); or (d) a combination of (a), (b), and (c). Upon exercise of all or a portion of this Option, the Company shall issue to the Employee a stock certificate representing the number of shares with respect to which this Option was exercised.

6. Tax Withholding. The exercise of this Option is subject to the satisfaction of withholding tax or other withholding liabilities, if any, under federal, state and local laws in connection with such exercise or the delivery or purchase of shares pursuant hereto. The exercise of this Option shall not be effective unless applicable withholding shall have been effected or obtained in the following manner or in any other manner acceptable to the Committee. Unless otherwise prohibited by the Committee, Optionee may satisfy any such withholding tax obligation by any of the following means or by a combination of such means: (a) tendering a cash payment; (b) authorizing the Company to withhold from the shares otherwise issuable to Optionee as a result of the exercise of this Option a number of shares having a fair market value as of the date that the amount of tax to be withheld is to be determined (Tax Date), which shall be the date of exercise of the Option, less than or equal to the amount of the withholding tax obligation; or (c) delivering to the Company unencumbered shares of the Company s common stock owned by Optionee having a fair market value, as of the Tax Date, less than or equal to the amount of the withholding tax obligation.

7. Transferability of Option. This Option shall not be sold, transferred, assigned, pledged or hypothecated in any way, shall not be assignable by operation of law, and shall not be subject to execution, levy, attachment or similar process. Any attempted sale, transfer, assignment, pledge, hypothecation or other disposition of this Option contrary to the terms hereof, and any execution, levy, attachment or similar process upon the Option, shall be null and void and without effect.

8. Termination of Employment.

(a) Termination of Employment for Reasons Other Than Death. In the event the Employee ceases to be employed by the Company for any reason other than death, this Option, to the extent rights to purchase shares hereunder have accrued at the date of such termination and shall not have been fully exercised, shall be exercisable, in whole or in part, at any time prior to expiration of the term of this Option and subject to any other limitations upon its exercise in effect at the date of exercise.

(b) Termination of Employment for Death. In the event of the Employee s death, this Option, to the extent rights to purchase shares hereunder have accrued at the date of death and shall not have been fully exercised, shall be exercisable, in whole or in part, by the personal representative of the Employee s estate, by any person or persons who shall have acquired this Option directly from the Employee by bequest or inheritance if Employee dies prior to expiration of the term of this Option (which shall be the same as the Original Option) and subject to any other limitations on the exercise of such Option in effect at the date of exercise.

(c) Termination of Option. If this Option is not exercised within whichever of the exercise periods specified in paragraph 8(a) or 8(b) is applicable, this Option shall terminate upon expiration of such exercise period.

9. Changes in Capital Structure. The number of shares covered by this Option, and the price per share, shall be proportionately adjusted for any increase or decrease in the number of issued shares of common stock of the Company resulting from any combination of shares or the payment of a stock dividend on the Company s common stock or any other increase or decrease in the number of such shares effected without receipt of consideration by the Company.

If the Company shall be the surviving corporation in any merger or consolidation, or if the Company is merged into a wholly owned subsidiary solely for purposes of changing the Company s state of incorporation, this Option shall pertain to and apply to the securities to which a holder of the same number of shares as are then subject to this Option would have been entitled. A dissolution or liquidation of the Company or a merger or consolidation in which the Company is not the surviving corporation, except as above provided, shall cause this Option to vest and become exercisable in accordance with the terms and provisions of the Plan.

In the event of a change in the common stock of the Company as presently constituted, which is limited to a change of all its authorized shares into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the shares subject to this Option.

Except as expressly provided in this paragraph 9, the Employee shall have no rights by reason of: (i) any subdivision or combination of shares of stock of any class; (ii) the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class; or (iii) any dissolution, liquidation, merger or consolidation or spin-off of assets or stock of another corporation. Except as provided in this paragraph 9, any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of stock subject to this Option.

The grant of this Option shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

10. Rights as a Shareholder. The Employee of this Option shall not have any rights as a shareholder with respect to any shares covered hereby until Employee shall have become the holder of record of such shares. No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date on which Employee shall have become the holder of record thereof, except as provided in paragraph 9 hereof.

11. Modification, Extension and Renewal. Subject to the terms and conditions and within the limitations of the Plan, the Committee, subject to approval of the Board of Directors, may modify or renew this Option, or accept its surrender (to the extent not theretofore exercised) and authorize the granting of a new option or options in substitution therefor (to the extent not theretofore exercised). Notwithstanding the foregoing, no modification shall, without the consent of the Employee, alter or impair any rights or obligations hereunder.

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12. Postponement of Delivery of Shares and Representations. The Company, in its discretion, may postpone the issuance and/or delivery of shares upon any exercise of this Option until completion of such stock exchange listing, or registration, or other qualification of such shares under any state and/or federal law, rule or regulation as the Company may consider appropriate, and may require any person exercising this Option to make such representations, including a representation that it is the Employee s intention to acquire shares for investment and not with a view to distribution thereof, and furnish such information as it may consider appropriate in connection with the issuance or delivery of the shares in compliance with applicable laws, rules and regulations. In such event, no shares shall be issued to such holder unless and until the Company is satisfied with the accuracy of any such representations.

13. Subject to Plan. This Option is subject to the terms and provisions of the Plan. If any inconsistency exists between the provisions of this Agreement and the Plan, the Plan shall govern.

IN WITNESS WHEREOF, this Stock Option Agreement has been executed the date first above written.

HERMAN MILLER, INC.

By Elizabeth A. Nickels
Its Chief Financial Officer

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EXHIBIT 31.1

I, Brian C. Walker, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended August 28, 2004, 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)) 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) Evaluated the effectiveness of the registrants disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) 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 that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

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

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

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

Date: October 6, 2004

/s/ Brian C. Walker

Brian C. Walker
Chief Executive Officer

EXHIBIT 31.2

I, Elizabeth A. Nickels, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended August 28, 2004, 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)) 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) Evaluated the effectiveness of the registrants disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) 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 that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting; and

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

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

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

Date: October 6, 2004

/s/ Elizabeth A. Nickels

Elizabeth A. Nickels
Chief Financial Officer

EXHIBIT 32.1

Certificate of the
Chief Executive Officer of
HERMAN MILLER, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.1350):

I, Brian C. Walker, Chief Executive Officer of Herman Miller, Inc., certify that to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The quarterly report on Form 10-Q for the quarterly period ended August 28, 2004, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and;

(2) The information contained in this quarterly report on Form 10-Q for the quarterly period ended August 28, 2004, fairly represents, in all material respects, the financial condition and results of operations of Herman Miller, Inc.

HERMAN MILLER, INC.

Date: October 6, 2004

By: /s/ Brian C. Walker

Brian C. Walker
Its: Chief Executive Officer

EXHIBIT 32.2

Certificate of the
Chief Financial Officer of
HERMAN MILLER, INC.

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C.1350):

I, Elizabeth A. Nickels, Chief Financial Officer of Herman Miller, Inc., certify that to the best of my knowledge and belief, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350) that:

(1) The quarterly report on Form 10-Q for the quarterly period ended August 28, 2004, which this statement accompanies, fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and;

(2) The information contained in this quarterly report on Form 10-Q for the quarterly period ended August 28, 2004, fairly represents, in all material respects, the financial condition and results of operations of Herman Miller, Inc.

HERMAN MILLER, INC.

Date: October 6, 2004

By: /s/ Elizabeth A. Nickels

Elizabeth A. Nickels
Its: Chief Financial Officer

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