Notice of

Annual Meeting of Shareholders
Proxy Statement

2016

Herman Miller, Inc., and Subsidiaries

August 30, 2016

Dear Fellow Herman Miller Shareholder

It's no coincidence that over the last 50 years, Herman Miller has been at the center of virtually every game-changing innovation the office furniture industry has seen - and we're just getting started. At the heart of Herman Miller has always been a culture motivated by a sense of purpose and ownership; and driven to create inspiring designs to help people do great things. As we look to the future, we've combined a powerful family of brands, a commitment to innovation and an unrivaled global distribution channel to position ourselves for growth.

Fiscal 2016 was a year of significant accomplishments towards our long-term goals. We increased sales in fiscal 2016 by 5.7% to $2.26 billion, an all-time record level of sales for our company, and grew adjusted earnings per share by 19%(1) compared to last year. These results are a clear tribute to the talent and effort of our people. I would like to highlight the meaningful progress we made on a number of important priorities during the past year.

Expand sales knowledge base

Over the past few years we have significantly increased the breadth of our solution set to respond to the changing landscape of the modern work place. This past year, we made a significant investment in training and education for our dealers, and sales and design professionals. Specifically, we created and implemented a series of "Bootcamps" that markedly increased our commercial teams' knowledge of our expanded offer and provided the tools they need to win.

Align sales deployment model

Next, we re-engineered our sales deployment model to ensure we are best aligned to serve our dealers and increase our share of their business. To get there, we developed and launched a new Channel Sales Manager role and team. This team is responsible for the geographic deployment of all of our brands and capabilities to our dealers. We are really excited by the early progress of this team and think it holds great promise.

We reorganized our sales efforts around Healthcare, Government and Education; changes that led to better coverage of opportunities and better alignment of skill sets, enabling us to put additional resources on the largest healthcare and government organizations. We've already seen results, and these changes will pay great dividends as we offer all of Herman Miller's expanded capabilities to these large and complex organizations.

Increase innovation through enhanced new product commercialization process

Given our expanded, addressable market and the accelerated pace of change in our customers lives, we need to increase the size of our innovation pipeline and reduce our time to market. To achieve this objective, we began the implementation of a plan that includes the creation of an "innovation kitchen" to increase our ability to source and evaluate innovative ideas. In addition, we streamlined our organizational structure and processes for managing our new product commercialization process. We believe these changes will increase the speed of decision- making and ensure we have improved balance between short cycle product improvements, new platforms and breakthrough innovation. This year at NeoCon, we launched in excess of 20 new products, including products from our R&D studios in Herman Miller, Geiger, The Collection, Nemschoff, Herman Miller U.K., and Maharam. The breadth and quality of this work was impressive, and we were recognized with a number of awards. Even more important, we have a robust pipeline full of new ideas that will continue to produce new products for us over the coming years.

In addition to reorganizing internal development, we recently announced a strategic partnership with U.K.-based, Naughtone. This partnership will augment our offering of furnishings for areas in work environments beyond our historical focus on individual work stations. Naughtone will also add to the operational capabilities needed to serve the EMEA region.

Enrich the way customers experience Herman Miller

We have been implementing a multi-year plan to create the best customer experience in our space. This includes a dealer branding campaign, upgrades to our global showroom portfolio and converting our Design Within Reach studio portfolio to a larger footprint. As of the end of this fiscal year, 35% of our United States dealers had implemented the new brand standards in their markets. Last year, we reset each of our global showrooms to reflect our best thinking of what is required to create an inspiring work place and demonstrate our expanded portfolio of solutions. This past year, we opened new showrooms in Washington, D.C. and New York. The New York showroom is our first flagship location and unites our Herman Miller, Geiger, Collection and Maharam brands. This location includes the first Herman Miller branded retail studio in the United States and serves as the home for our talented team in this region.

(1) Non-GAAP measurement: see accompanying reconciliation and explanation at page 54.

Position the Consumer business for future growth
While we experienced growing pains in our Consumer business this year and have more work to do, we continue to believe the strategic drivers that led us to invest in this segment are a great opportunity for us. These factors include the convergence of work and home environments, the power of a multi-channel capability to increase our addressable market, and the permission consumers have given the Herman Miller brand to serve them.

A number of actions this year have us well-positioned to connect with consumers and grow in this market. A core part of our Consumer strategy continues to be the transformation of our Design Within Reach studio portfolio. The primary objective is to improve the customer experience with larger studios that enable the customer to envision a modern living environment and showcase our expanded portfolio of products. This past year, we opened new studios in Scottsdale, Arizona, and Berkley, California. To be frank, this was below our plan of opening six new studios. Overall the number of studios declined this past year from 33 to 29, and our total square footage was essentially flat. While we are never happy missing an objective, we believe the team made the right long-term decision to be selective about location, and they've built a strong backlog of new studios to open over the next 12 to 18 months. We enter fiscal 2017 with nine new or expanded studios under contract and in our plans.

We made significant investments in brand awareness and customer acquisition. These efforts included a mobile-optimized web platform and rolling out a new sourcebook to highlight the breadth of our offer for the design trade channel. We have also started to introduce the Design Within Reach offer to our contract dealers. In addition, we have taken proactive steps to improve the effectiveness of our catalog program, which continues to be an important driver of customer acquisition.

Finally, we implemented a new ERP system during the second quarter of the year. We believe this investment, along with improvements we are making in logistics, will improve efficiency, enable our sales professionals to better serve their customers, and improve the customer's experience from purchase to delivery.

New and enhanced operational capabilities
We opened new operational facilities in the United Kingdom and India to improve operational efficiency and our ability to serve customers and dealers in EMEA and Asia. In Melksham, U.K., our new Portal Mill facility combines manufacturing and distribution under one roof, replacing the buildings we had outgrown in Bath and Chippenham. Over the past few years, we have built a strong dealer channel to serve the fast growing Indian market. This past year we opened a new manufacturing and distribution facility in Bangalore, India, to complement our regional manufacturing capabilities in China. This capability will enable us to improve our response time to customers and improve the competitiveness of our offer.

Deliver on the promise of Living Office
We made a number of steps which will enable us to deliver on the promise of the Living Office, our comprehensive approach to workplace design. We began to roll out a number of case studies that demonstrate how the application of the Living Office can improve our customers' businesses and the lives of their people. One very promising new facet of our ability to deliver Living Offices involves connecting people and organizations digitally with their workplace. We developed a number of new products and partnerships that will enable us to deliver on our strategy of the connected and quantified office: Smart Furnishings, Smart Settings, and Smart Places. These intriguing new products and digital connections combine productivity with better health, put in place customized adjustments at the work station level, and allow individuals to use our products-especially their ergonomic features-with much greater effect. We envision dashboards that provide organization's analytics on the health of employees and the utilization of facilities. These capabilities, combined with our growing breadth of solutions beyond the workstation, significantly enhanced our ability to deliver on the promise of the Living Office we introduced four years ago.

Taking our *Shift* strategy to a new level
Five years ago we began to pursue a strategy we called Shift. We adopted this strategy in view of enormous and dramatic changes in the ways people work, changes in demographics, technological changes, and changes in our markets. In retrospect, the key changes we anticipated have indeed played out, and they continue to gain strength and impact on our and our customers' worlds. Our strategy envisioned four shifts we had to make for us to navigate these changes:

- From product focus to complete solutions;
- From North America-centric to global;
- From office products to products for everywhere;
- From an industry brand to an industry + consumer brand.

These shifts required us to change our perspective on our business, on our geographies, on our customers and on the ways we portrayed Herman Miller's products, business and community to the world. These four shifts remain our north star.

This year we have added one additional shift-Product Marketing to Pull Marketing-that we believe is required for us to reach the full velocity of our transformation. In other words, we believe this additional shift will put our strategy into Overdrive, and that is what we have renamed our strategy.

Our performance over the past five years gives us confidence that we are headed in the right direction. We have enlarged our addressable market by almost 50% to $35 billion in the past five years. We have a unique and incredibly strong global distribution channel in 109 countries, consisting of over 600 dealers, 29 studios, and a growing e-commerce connection to consumers. We have a consistent global brand presence reflected in our buildings, showrooms, retail studios and dealers. We have solidified our position as one of the leaders in design around the world. Now, with all of these major building blocks in place, we believe we can build on our position and achieve sustained levels of growth in sales and profitability.

An ongoing sense of purpose and commitment

Over the last century, Herman Miller has come to stand for many things. Chief among these are a thoughtful, human-centered approach to modern design; revolutionizing the ways people work, learn, heal and live; doing our best for the environment; and thinking differently about how a company and its leaders can serve the people who make it up. These qualities and our ongoing aspiration to exemplify them at Herman Miller will not change.

As we continue our transformation to a modern lifestyle company connected to consumers and organizations around the world, we will bring all the talents and skills of the 8,000 Herman Miller employees to bear on our goals. We promise to pursue our mission-inspiring designs to help people do great things. And we strongly believe that fulfilling our mission will lead us to achieving the goals we have set.

Thanks, as always, for your faithful support and interest through your ownership of Herman Miller. I believe this stage of Herman Miller's impressive history is one of the most exciting periods yet.

Sincerely,

Brian C. Walker

President and Chief Executive Officer

Notice of Annual Meeting of Shareholders

The Annual Meeting of the Shareholders of Herman Miller, Inc. (the “Company”) will be held on October 10, 2016, by means of remote communication on the Internet at www.virtualshareholdermeeting.com/MLHR16, at 10:30 a.m. (ET) for the following purposes:

1. To elect four directors, each for a term of three years
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm
3. To vote, on an advisory basis, to approve the annual compensation paid to the Company's named executive officers
4. To transact such other business as may properly come before the meeting or any adjournment thereof

Shareholders of record at the close of business on August 12, 2016, will be entitled to vote at the meeting.

Please note that this year's Annual Shareholders' Meeting will be held via the Internet only. The accompanying proxy materials include instructions on how to participate in the meeting and the means by which you may vote your shares of Company stock.

We encourage you to vote your Proxy, at your earliest convenience, by one of the following means:

By visiting www.proxyvote.com on the Internet

And if you request paper materials:
By calling (within the U.S. or Canada) toll free at 1-800-690-6903; or
By signing and returning your Proxy card

You may also vote at the meeting via the internet by visiting www.virtualshareholdermeeting.com/MLHR16 and following the instructions. Regardless of whether you expect to attend the meeting through the Internet, please vote your shares in one of the ways listed above.

By order of the Board of Directors
H. Timothy Lopez, Secretary
August 30, 2016

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Herman Miller, Inc.

855 East Main Avenue
PO Box 302
Zeeland, Michigan 49464-0302

Proxy Statement Dated August 30, 2016

This Proxy Statement and the accompanying Proxy, which we are making available to shareholders on or about August 30, 2016, are furnished to the shareholders of Herman Miller, Inc. in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting of Shareholders. This meeting will be held on October 10, 2016, at 10:30 a.m. (ET). Please note that this year's Annual Meeting will once again be held via the Internet rather than in person.

What is a proxy?

A proxy is your authorization for someone else to vote your shares for you in the way that you want to vote and allows you to be represented at our Annual Meeting if you are unable to attend the meeting. When you complete and submit a proxy card or use the automated telephone voting system or the Internet voting system, you are submitting a proxy. As used in this proxy statement, the terms “the Company,” “we,” “our” and “us” all refer to Herman Miller, Inc. and its subsidiaries.

What is a proxy statement?

A proxy statement is a document the United States Securities and Exchange Commission (“SEC”) requires to explain the matters on which we are asking you to vote at our Annual Meeting by proxy and to disclose certain information that may be helpful to you in deciding how to vote. This proxy statement was first made available to the shareholders on or about August 30, 2016.

Why am I receiving my proxy materials electronically instead of receiving paper copies through the mail?

We are furnishing proxy materials to our shareholders primarily via the Internet, instead of mailing printed copies of the proxy statement and annual report. This supports our on-going commitment to sustainability by reducing the amount of paper needed to produce this report and at the same time reduces our cost associated with mailing the proxy materials to shareholders.

On or about August 30, 2016, we mailed to our shareholders of record (other than those who previously requested electronic delivery) a Notice of Internet Availability of Proxy Materials containing instructions on how to access this proxy statement and our annual report online. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials in the mail. The Notice of Internet Availability of Proxy Materials instructs you how to electronically access and review all of the information contained in this proxy statement and the annual report, and it provides you with information on voting.

If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a paper copy of our proxy materials, follow the instructions contained in the Notice of Internet Availability of Proxy Materials about how you may request to receive your materials in printed form on a one-time or ongoing basis.

Where is this year’s proxy statement available electronically?

You may view this proxy statement and the 2016 annual report electronically by going to www.proxyvote.com.

Who can vote?

Only record holders of our common stock at the close of business on August 12, 2016 can vote at the Annual Meeting. We refer to that date as the Record Date for the meeting. Each shareholder of record has one vote, for each share of common stock owned, on each matter presented for a vote at the Annual Meeting.

What is the difference between a shareholder of record and a “street name” holder?

If your shares are registered directly in your name on the records of our transfer agent, then you are the shareholder of record with respect to those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, then the brokerage firm, bank or other nominee is considered to be the shareholder of record with respect to those shares. However, you still are considered the beneficial owner of those shares, and your shares are said to be held in “street name.” Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank or other nominee how to vote their shares. See “How can I vote?” below.

How can I vote?
If your shares are held in "street name," follow the instructions provided by your brokerage firm, bank, or other nominee. If your shares are registered directly in your name on our records, you can vote in one of four ways:

- Via Internet before the Annual Meeting: Go to www.proxyvote.com and follow the instructions. You may do this at your convenience, 24 hours a day, 7 days a week. You will need to have your proxy card or Notice of Internet Availability of Proxy Materials in hand. The deadline for Internet voting is 11:59 p.m., Eastern Time, October 9, 2016.
- By Telephone: Call toll-free 1-800-690-6903 and follow the instructions. You may do this at your convenience, 24 hours a day, 7 days a week. You will need to have your proxy card or Notice of Internet Availability of Proxy Materials in hand. The deadline for voting by phone is 11:59 p.m., Eastern Time, October 9, 2016.
- In Writing: If you received a proxy card, complete, sign, and date the proxy card and return it in the return envelope that we provided with your proxy card.
- At the Annual Meeting: Log on to the Internet at www.virtualshareholdermeeting.com/MLHR16. At this site, you will be able to vote electronically. You will also be able to submit questions.

If you submit a proxy to the Company before the Annual Meeting, whether by proxy card, by telephone or by Internet, the persons named as proxies will vote your shares as you direct. If no instructions are specified, the proxy will be voted for the four directors nominated by the Board of Directors; for the ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending June 3, 2017 and for the non-binding, advisory proposal to approve the compensation of our Named Executive Officers.

Can I revoke my proxy?
You may revoke a proxy at any time before the proxy is exercised by:

(1) delivering written notice of revocation to the Corporate Secretary of the Company, 855 East Main Street, P.O. Box 302, Zeeland, Michigan 49464-0302;

(2) submitting another properly completed proxy card that is later dated;

(3) voting by telephone at a subsequent time;

(4) voting via the Internet at a subsequent time; or

(5) voting at the Annual Meeting.

If you hold your shares in "street name," you must vote your shares in the manner that your brokerage firm, bank or other nominee has prescribed.

How many votes do we need to hold the Annual Meeting?
To carry on the business of the meeting, we must have a quorum. This means that at least a majority of the shares that are outstanding and entitled to vote as of the Record Date must be present in person or by proxy.

Shares are counted as present at the meeting if the shareholder either:

- has properly submitted a signed proxy card or other form of proxy (through the telephone or Internet); or
- Is present at the Annual Meeting and votes electronically at the meeting.

On the Record Date, there were 60,010,540 shares of common stock issued and outstanding. Therefore, at least 30,005,270 shares need to be present at the Annual Meeting.

What matters will be voted on at the meeting?
We are asking you to vote on: (i) the election of four directors to serve three-year terms expiring in 2019; (ii) the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending June 3, 2017 and (iii) a non-binding advisory proposal on the compensation of our Named Executive Officers, otherwise known as a "say-on-pay" proposal. We describe these matters more fully in this proxy statement.

How many votes are needed for each proposal?
Except with respect to the election of directors, a majority of votes cast at the meeting will approve each matter that arises at the Annual Meeting. The directors are elected by a plurality of votes. This means that the four individuals receiving the highest number of votes cast "for" their election will be elected as directors of the Company. A "withhold authority" vote will have no effect on the election of a particular nominee. However, our Board's Governance Guidelines include a form of majority voting for directors. Under the Governance Guidelines, in an election where the only

nominees are those recommended by the Board, any director who receives a greater number of votes "withheld" than those "for" must tender his or her resignation. Under the Guidelines, the Nominating and Governance Committee will consider the resignation and recommend to the Board whether to accept or reject the tendered resignation. The Board must act on the resignation no later than 90 days after certification of the shareholder vote at the meeting. The Company will publicly disclose the Board's decision whether to accept any resignation or the reasons for rejecting the resignation, if applicable.

If your shares are held by a broker, bank or other nominee, the holder of your shares cannot vote your shares on the election of directors or the say-on-pay vote unless it has received voting instructions from you. Each of these matters is considered a non-routine matter, and if you fail to provide instructions, the result is a “broker non-vote”.

Abstentions and broker non-votes are counted for the purpose of determining the presence or absence of a quorum. Abstentions and broker non-votes are not, however, counted as votes cast on matters submitted for shareholder vote.

What happens if a nominee is unable to stand for re-election?
The Board may, by resolution, provide for a lesser number of directors or designate a substitute nominee. In the latter case, shares represented by proxies may be voted for a substitute nominee. Proxies cannot be voted for more than four nominees. We have no reason to believe any nominee will be unable to stand for re-election.

What alternatives do I have in voting on each of the proposals?
Except with respect to the election of directors, you may vote “for,” “against,” or “abstain” on each proposal. In the election of directors, you may vote “for” or “withhold authority to vote for” each nominee.

Will the Annual Meeting be Webcast?
Yes. You may attend and participate in the Annual Meeting by logging onto the Internet at www.virtualshareholdermeeting.com/MLHR16. At this site, you will be able to vote electronically and submit questions during the meeting. You will need the 12-digit control number that you received with your proxy card or Notice of Internet Availability to enter and attend the meeting.

Where do I find the voting results of the meeting?
If available, we will announce voting results at the Annual Meeting. We will also disclose the voting results on a Current Report on Form 8-K that we will file with the SEC within four business days after the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be Held on October 10, 2016
This proxy statement along with our annual report are available at: www.proxyvote.com.

You may obtain a copy of the Company’s Annual Report on Form 10-K for the fiscal year ended May 28, 2016, as filed with the SEC, without charge upon written request to the Secretary of the Company, Herman Miller, Inc., 855 East Main Street, P.O. Box 302, Zeeland, Michigan 49464-0302.

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. For more complete information regarding the Company's fiscal 2016 performance, please review the Company's Annual Report on Form 10-K for the year ended May 28, 2016.

Voting Matters and Board Recommendations

The Board is not aware of any matter that will be presented for a vote at the 2016 Annual Meeting of Shareholders other than those shown below.

	Board Vote Recommendation
Proposal #1 - Election of Directors (page 11) The Board and Nominating and Governance Committee believe that the nominees described in this proxy statement have the necessary skills and qualifications to provide effective oversight and strategic guidance.	**FOR** each Director Nominee
Proposal #2 - Ratification of Appointment of Independent Registered Public Accounting Firm (page 19) The Audit Committee believes that the retention of Ernst & Young LLP to serve as the Independent Auditors for fiscal 2017 is in the best interest of the Company and its shareholders and we are asking shareholders to ratify the Audit Committee's selection of Ernst & Young LLP for fiscal 2017.	FOR
Proposal #3 - Proposal to Approve, on an Advisory Basis, the Annual Compensation Paid to the Company's Named Executive Officers (page 21) The Company seeks a non-binding advisory vote to approve the compensation of its named executive officers as described in the Compensation Discussion and Analysis section of this proxy statement. The Board of Directors and Executive Compensation Committee values shareholders' opinions and will review and consider the voting results in connection with future deliberations concerning our executive compensation program.	FOR

Financial Highlights from Fiscal 2016

Net sales increased in 2016 to $2.26 billion, an increase of 5.7% from the prior fiscal year and an all-time record level of sales for the company. Orders for the year were $2.28 billion, a year over year increase of 6.2%. Each of our business segments delivered sales growth for the year, despite facing foreign currency exchange headwinds. Strong gross margin performance coupled with effective expense management resulted in a 19% increase in adjusted EPS (1) to $2.17. We also delivered operating cash flows of $210 million for the year, an increase of 25% over the prior fiscal year. A share repurchase program initiated in the 2nd quarter of fiscal 2016 and the recent announcement of our fifth dividend increase in the past four years continues to enhance our returns to shareholders. These factors drove return on invested capital of approximately 22% for the full fiscal year.

Sales growth in the North American business segment helped drive meaningful growth in profitability for the segment and was fairly broad based across industry sectors, with the notable exception of energy which continues to reflect that sector's challenging economic backdrop. The Living Office framework, through new product launches, showroom re-sets, and training events during the year, reinforced our leadership in helping customers realize higher performing environments.

Our ELA business segment recorded strong organic sales growth (1) of 7% for the year, led by increases in China, India, Australia, Mexico and the Middle East. A robust slate of new product launches and new manufacturing capability in India established near the beginning of the fiscal year positions us for further global growth.

Our Consumer segment reported sales growth of 7% over last year, although on an organic basis, segment sales were down 4% and profitability was lower than the prior fiscal year. Results were impacted by a net reduction in square footage from the beginning of the year from the closure of a number of smaller, legacy studios, lower studio revenues, pressure from actions taken to rationalize the wholesale channel, and investments in a new ERP system that provides important capabilities for the future. Design Within Reach remains well positioned to deliver long-term shareholder value through real estate transformation that is expected to increase selling square in larger format studios by nearly 100,000 square feet next year, planned launches of several exclusive product designs and a growing contract business - highlighting the potential that exists with our multi-channel strategy.

The Specialty segment posted growth in sales and profitability in fiscal 2016 across all of its businesses. The Specialty brands of Geiger, Maharam, and the Herman Miller Collection represent a powerful combination of inspiring brands that connect us to architect and design specifiers, expand our market opportunity, and serve as an increasingly important part of our economic engine.

(1) Non-GAAP measurements; see accompanying reconciliations and explanations at page 54.

Proposal #1 - Election of Directors

The Board of Directors of the Company has nominated Dorothy A. Terrell, Lisa A. Kro, David O. Ulrich and Michael A. Volkema for election as directors. Ms Terrell has been nominated to serve a one-year term until the 2017 annual meeting of shareholders; the other three nominees would serve until the 2019 annual meeting. As stated in our Bylaws, a person may not be elected as a director for a term that expires later than the annual meeting after attaining age 72. As such, Ms. Terrell, who is currently 71, is being nominated for a one year term only. Each of the nominees is now serving as a director and previously has been elected as a director by our shareholders, and the Board approved each of the nominees following the recommendation of our Nominating and Governance Committee.

We include more information about the nominees below. Unless otherwise directed by a shareholder's proxy, the persons named as proxy holders in the accompanying proxy will vote for the nominees named above. If any of the nominees becomes unavailable, which we do not anticipate, then the Board of Directors, at its discretion, may designate substitute nominees, in which event your proxy will be voted for such substituted nominees unless you have withheld authority to vote for directors. Shares cannot be voted for a greater number of people than the number of nominees named.

A plurality of the votes cast at the Annual Meeting is required to elect the nominees as our directors. Accordingly, the four individuals who receive the largest number of votes cast at the Annual Meeting will be elected as directors. Shares not voted at the Annual Meeting, whether by abstention, broker non-vote, or otherwise, will not be treated as votes cast at the Annual Meeting. In an election where the only nominees are those that the Board recommended, any director who receives a greater number of votes "withheld" than those "for" must tender his or her resignation under the majority voting provisions of our Board Governance Guidelines. Under those Guidelines, the Nominating and Corporate Governance Committee will consider the resignation and recommend to the Board whether to accept or reject the tendered resignation. The Board must act on the resignation no later than 90 days after certification of the shareholder vote at that meeting. The Company will publicly disclose the Board's decision whether to accept any resignation or the reasons for rejecting the resignation, if applicable.

Following this year's Annual Meeting of shareholders, the Board of Directors will consist of twelve directors, of which eleven are independent. The maximum number of directors for the Board is thirteen. The Amended and Restated Bylaws of Herman Miller, Inc. require that directors be divided into three classes, each class to be as nearly equal in number as possible. Members of each class hold office until the third succeeding annual meeting following their election and until their successors are duly elected and qualified or until their removal or resignation except Ms. Terrell, who will hold office for only one year.

The Board of Directors recommends a vote FOR the election of each person nominated by the Board.

Nominees for Election as Directors for Term to Expire in 2019

					Board Committees			
	Age	Director Since	Independent	Other Public Directorships	NGC	AC	ECC	EC
Lisa A. Kro Co-Founder, Managing Director Mill City Capital L.P.	51	2012	X	Famous Dave's of America		C		X
Dorothy A. Terrell * Founder and Managing Partner FirstCap Advisors	71	1997	X	General Mills, Inc.	C			X
David O. Ulrich Rensis Likert Collegiate Professor of Business Administration University of Michigan	62	2001	X	N/A	X			
Michael A. Volkema Chairman of the Board Herman Miller, Inc.	60	1995	X	Wolverine Worldwide, Inc.				C

* Ms. Terrell's term is to expire in 2017 as a result of retirement.

Directors Whose Terms Expire in 2017

	Age	Director Since	Independent	Other Public Directorships	Board Committees NGC	AC	ECC	EC
Mary Vermeer Andringa Chief Executive Officer and Board Chair Vermeer Corporation	66	1999	X	N/A	X			
Brenda Freeman Chief Marketing Officer National Geographic Channel	47	2016	X	Under Armour, Inc.				
J. Barry Griswell Retired, President and Chief Executive Officer Community Foundation of Greater Des Moines	67	2004	X	Och-Ziff Capital Management Group LLC Voya Financial Inc. National Financial Partners Corp.			C	X
Brian C. Walker President and Chief Executive Officer Herman Miller, Inc.	54	2003		Briggs & Sratton Universal Forest Products				

Directors Whose Terms Expire in 2018

	Age	Director Since	Independent	Other Public Directorships	NGC	AC	ECC	EC
David A. Brandon Chairman and Chief Executive Officer Toys "R" Us, Inc.	64	2011	X	Dominos' Pizza, Inc. DTE Energy Company Kaydon Corporation			X	
Douglas D. French Managing Director Sante Health Ventures	62	2002	X	N/A		X		
John R. Hoke III Vice President Global Design Nike, Inc.	51	2005	X	N/A			X	
Heidi J. Manheimer Independent Consultant	53	2014	X	N/A		X		

NGC: Nominating and Governance Committee
AC: Audit Committee
ECC: Executive Compensation Committee
EC: Executive Committee
C: Chair
X: Member

Information about the Nominees and Directors

Certain information with respect to the nominees for election at Annual Meeting, as well as each of the other Directors, is set forth below and on the following pages, including their names, ages, a brief description of their recent business experience, including present occupations and employment, certain directorships that each person held during the last five years, and the year in which each person became a Director of the Company. Additional information about each continuing Director is also included that describes some of the specific experiences, qualifications, attributes or skills that each Director possesses which the Board believes has prepared them to be effective Directors.

Nominees for Election as Directors for Term to Expire in 2019

Name and Age	Year First Became a Director	Principal Occupation(s) During Past 5 years	Other Directorships of Public Companies held during Past 5 years
Lisa A. Kro, 51	2012	Co-Founder, Managing Director Mill City Capital L.P. since 2010 Managing Director and CFO, Goldner Hawn Johnson & Morrison 2004 to 2010	Famous Dave's of America

Ms. Kro is a founding partner of Mill City Capital, L.P., a private equity firm, where she is Managing Director. From 2004 to 2010, Ms. Kro was the Chief Financial Officer and a Managing Director of Goldner Hawn Johnson & Morrison, also a private equity firm. Prior to joining Goldner Hawn, she was a partner at KPMG LLP, an international public accounting firm.

Ms. Kro's service in auditing as well as her experience in the finance and capital environments enable her to contribute to a number of financial and strategic areas of the Company. Her experience on other boards, including previous service as the financial expert on the audit committee of another publicly-traded company, contributes to the oversight of the Company's financial accounting controls and reporting; accordingly, the Board recommended her nomination for re-election as a director.

Dorothy A. Terrell, 71	1997	Founder and Managing Partner, FirstCap Advisors since 2010 Venture Partner, First Light Capital from 2003 to 2010	General Mills, Inc.

Ms. Terrell is the Founder and Managing Partner of FirstCap Advisors, a venture capital and advisory firm committed to helping innovative technology companies move successfully through the critical early stages of product and business development. Prior to this she was a Partner at First Light Capital, a venture capital fund investing in early stage products and service companies in enterprise software and integration, communications and business-to-business e-commerce. Concurrent with her service to First Light Capital, she was President and CEO of the Initiative for a Competitive Inner City, a national not-for-profit organization. Ms. Terrell has over twenty-five years of experience in the technology industry. At NMS Communications she was Senior Vice President of Worldwide Sales and concurrently President of Platforms & Services Group. She was also a Corporate Officer at Sun Microsystems, Inc. and President of its subsidiary, SunExpress.

Ms. Terrell's experience as a senior executive, her knowledge and service in the technology arena and service to other boards led the Board of Directors to recommend that she continue to serve as a director.

David O. Ulrich, 62	2001	Professor, University of Michigan since 1982	None

Dr. Ulrich is the Rensis Likert Collegiate Professor of Business Administration at the University of Michigan. He also provides counsel to more than half of the Fortune 200 companies, focusing on strategic management and competitive advantage issues as well as human resource management, leadership culture and talent. He has published thirty books and hundreds of articles on these and related topics.

Dr. Ulrich's academic research and consulting on strategic management and other business issues, among other factors, contributed to the recommendation by the Board of Directors that his service continue as a director.

Michael A. Volkema, 60	1995	Chairman of the Board, Herman Miller, Inc. since 2000	Wolverine Worldwide, Inc.

Mr. Volkema has been Chairman of the Board of Directors of Herman Miller, Inc. since 2000. He also served as CEO and President of the Company from 1995 to 2004. Mr. Volkema has more than thirty years of experience as a senior executive in the home and office furnishings industry. This experience includes corporate leadership, branded marketing, international operations, and public company finance and accounting through audit committee service.

Mr. Volkema is a key contributor to the Board based upon his knowledge of the Company's history and culture, operational experience, board governance knowledge, service on boards of other publicly held companies and industry experience. These factors contributed to his recommendation by the Board for continued service as a director.

Directors Whose Terms Expire in 2017

Name and Age	Year First Became a Director	Principal Occupation(s) During Past 5 years	Other Directorships of Public Companies held during Past 5 years
Mary Vermeer Andringa, 66	1999	Chair of the Board Vermeer Corporation since November 2015 Chief Executive Officer and Chair of the Board Vermeer Corporation from November 2014 to October 2015 President and Chief Executive Officer Vermeer Corporation from 2003 to October 2014	None

Since 1989, Ms. Andringa has been an executive officer of Vermeer Corporation, a leading manufacturer of agricultural, construction, environmental and industrial equipment located in Pella, Iowa. She served as President and Chief Executive Officer of Vermeer from 2003 to November 2014. At that time she became Chief Executive Officer and Chair of the Board. She transitioned exclusively to Chair of the Board in November 2015. Ms. Andringa's tenure with Vermeer has spanned the gamut of functional expertise from marketing to international sales and acquisitions. With over thirty years of manufacturing experience, Ms. Andringa is past Chair of the National Association of Manufacturers which represents over 10,000 U.S.-based manufacturing entities.

Ms. Andringa's experience as a chief executive officer coupled with her focused efforts on lean manufacturing and continuous improvement initiatives as well as her involvement in international product sales and distribution provides an important resource to management and the Board of Directors.

Brenda Freeman, 47	2016	Chief Marketing Officer, National Geographic Channel since February 2015 Global Head of Television Marketing, DreamWorks Animation SKG April 2014 to February 2015 Chief Marketing Officer, Turner Animation 2008 to April 2014	Under Armour, Inc.

Ms. Freeman is the Chief Marketing Officer for National Geographic Channel and Nat Geo Wild. Previously, Ms. Freeman was Global Head of Television Marketing for DreamWorks Animation. Prior to DreamWorks Animation, Ms. Freeman spent six years at Turner Broadcasting, most recently as Chief Marketing Officer for Turner Animation, Young Adults and Kids Media. Before that she served as SVP of Integrated Marketing and Promotions for the Nickelodeon MTVN Kids and Family Group. She was appointed to the Board of Directors of Herman Miller, Inc. in January 2016.

Ms.Freeman's experience as marketing executive and her specific experience with the digital marking and programming brings significant strength to the Board in advising management as it develops and executes the company's brand and demand pull marketing strategies.

J. Barry Griswell, 67	2004	President and CEO, Community Foundation of Greater Des Moines 2008 to 2013	Och-Ziff Capital Management Group LLC Voya Financial Inc. National Financial Partners Corp.

Mr. Griswell is the retired Chairman and Chief Executive Officer of the Principal Financial Group and Principal Life, a global financial services provider which offers a wide range of insurance and financial products and services. With more than thirty years of financial services experience, Mr. Griswell was the President and CEO of MetLife Marketing Corporation prior to joining The Principal. He is a former director and non-executive chairman of the board of the Principal Financial Group. Mr. Griswell is currently a director of Och-Ziff Capital Management Group where he serves as the chair of the Executive Compensation Committee, and is a member of the Audit Committee and the Nominating and Governance Committee. He also is a director of Voya Financial where he serves on the Audit Committee and the Nominating and Governance Committee and as chair of the Executive Compensation and Benefits Committee.

Mr. Griswell's financial expertise, governance experience and service as an executive of a publicly-traded corporation make him a key contributor to the Board of Directors.

Brian C. Walker, 54	2003	President and Chief Executive Officer Herman Miller, Inc. since 2004	Briggs & Stratton Corporation Universal Forest Products

Since 2004, Mr. Walker has served as President and Chief Executive Officer of the Company. Previously, he held other executive leadership positions with the Company having served as the Chief Operating Officer of Herman Miller Inc., President of Herman Miller North America and Chief Financial Officer. Mr. Walker is a Certified Public Accountant and serves as the lead director and chairs the Compensation Committee of Briggs & Stratton Corporation.

Mr. Walker is the only member of Company management on the Board of Directors, which provides an important link to the Company's ongoing business operations and challenges. Moreover, Mr. Walker's knowledge of the Company's history and culture, operational and executive leadership roles with the Company, accounting acumen and governance experience make him an important contributor to the Board's deliberations.

Directors Whose Terms Expire in 2018			
Name and Age	Year First Became a Director	Principal Occupation(s) During Past 5 years	Other Directorships of Public Companies held during Past 5 years
David A. Brandon, 64	2011	Chairman and CEO, Toys "R" Us, Inc. since July 2015 Director of Intercollegiate Athletics, University of Michigan 2010 to October 2014	Domino's Pizza, Inc. DTE Energy Company Kaydon Corporation

Mr. Brandon is the Chairman and Chief Executive Officer of Toys "R" Us, Inc., a retailer of toys and juvenile products. Mr. Brandon served as the Director of Intercollegiate Athletics at the University of Michigan from 2010 to October 2014. Prior to that, he served as Chairman and Chief Executive Officer of Domino's Pizza, Inc., an international pizza delivery company operating over 9,000 stores in over 60 countries. Mr. Brandon was also President and Chief Executive Officer of Valassis, Inc. from 1989 to 1998 and Chairman of its Board of Directors from 1997 to 1998.

Mr. Brandon's years of experience as a Chief Executive Officer of several publicly-traded companies, his experience in global brand management and his for-profit and non-profit board service bring a unique perspective to the Board of Directors.

Douglas D. French, 62	2002	Managing Director, Santé Health Ventures since 2007	None

Mr. French has served as the founding partner of Santé Health Ventures, an early-stage healthcare venture fund since 2007. Prior to joining Santé Health Ventures, he served as the President and Chief Executive Officer of Ascension Health, the largest not-for-profit health system in the U.S. Mr. French has also served as CEO for St. Mary's Medical Center and St. Vincent Health System, both of midwest Indiana. He has more than three decades of health management experience including serving as a director for numerous public and private companies.

Mr. French's governance experience, as well as his leadership roles and expertise in the health management industry, provides a valuable resource to management and the Board of Directors.

John R. Hoke III, 51	2005	Vice President, Nike Global Design, since 2010	None

Since joining Nike, Inc., a marketer of athletic footwear, apparel, equipment, accessories and services in 1993, Mr. Hoke has led the communication of Nike's culture of creativity internally and externally. He is currently the Vice President of Global Design, inspiring and overseeing an international team of designers. Mr. Hoke also serves as a director to several not-for-profit organizations relating to art and design.

Mr. Hoke's design expertise, both domestically and internationally, including his leadership role in a major, global enterprise, brings additional, insightful perspective to our Board discussions and decisions.

Heidi J. Manheimer, 53	2014	Independent Consultant since October 2015 Chief Executive Officer, Shiseido Cosmetics America from 2006 to September 2015	None

Ms. Manheimer served as the Chief Executive Officer of Shiseido Cosmetics America, a global leader in skincare and cosmetics, from January 2006 to September 2015, as President of U.S. Operations from 2002 to 2006 and as Executive Vice President and General Manager from 2000 to 2002. Prior to that she spent seven years at Barney's New York and seven years at Bloomingdales in the beauty care divisions, rising to senior leadership positions within each company. Ms. Manheimer currently sits on the Board of Directors of Burton Snowboards having been appointed in 2006. For many years, she has served on nonprofit and trade association boards, and she was elected Chairwoman of the Cosmetic Executive Women Foundation in 2014.

Ms. Manheimer’s extensive experience as a senior executive in the retail industry, experience with both e-commerce and international business practices and service as a board member for both profit and nonprofit businesses led the Board of Directors to appoint her as a director in fiscal year 2014.

The Nominating and Governance Committee has not received any nominations from any of our shareholders in connection with our 2016 Annual Meeting. The nominees who are standing for election as directors at the 2016 Annual Meeting are incumbent directors.

Corporate Governance and Board Matters

Board Governance Guidelines

Our Board of Directors is committed to sound and effective corporate governance practices, strong oversight of corporate risk management, ethical conduct and compensation. These practices reflect the Board's long-standing philosophy that a proper structure, appropriate policies and procedures, and reflective cultural factors provide the cornerstone to good governance. The Board documented those practices by adopting our Board Governance Guidelines ("Guidelines"). These Guidelines address director responsibilities, the composition of the Board, required Board meetings and materials, Board committee composition and responsibilities, and other corporate governance matters. Under our Guidelines, a majority of the members of our Board must qualify as independent under the listing standards of the NASDAQ National Markets requirements. Our Guidelines also require the Board to have, among other committees, an Audit Committee, an Executive Compensation Committee, and a Nominating and Governance Committee, and that each member of those committees qualifies as an independent director under the NASDAQ listing standards. Our Guidelines, as well as the charters of each of the foregoing committees, are available for review on our website at www.hermanmiller.com/governance.

The Guidelines, with respect to the position of Chief Executive Officer ("CEO") and Chairperson, state that "the Board believes the roles of CEO and Chairperson should normally be separated. If the positions are combined, the Board will closely monitor the performance and working relationship between the CEO/Chairperson and the Board and will establish a Lead Director who acts as a liaison between directors and the CEO/Chairman and who chairs meetings of the independent directors." Consistent with our Guidelines, the roles of CEO and Chairperson are currently separate.

The Board's Role in Risk Oversight

The Company's management annually engages in an enterprise risk management process, the key output of which is a series of risk matrices intended to identify and categorize strategic risks. The matrices also identify (1) those members of senior management who are responsible for monitoring each major risk, and (2) whether that risk is reviewed by the Board or a committee of the Board. The development of the matrices is facilitated by the Company's Business Risk Group, through discussions with executive and senior management. Management and the Business Risk Group annually review and discuss the risk assessment process and results with the Audit Committee and, if applicable, recommend what risks are being adequately addressed, directly or indirectly, on a regular basis and what risks should be further discussed with the full Board or other committees and the appropriate form and timing of such discussions.

During the past fiscal year the Business Risk Group reviewed the Company's compensation policies and practices to determine if those policies or practices are likely to have a material adverse impact on the Company. The Business Risk Group conducted its review in late 2015 and provided a report to the Committee in January 2016. In conducting its review of the compensations plans, the Committee considered both the structure of the compensation plans and the presence of risk mitigating features such as caps, multi-year earning requirements, vesting provisions and "clawbacks." Based on the evaluation, the Committee determined that the Company's compensation policies and practices are not likely to create a material adverse impact on the Company.

Under the Guidelines, the Board of Directors is responsible for evaluating CEO performance, monitoring succession planning, reviewing the Company's major financial objectives, evaluating whether the business is being properly managed and overseeing the processes for maintaining the integrity of the Company with respect to its financial statements, public disclosures and compliance with laws. The Board has delegated the primary oversight for managing the risk with respect to some of these to the various board committees as described in the committee charters.

Code of Conduct

Our Board has adopted a Code of Conduct that applies to all of our employees, officers, and directors. This code also serves as the code of ethics for our CEO and senior financial officers. This code is posted on our website at http://www.hermanmiller.com/about-us/who-is-herman-miller/legal/corporate-code-of-conduct.html. Any changes to or waivers of the code must be approved by the Board of Directors and will be disclosed on the Company's website. The Code of Conduct was last modified in December 2009. The Code of Conduct is reviewed annually and there were no modifications to or waivers of the code in fiscal 2016. The Code of Conduct meets the requirements of the NASDAQ listing standards.

Determination of Independence of Board Members

As required by our Guidelines, our Board has determined that each of our directors, other than Mr. Walker, qualifies as an "Independent Director," as such term is defined in the NASDAQ listing standards, and that none of those independent directors has a material relationship with the Company. The Board's determination was made as a result of its review of completed individual questionnaires addressing the nature and extent of each member's relationship with the Company and taking into consideration the definition of "Independent Director" under the NASDAQ rules. Our Board also determined that each member of the Audit Committee, and Executive Compensation Committee meets the independence requirements applicable to those committees as prescribed by the NASDAQ listing standards and, as to the Audit Committee, the applicable rules of the Securities and Exchange Commission.

Meeting Attendance

Each of our directors is expected to attend all meetings of the Board and applicable committee meetings. We hold the Annual Meeting via the Internet, and the directors are encouraged to join the webcast. All eleven of our directors did so for our 2015 Annual Shareholders Meeting. During fiscal 2016, the Board held four meetings; each director attended at least 75 percent of the aggregate number of meetings of our Board and Board committees on which they served. Consistent with the requirements of our Guidelines, the independent members of our Board met in executive sessions, without the presence of management, at the conclusion of each regularly scheduled Board meeting.

Communications with the Board

Shareholders and other parties interested in communicating directly with one or more of our directors may do so by writing to us, c/o Corporate Secretary, 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302. The Corporate Secretary will forward all relevant correspondence to the director or directors to whom the communication is directed.

Director Nominations

Our Bylaws contain certain procedural requirements applicable to shareholder nominations of directors. Shareholders may nominate a person to serve as a director if they provide written notice to us not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's Annual Meeting of Shareholders and, with respect to any special meeting of shareholders, not later than the close of business on the 10th day following the date on which the meeting is first publicly announced or, if there is no announcement, the 10th day following the date on which the notice of that meeting was first sent to our shareholders. The notice must include (1) the name and address of the shareholder providing notice and of the person or persons nominated, including information on the securities of the Company held by those individuals, including any derivative securities, the details of which are set forth in our Bylaws, (2) a representation that the shareholder is a current record holder and will continue to hold those shares through the date of the meeting and intends to attend the meeting in person or by proxy, (3) for each proposed nominee, (a) all information relating to that person that would be required to be disclosed in a proxy statement required to be made in connection with solicitations or proxies for election of directors in a contested election pursuant to Section 14 of the Securities and Exchange Act of 1934 (including that person's written consent to be named in the proxy statement as a nominee and to serve as a director if elected) and (b) a description of all direct and indirect compensation and other material monetary arrangements existing during the past three years, as well as any other material relationships between or among the shareholders (and beneficial owner, if any) and their respective affiliates and associates and the proposed nominee and his or her respective affiliates and associates, including all information required to be disclosed pursuant to Rule 404 under Regulation S-K, and (4) the completed and signed questionnaire from each nominee with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made.

Our Nominating and Governance Committee is responsible for reviewing the qualifications and independence of the members of the Board. To meet the needs of the Company in a rapidly changing environment, the Guidelines explain that the Company requires a high-performance board of directors whose members subscribe to our values and meet the specific resource needs of the business. To that end, the Nominating and Governance Committee considers a number of factors it deems appropriate when considering candidates for the Board; such factors may include experience and knowledge of the Company's history and culture, technical experience and backgrounds such as manufacturing, design, marketing, technology, finance, management structure and philosophy, and experience as a senior executive of a public company. The Nominating and Governance Committee may also consider such factors as race and gender as well as experience in a variety of industries in annually assessing and reviewing the current slate of directors and potential director candidates as the need arises. The Nominating and Governance Committee is responsible for assessing the appropriate skills and characteristics required of Board members. These factors, and others as considered useful by the Nominating and Governance Committee or the Board, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time.

A shareholder may also make a recommendation to the Nominating and Governance Committee regarding any individual that the shareholder desires the Committee to consider for possible nomination as a candidate for election to the Board. The Board believes that all candidates, including those that shareholders recommend, should be evaluated in the same manner.

Under our Bylaws and Governance Guidelines, no person is to be elected as a director: (a) after he or she attains age 72 or (b) for a term that expires later than the annual meeting of shareholders at or immediately after such person attains age 72.

Board Committees

Our Board has four standing committees. Committee responsibilities are detailed in written charters. These charters are available on our Internet website at www.hermanmiller.com/charters. The committees are as follows:

Nominating and Governance Committee
We have a Nominating and Governance Committee comprised of Dorothy A. Terrell (chair), Mary V. Andringa and David O. Ulrich. The Nominating and Governance Committee develops and recommends to the Board governance standards and policies and board compensation including that of the Chairman of the Board. In addition, the committee identifies and recommends to the Board candidates for election to the Board. The Committee met five times during the last fiscal year.

Audit Committee
We have an Audit Committee comprised of Lisa A. Kro (chair), Douglas D. French and Heidi J. Manheimer. The Board has determined that Ms. Kro is qualified as an "Audit Committee financial expert" within the meaning of the applicable SEC regulations. This committee, composed entirely of independent directors under the applicable listing standards of the NASDAQ listing requirements, as well as the requirements of the Sarbanes-Oxley Act of 2002, is responsible for overseeing management's reporting practices, internal controls and risk management on behalf of the Board of Directors. The Committee is also responsible for appointing, approving the compensation of, and overseeing our independent registered public accounting firm. The Audit Committee met eight times during the last fiscal year.

Executive Compensation Committee
We have an Executive Compensation Committee comprised of J. Barry Griswell (chair), David A. Brandon and John R. Hoke III. The Executive Compensation Committee recommends to the Board the annual executive incentive plan and the annual remuneration of our Chief Executive Officer and President, approves the annual remuneration and executive incentive plan for the other executive officers, approves the grants of employee stock options and other equity awards, and acts as the administrative committee for our equity-based compensation plans. A description of the Committee's processes and procedures for the consideration and determination of executive and director compensation is set forth under the caption "Compensation Disclosure and Analysis -The Executive Compensation Committee" below in this Proxy Statement. The Committee met four times during the last fiscal year.

Executive Committee
We have an Executive Committee comprised of Michael A. Volkema (chair), J. Barry Griswell, Lisa A. Kro and Dorothy A. Terrell. The Executive Committee acts from time to time on behalf of the Board in managing our business and affairs (except as limited by law or our Bylaws) and is delegated certain assignments and functions by the Board of Directors. The Committee met four times during the last fiscal year.

Executive Compensation Committee Interlocks and Insider Participation
No member of the Executive Compensation Committee is or has been an officer or employee of the Company or had any relationship that is required to be disclosed as a transaction with a related party except as noted under Certain Relationships and Related Party Transactions. In addition, no current executive officer of the Company has ever served as a member of the Board of Directors or Compensation Committee of any other entity that has or has had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Proposal #2 - Ratification of Appointment of Independent Registered Public Accounting Firm

Our Audit Committee has appointed Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for the fiscal year ending June 3, 2017. Representatives of Ernst & Young will be present at the Annual Meeting of Shareholders and available to respond to appropriate questions submitted in advance. The Ernst & Young representatives will have the opportunity to make a statement if they so desire.

Although the submission of this matter for approval by shareholders is not legally required, our Board of Directors believes that such submission follows sound corporate business practice and is in the best interests of our shareholders. If our shareholders do not approve the selection of Ernst & Young the selection of this firm as our independent registered public accounting firm will be reconsidered by the Audit Committee. This ratification of the appointment of Ernst & Young requires the affirmative vote of a majority of the votes cast on this proposal. Unless otherwise instructed by you, brokers, banks, and other street name holders will have the discretionary authority to vote your shares on this matter.

The Board of Directors recommends a vote FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm.

Disclosure of Fees Paid to Independent Auditors

Aggregate fees billed to us for the fiscal years ended May 30, 2015 and May 28, 2016, by our independent registered public accounting firm, Ernst & Young were as follows:

Fiscal Year Ended	May 30, 2015	May 28, 2016
Audit Fees(1)	1,563,000	1,585,552
Audit Related Fees	—	—
Tax Fees(2)	25,300	20,773
Total	$ 1,588,300	$ 1,606,325

(1) *Includes fees billed for the audit of and accounting consultations related to our consolidated financial statements included in our annual report on Form 10-K, including the associated audit of our internal controls, the review of our financial statements included in our quarterly reports on Form 10-Q, and services in connection with statutory and regulatory filings.*
(2) *Includes fees billed for tax compliance, tax advice and tax planning.*

Our Audit Committee has adopted a policy for pre-approving services performed by Ernst & Young and other firms. This policy requires the Committee's pre-approval of all services that may be provided by our independent registered public accounting firm and certain audit services provided by other firms. The policy authorizes the committee to delegate to one or more of its members pre-approval authority with respect to permitted services. All of the services provided by Ernst & Young under the captions “Audit Fees,” “Audit Related Fees,” and “Tax Fees” were approved by the Audit Committee under this policy.

Report of the Audit Committee

The Audit Committee's purpose is to oversee the accounting and financial reporting processes of the company; the audits of the company's financial statements and management's assessment of the company's internal controls; the qualifications of the public accounting firm engaged as the company's independent registered public accounting firm; and the performance of the company's internal auditors and independent registered public accounting firm. The Committee's function is more fully described in its charter, which the Board has adopted and is available on the Company's web site at http://www.hermanmiller.com/content/dam/hermanmiller/documents/investors/audit_committee_charter.pdf. The Committee reviews the charter on an annual basis. The Board annually reviews the NASDAQ listing standards definition of independence for audit committee members and has determined that each member of the Committee meets that standard.

Management is responsible for the preparation, presentation, and integrity of the company's financial statements, accounting and financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws, and regulations. The company's independent registered public accounting firm, Ernst & Young LLP, is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. Ernst & Young LLP is also responsible for auditing and providing an opinion on the effectiveness of the company's internal control over financial reporting.

We have reviewed-and discussed with management and Ernst & Young LLP-the company's audited financial statements for the year ended May 28, 2016, management's assessment of the effectiveness of the company's internal controls over financial reporting, and Ernst & Young LLP's evaluation of the company's internal controls over financial reporting.

We have discussed with Ernst & Young LLP the results of the independent auditors' examinations and the judgments of the independent auditors concerning the quality, as well as the acceptability, of the Company's accounting principles and such other matters that we are required to discuss with the independent auditors under applicable rules, regulations or generally accepted auditing standards, including the matters required to be discussed by applicable rules of the Public Company Accounting Oversight Board (PCAOB). We have also received and reviewed the written disclosures and the letter from Ernst & Young LLP per the applicable requirements of the PCAOB regarding Ernst and Young LLP's communications with the Audit Committee around independence and we have discussed with Ernst & Young LLP their independence including a consideration of the compatibility of non-audit services with their independence.

Based on the reviews and discussions referred to above, we recommended to the Board of Directors that the financial statements referred to above be included in the company's Form 10-K Report for the year ended May 28, 2016, and we selected Ernst & Young LLP as the independent auditor for fiscal year 2017. The Board is recommending that shareholders ratify that selection at the annual meeting.

Lisa A. Kro (chair) *Heidi J. Manheimer* *Douglas D. French*

Proposal #3 - Proposal to Approve, on an Advisory Basis, the Compensation Paid to the Company's Named Executive Officers

Consistent with our Board's recommendation, as approved by our shareholders and as required pursuant to Section 14A of the Securities Exchange Act, we allow our shareholders the opportunity to vote, on an advisory and annual basis, on the compensation of our named executive officers. As a result, you are asked to vote upon the following resolution at this year's annual meeting,

“RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's proxy statement for this annual meeting pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and narrative disclosure, is hereby APPROVED."

The Executive Compensation Committee ("Committee") has considered the results of the 2015 advisory vote on executive compensation in which more than 98% of the votes cast were voted for the approval, on an advisory basis, of the compensation of our named executive officers as described in the 2015 Proxy Statement. Consistent with those voting results, the Committee believes that the total compensation paid to the Chief Executive Officer and the other named executive officers, as disclosed in the Compensation Discussion and Analysis, is fair and appropriate and should be approved by our shareholders. The compensation of the named executive officers is designed to vary with the results of the business and to reward consistent improvement in the results delivered to shareholders. In fiscal year 2016, changes in the base compensation of each executive officer primarily reflect changes in the benchmarking data for the position. The change in the variable element of each executive's compensation reflects our financial and related performance relative to performance criteria approved by the Committee and Board. The Committee believes that the compensation to each named executive officer as disclosed in the Compensation Discussion and Analysis is appropriate in the light of the Company's and the officer's performance during the fiscal year. In addition, each of the elements of compensation at target has been benchmarked against comparable positions.

Shareholders will have a similar opportunity to vote on this subject at our next annual meeting of shareholders.

The Board of Directors recommends a vote FOR this proposal. This vote is advisory and non-binding; however, the Board of Directors and Committee will review and consider the voting results in connection with future deliberations concerning our executive compensation program.

Voting Securities and Principal Shareholders

On August 12, 2016, we had 60,010,540 shares of common stock issued and outstanding, par value $.20 per share. Shareholders are entitled to one vote for each share of common stock registered in their names at the close of business on August 12, 2016, the record date fixed by our Board of Directors. Votes cast at the meeting and submitted by proxy will be tabulated by Broadridge Financial Solutions, Inc. As of August 12, 2016, no person was known by management to be the beneficial owner of more than five percent of our common stock, except as follows.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
The Vanguard Group, Inc.[(1)]	5,406,011	9.01
PO Box 2600 Valley Forge, PA 19482		
BlackRock, Inc.[(2)]	5,098,068	8.50
400 Howard Street New York, NY 10022		

(1) This information is based solely upon information as of June 30, 2016 contained in a filing with the SEC on August 10, 2016 by The Vanguard Group Inc., including notice that it has sole voting power as to 126,692 shares and sole dispositive power as to 5,275,307 shares, and shared voting power with respect to 7,006 shares and shared dispositive power with respect to 130,704 shares.

(2) This information is based solely upon information as of June 30, 2016 contained in filings with the SEC on August 10, 2016 by BlackRock Fund Advisors and BlackRock Institutional Trust Company NA, including notice that they have, collectively, sole voting power as to 4,955,984 shares and sole dispositive power as to 5,098,068 shares.

Director and Executive Officer Information

Security Ownership of Directors

The following table shows, as of August 12, 2016, the number of shares beneficially owned by each of the nominees and directors, except for Brian Walker who is reported in Security Ownership of Management below. Except as described in the notes following the table, the following persons have sole voting and dispositive power as to all of their respective shares.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Mary Vermeer Andringa	41,465	0.07
David A. Brandon	16,337	0.03
Brenda Freeman	—	0.00
Douglas D. French	10,172	0.02
J. Barry Griswell	20,864	0.03
John R. Hoke III	29,040	0.05
Lisa A. Kro	15,743	0.03
Heidi J. Manheimer	7,789	0.01
Dorothy A. Terrell	24,877	0.04
David O. Ulrich	53,615	0.09
Brian C. Walker	see table below	
Michael A. Volkema	75,000	0.12

(1) Shares shown for each director include the following number of shares that each director has the right to acquire beneficial ownership under stock options exercisable within 60 days: 15,183 shares for Ms. Terrell; and 38,048 shares for Dr. Ulrich.

(2) Percentages are calculated based upon shares outstanding plus shares that may be acquired under stock options exercisable within 60 days.

Security Ownership of Management

The following table shows, as of August 12, 2016, the number of shares beneficially owned by each of the Named Executive Officers (NEOs) identified in the executive compensation tables of this Proxy Statement, and by all directors and executive officers as a group. Except as described in the notes following the table, the following persons have sole voting and dispositive power as to all of their respective shares.

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class(2)
Brian C. Walker	547,784	0.91
Jeffrey M. Stutz	16,791	0.03
Gregory J. Bylsma	70,094	0.12
Andrew J. Lock	62,355	0.10
B. Ben Watson	32,751	0.05
All executive officers and directors as a group (26 persons)(3)	1,146,722	1.91

(1) Includes the following number of shares with respect to which the NEOs have the right to acquire beneficial ownership under stock options exercisable within 60 days: 243,844 shares for Mr. Walker; 8,184 shares for Mr. Stutz; 24,941 shares for Mr. Bylsma; 32,428 shares for Mr. Lock; and 16,751 shares for Mr. Watson.

(2) Percentages are calculated based upon shares outstanding plus shares that may be acquired under stock options exercisable within 60 days.

(3) Included in this number are 436,968 shares with respect to which executive officers and directors have the right to acquire beneficial ownership under options exercisable within 60 days.

Compensation Discussion and Analysis

Executive Summary

Fiscal Year 2016 Company Performance

We continued to make significant progress in fiscal year 2016 toward our long-term vision and financial objectives: delivering on our SHIFT strategy for diversified growth, expanding into higher margin segments and categories, and continuing to enhance the Herman Miller global brand. In addition to meaningful progress on our long-term objectives, we achieved increased sales and orders for the sixth consecutive year and delivered record consolidated revenue of $2.26 billion in fiscal year 2016. Strong margin performance coupled with effective expense management helped offset foreign exchange headwinds and resulted in further improvements in adjusted EBITDA, which is discussed elsewhere in this Proxy Statement. We also continued to maintain a strong balance sheet and cash flow profile. As a result of this strong performance, we recently announced an increase to our quarterly dividend rate beginning in October 2016.

As discussed below, the compensation that we paid to our named executive officers for fiscal year 2016 reflects a strong link between executives' total annual compensation and the company's performance. In fiscal year 2016, we modified our executive compensation program by increasing the amount of compensation that is classified as performance-based compensation and reconfigured our long-term incentive compensation program to better align long-term leadership rewards with long-term shareholder value. Examples of these actions include:

- we increased the significance of amounts earned that will depend on performance objectives over a 3-year cycle;
- we tied special grants of options to NEOs and others to the achievement of higher sales and EBITDA in fiscal year 2016;
- we also tied those special grants to the establishment of higher targeted EBITDA growth in fiscal year 2017;
- we elected to grant options in lieu of Relative TSR Performance Share Units to all NEOs, commencing with LTI grants in fiscal year 2017 since options will provide an additional incentive to increase the underlying stock price; and
- we imposed a cap on the total value of LTI grants that will be approved in fiscal 2017. The cap is tied to the company's ability to maintain and grow EBITDA.

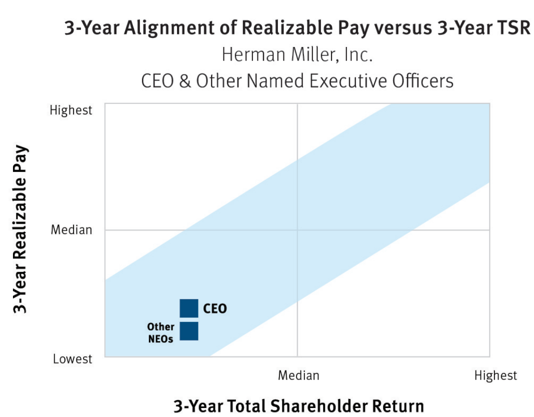
We believe our compensation programs are structured to correlate strongly with our company strategy to attain our business objectives and to deliver significant shareholder value. We discuss our compensation plans and philosophy in greater detail in this Compensation Discussion and Analysis.

The Board Executive Compensation Committee (Committee) annually requests that Pearl Meyer & Partners evaluate the relationship between our executive compensation and our financial performance. For fiscal year 2016, the Committee reviewed a historical assessment of the relationship between the company's financial performance and executive pay relative to our fiscal year 2016 peer group (as set forth below). The following graph illustrates the results of the Committee's core assessment and illustrates the relationship between:

(1) Our CEO's (and other NEOs': 2-5) total direct compensation (base salary earned, incentives earned, value of restricted stock units or (RSUs) that vest during the period, performance share units (PSUs) that vested during the period, value of stock options (where applicable) exercised during the period, and changes in value of unvested RSUs/PSUs and unexercised options held during the period; and

(2) The company's performance as measured by total shareholder return ("TSR") - over a three-year period (fiscal 2013 - 2015).

The data points within the shaded area of the graph designate ideal relationships between pay and performance. Data points below the shaded area identify an area where pay was lower than expected given the organization's performance. The data points above the shaded area identify an area where pay was higher than expected given the organization's performance.



In the graph above referencing CEO Pay for Performance, compensation realized by the Company's CEO in fiscal year 2015 ranked at the 19th percentile, our TSR ranked at the 23rd percentile, indicating that our CEO's compensation was within the range expected given our performance relative to peer results.

In the graph above referencing Ranks 2-5 Pay for Performance, compensation realized by the Company's other NEOs in fiscal year 2015 ranked at the 9th percentile, our TSR ranked at the 19th percentile, indicating that our other NEOs' compensation was within the range expected given our performance relative to peer results.

Executive Officers Covered by this Compensation Discussion and Analysis
For fiscal year 2016, we are required to provide information regarding our compensation policies and decisions relating to our President and Chief Executive Officer (CEO), our Chief Financial Officer (CFO) and the three other most highly compensated executive officers serving as executive officers at the end of the year. We refer to our CEO, our CFO and the other executive officers for whom disclosure is required as our "named executive officers" or "NEOs." This ('CEO' and 'NEOs' are referenced earlier in the document) Compensation Discussion and Analysis is intended to provide information regarding, among other things, the overall objectives of our compensation programs and each element of compensation we provided to the NEOs.

The NEOs for fiscal year 2016 and their titles are listed in the following table:

Name	Title
Brian C. Walker	President and Chief Executive Officer
Jeffrey M. Stutz	Executive Vice President and Chief Financial Officer
Gregory J. Bylsma	Executive Vice President and Chief Operating Officer of Herman Miller North America Work and Learning
Andrew J. Lock	Executive Vice President and President of Herman Miller International
B. Ben Watson	Executive Creative Director

2015 Say on Pay Vote
At the 2015 annual shareholders' meeting, our shareholders overwhelmingly approved, on an advisory basis, the compensation we paid to our NEOs during fiscal year 2015.

The Committee believes that the performance of our executive compensation programs during fiscal year 2016 was consistent with our compensation philosophy and objectives, as described below, and that the compensation we paid to our NEOs was appropriate given our overall performance.

Our shareholders will have the opportunity to cast an advisory "Say on Pay" vote at this year's annual meeting as well. The Committee will take the vote into consideration when evaluating the effectiveness of the company's executive compensation programs.

Compensation Philosophy
The goal of our compensation philosophy is to allow for an appropriate level of risk and a corresponding compensation reward within a range that bears a relationship to the competitive market, to the responsibilities of the employee and to the performance of the employee and our company. Consistent with this philosophy, the key objectives of our executive compensation program are to:

- Link a material portion of executives' total annual compensation directly to the company's performance
- Reinforce our values, build corporate community, and focus employees on common goals
- Align the interests of executives with the long-term interests of shareholders
- Attract, motivate, and retain executives of outstanding ability

Compensation Policies and Practices That Reflect Our Compensation Philosophy

What We Do

✓	Pay for Performance
✓	Balance Long-Term and Short-Term Incentives
✓	Benchmark Compensation Against an Appropriate Peer Group
✓	Maintain Clawback Rights
✓	Monitor for Risk-Taking Incentives
✓	Maintain Stock Ownership Requirements
✓	Prohibit Hedging
✓	Limit Perquisites
✓	Engage an Independent Compensation Consultant
✓	Hold Executive Sessions at Each Committee Meeting

What We Do Not Do

×	No Gross-Ups for Taxes
×	No "Single Trigger" Severance Agreements
×	No Repricing of Options
×	No Guaranteed Bonuses or Salary Increases

Role of the Committee

The Committee consists of three directors, each qualifying as independent under NASDAQ's listing requirements. The Board has determined that each member of the Committee also meets the definition of independence under our corporate governance guidelines and qualifies as a non-employee director for purposes of Rule 16b-3 under the Securities Exchange Act of 1934.

The Committee's primary functions are to oversee the compensation philosophy and strategy, to determine or recommend the compensation of company officers, including the NEOs, and to act as the Administrative Committee for our executive compensation plans.

The Committee is also responsible for providing recommendations to the full Board with respect to all aspects of the annual compensation of our President and CEO. In addition, the Committee, based upon recommendations from our CEO, approves the annual compensation for all other officers covered by Section 16 of the Securities Exchange Act of 1934 including the NEOs (Corporate Officers). Our President and CEO establishes the base salary of all other executives.

Among other responsibilities, the Committee establishes the performance objectives for the Executive Incentive Cash Bonus Plan and our equity-based compensation plans, which cover the President and CEO, other Corporate Officers, and other executive employees.

The Committee is also tasked to review and advise on the compensation philosophy and strategy of the company, review and approve compensation and benefit plans as required by the Committee Charter, and review the annual compensation plans' risk analysis.

Role of the External Compensation Consultants

The Committee has the authority and sole discretion to select independent compensation consultants, legal consultants and other advisors to provide it independent advice. During fiscal year 2016, the Committee retained Pearl Meyer as independent compensation consultants with respect to the compensation matters regarding our Corporate Officers. The independent services that Pearl Meyer provided to the Committee included reviewing the elements of compensation of the President and CEO as well as the other Corporate Officers and comparing those elements to our compensation philosophy and objectives and to market practices. We did not permit Pearl Meyer to provide other consulting services to the company.

Pearl Meyer concluded that our compensation program established for those officers is consistent with our compensation philosophy and objectives as well as with market practices.

With the approval of the Committee, we retained Meridian Compensation Partners LLC in fiscal year 2016 to provide marketplace compensation data and compensation consulting services to management for employees other than the Corporate Officers.

Overview of Compensation Program

Our compensation program is designed to provide Corporate Officers who perform their duties at a proficient level with compensation that reflects the market median compensation for their position based upon data that our independent compensation consultant provides (as described in the section on Benchmarking of Compensation). The compensation program also requires that a portion of the Corporate Officer's compensation be determined based upon the company's performance. The Committee believes that the compensation program, through the use of base salary, annual incentive cash bonus and long-term incentives, operates in a manner consistent with these objectives. The Committee also believes that the compensation program rewards performance that generates both consistent and long-term enhancement of shareholder value.

Benchmarking of Compensation

To ensure that executive compensation is competitive, the Committee uses marketplace compensation data to compare our compensation programs to general market pay practices. The Committee in fiscal year 2016 also used a specific peer group both for benchmarking compensation and for measuring performance under Relative TSR Performance Share Unit Awards that we granted (we list the members of the peer group in the Additional Compensation Information, Peer Group section later in this Compensation Discussion and Analysis). This peer group includes both direct competitors as well as comparable companies in other industries. The Committee believes the competitive market for executive talent in which we operate extends beyond the office furniture industry.

Pearl Meyer used the peer group information along with the following survey sources when analyzing fiscal year 2016 market competitiveness pay levels of Corporate Officers: Willis Towers Watson Executive Compensation Database, Aon Hewitt Executive Total Compensation Database, Mercer Executive Database and Equilar Insight Database (we refer to the peer group information and these survey sources collectively as "Survey Data"). We use the Survey Data to determine competitiveness of base pay, cash incentive bonus and long-term incentive awards. Pearl Meyer uses a regression analysis and aging to make allowances for time differences in the data and to align the data so that it is representative of companies having revenues equivalent to the operations that our individual Corporate Officers manage. Pearl Meyer compares the base salary, target total cash and target total direct compensation of each Corporate Officer to the 25th, 50th (market median) and 75th percentile of the Survey Data for a comparable benchmark position.

Pearl Meyer provided the Committee with benchmarking data, market practices and trends, peer group selection and pay for performance evaluation information to provide appropriate context for the Committee's deliberations. Our CEO makes recommendations to the Committee regarding the compensation package for each of the Corporate Officers (other than himself). The CEO bases his recommendations with respect to Corporate Officers on the Pearl Meyer information, his evaluation of the individual's performance, the company's performance and other factors. The Committee bases its approval of the CEO's recommendations for the compensation of Corporate Officers (other than the CEO) on the Committee's review of the information from Pearl Meyer relative to market pay, advice from Pearl Meyer and the Committee members' own judgment, including their judgment on the relative performance of both the company and its Corporate Officers. Based upon these same factors relative to the CEO's performance, the Committee makes a recommendation to the full Board for the CEO's compensation. The Board of Directors determines the compensation of the CEO.

Elements of the Compensation Program

The following table provides an executive summary of our fiscal year 2016 compensation programs for our Corporate Officers:

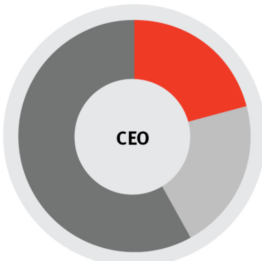
Compensation Program/Element	General Description	Strategic Objective of Compensation Program/Element
Base Salary	Base salaries reflect market rates for comparative positions and each NEO's historical level of proficiency and performance.	The base salary of NEOs assessed by the CEO and the Committee to be proficient is generally targeted at the market median of the Survey Data. The base compensation of NEOs with less experience in general would be below the market median and those judged to be performing at a level higher than proficient generally would be above the market median. The Committee or the Board in each circumstance uses its judgment and experience in setting the specific level of base salary relative to the general market median data.
Annual Executive Incentive Cash Bonus	We pay the annual executive incentive cash bonus for the Corporate Officers pursuant to the Executive Incentive Cash Bonus Plan. This plan is intended to link annual incentive compensation to the creation of shareholder value. The Executive Incentive Cash Bonus Plan provides for the annual payment of a cash bonus (Incentive Cash Bonus) to selected Corporate Officers based upon the performance of the company (and in some cases various business units and/or functional goals) during the fiscal year. Payments are made following the end of the fiscal year. The primary measure of performance for the Incentive Cash Bonus is EBITDA, which represents the company's earnings before interest, taxes, depreciation and amortization (excluding non-controlling ownership interests). An executive's total cash compensation is comprised of both base salary and annual executive incentive cash bonus.	The purpose of the EBITDA-based Annual Incentive Cash Bonus Plan is to closely link incentive cash compensation to the creation of shareholder wealth. We intend the Plan to foster a culture of performance and ownership, promote employee accountability, and establish a framework of manageable risks imposed by variable pay. We also intend the Plan to reward long-term, continuing improvements in shareholder value with a share of the wealth created. The Committee believes that, in support of the Company's strategy of organizing around operating as business units and vertical markets, it is important to tie a significant portion of the Corporate Officers' annual incentive cash bonus to the performance of the various operating units and vertical markets for which they are responsible. Additionally, some Corporate Officers have functional objectives that determine not more than 25% of their annual incentive cash bonus.

Long-Term Equity Incentives	The Committee and Board have historically generally granted four types of long-term incentive awards: Restricted Stock Units, Herman Miller Value Added Performance Share Unit Awards, Relative TSR Performance Share Unit Awards and Stock Options.	The key objectives of making Long-Term Incentive Grants under the LTI Plan are: • To provide an appropriate level of equity reward to Corporate Officers that ties a meaningful part of their compensation to the long-term returns generated for shareholders. • To provide an appropriate equity award to the next level of Corporate Officers where market data would support their inclusion in an annual equity award plan. • To assist the achievement of our share ownership requirements. • To attract, retain and reward key employees. We believe a significant portion of executive pay should be aligned with long-term shareholder returns and that encouraging long-term strategic thinking and decision-making requires that Corporate Officers have a significant stake in the long-term success of Herman Miller.
	An executive's total direct compensation is comprised of base salary earned, incentives earned, value of restricted stock units or (RSUs) that vest during the period, performance share units (PSUs) that vest during the period, value of stock options (where applicable) exercised during the period, and changes in value of unvested RSUs/PSUs and unexercised options held during the period.	It is our goal to align the compensation packages with prevailing market rates. The alignment is accomplished primarily through adjustments to each Corporate Officer's total direct compensation.
Retirement and Health Benefits	We maintain retirement plans along with a broad base of health insurance plans available to full-time and most part-time employees.	The NEOs participate in such retirement plans and health insurance plans on the same terms as all other employees within their respective geographic region or business unit.
Other Executive Compensation Plans	We provide additional compensation programs to our Corporate Officers including a compensation protection program in the form of executive long-term disability; a retirement equalization program in the form of a non-qualified retirement match program with an optional deferred compensation element; and in the case of NEOs, a perquisites program with a value of between $6,000 and $20,000 per year.	It is our goal to provide market competitive benefits which allow us to attract and retain critical executive talent.

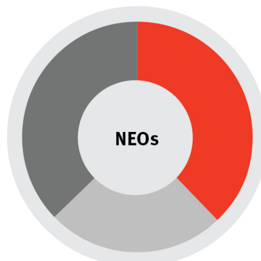
The following charts illustrate the key elements of our compensation for our NEOs:

Elements of Compensation

Current Compensation



- Base Salary **21%**
- Short-Term Incentive **21%**
- Long-Term Incentive **58%**

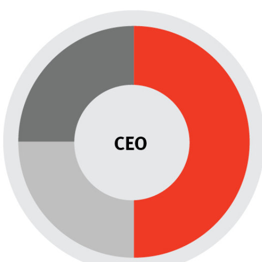


- Base Salary **38%**
- Short-Term Incentive **25%**
- Long-Term Incentive **37%**

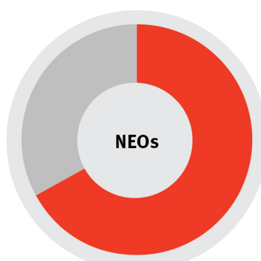
Base Salary
Paid in Cash

Short-Term Incentive
- Paid in Cash
- Based on EBITDA Performance

FY16 Long-Term Incentive



- Stock Options **25%**
- Restricted Stock Units **25%**
- Performance Share Units **50%**

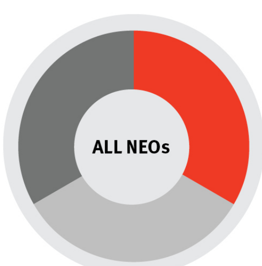


- Restricted Stock Units **33%**
- Performance Share Units **67%**

Long-Term Incentive
For FY16, comprised of:
- Stock options (CEO Only)
- Restricted Stock Units
- Herman Miller Value Added PSUs
- Relative Total Shareholder Return PSUs

Beginning in FY17, Relative Total Shareholder Return PSUs will be replaced with Stock Options

FY17 Long-Term Incentive



- Stock Options **33%**
- Restricted Stock Units **33%**
- Performance Share Units **33%**

The Committee determined that the total direct compensation (as above described) for each NEO for fiscal year 2016, and as approved for fiscal year 2017, is within the benchmarked range given the NEO's performance, position and the company's performance.

Base Salary in Fiscal 2016

The Committee and the Board granted merit increases for fiscal year 2016 to our employees, including the NEOs. Each of the base salaries of our NEOs was within the range established for their performance and position. Salary changes went into effect July 13, 2015 and are detailed as follows:

Name	Salary for Fiscal Year 2016		Percent Increase
Brian C. Walker	$	900,000	2.9%
Jeffrey M. Stutz	$	350,000	40.0%
Gregory J. Bylsma	$	430,000	5.7%
Andrew J. Lock *	$	411,000	3.0%
B. Ben Watson	$	393,000	2.1%

* Measured in pounds sterling at an exchange rate of 1.5866 would yield £259,095.

Mr. Walker's increase reflects the Board's continuing recognition of Mr. Walker's significant contributions to the company's performance. Mr. Stutz's increase was a result of his promotion to Executive Vice President and Chief Financial Officer during fiscal year 2015. Mr. Bylsma's increase was a result of his change in position within the company during fiscal year 2015, which includes new and additional responsibilities. Mr. Lock's increase was a result of his continued leadership and expansion of the International business. Mr. Watson's increase was a result of his continued leadership and execution of the company's brand strategy.

Base Salary in Fiscal 2017

The Committee and Board of Directors approved the following changes in the base salaries of the continuing NEOs for fiscal year 2017 as we discuss below:

Name	Salary for Fiscal Year 2017		Percent Increase
Brian C. Walker	$	920,000	2.2%
Jeffrey M. Stutz	$	400,000	14.3%
Gregory J. Bylsma	$	440,000	2.3%
Andrew J. Lock *	$	391,000	1.0%
B. Ben Watson	$	405,000	3.1%

* Measured in pounds sterling at an exchange rate of 1.4955 would yield £261,686.

Mr. Walker's increase reflects the Board's recognition of Mr. Walker's continued efforts to grow the business opportunities for the company. Mr. Stutz's increase was a result of his continued growth and development in his role along with his efforts to structure a financial strategy that aligns with the company's business objectives. Mr. Bylsma's increase is a reflection of his continued improvement of the company's operations capabilities. Mr. Lock's increase is in recognition of putting in place infrastructure to grow the company's International business. Mr. Watson's increase is in recognition of the improvement in the company's brand strategy and messaging during his tenure as creative director.

Each of the base salaries set for the NEOs by the Committee or the Board was within the range established for his performance and position.

Annual Executive Incentive Cash Bonus

The Committee at the beginning of each fiscal year establishes a target bonus pool representing the amount of Incentive Cash Bonuses that may be paid under the Plan if the company achieves the EBITDA amount contained in the company's annual financial plan as approved by the Committee and the Board. The Committee also establishes a target bonus for each participant, expressed as a percentage of base salary, the target amount of EBITDA for the company and the amount of variation from target EBITDA that would result in either a doubling of the target bonus or no bonus, referred to as maximum and minimum threshold performance, respectively. The target EBITDA and the interval used for maximum and minimum threshold performance are the three points that are used to determine the slope of the bonus factor line. The actual bonus factor paid to an employee represents a point on the line.

The Committee sets the EBITDA targets annually. The Committee also establishes annually any Incentive Cash Bonus targets based upon divisional, functional or operational EBITDA or other goals for each participant. The Incentive Cash Bonus earned by participants is expected over time to average 100% of his or her individual target provided the appropriate performance measures are met. The target Incentive Cash

Bonus percentage for the NEOs generally is set so that the incentive cash bonus at on-target performance will equal 100% of the market median bonus amount for comparable positions as shown in the Survey Data, although base pay and bonus may be adjusted to maintain total compensation in an amount that is consistent with our compensation philosophy. The Committee believes that this use of Incentive Cash Bonus is consistent with the objective of making compensation for senior Corporate Officers more variable with the company's performance.

The Committee has adopted guidelines for determining when adjustments to the company's EBITDA are appropriate in calculating incentive plan performance. Under these guidelines, the Committee will consider whether adjustments are appropriate to best reflect the operating results of our business and appropriately incent management in a manner that is in the best interest of shareholders. Some common examples of potential adjustments under the guidelines include excluding restructuring costs from EBITDA in the period incurred and amortizing them back into the calculation over a five-year period, certain contingent consideration, transaction costs, effects of purchase accounting and income associated with acquisitions. We may exclude these items only in limited circumstances or only for certain periods or specified awards. The guidelines also include a framework for evaluating potential EBITDA adjustments that considers as to a potential item of adjustment:

- Whether it is material to the result of the business;
- Its impact on near-term cash flows;
- Whether it is an accounting adjustment that does not reflect the ongoing operations of the business;
- Whether it aligns the company's performance outlook with long-term shareholder interests;
- Whether the adjustment unfairly impacts one particular business unit;
- Whether the company has made similar adjustments in recent reporting periods; and
- Whether the related income or expense was offset in a prior reporting period (and, if so, if it was excluded from EBITDA).

We intend this framework to be used by management in recommending adjustments and by the Committee in evaluating potential adjustments. The adjustments that we disclose below were based on the Committee's conclusion that they were consistent with the guidelines.

The Committee is responsible for administering all elements of the Executive Incentive Cash Bonus Plan, except those elements of the plan relating to the CEO (including target percentage payment), which the Board approves. The Committee approves participants in the Plan, the target payment percentage and the plan EBITDA goals. The Audit Committee at the end of each fiscal year approves the calculation of EBITDA results for the year and the EBITDA change from the previous year and the resulting bonus factor. The Committee certifies the use of the bonus factor for use in the Incentive Cash Bonus calculation.

Incentive Cash Bonus for Fiscal 2016

The Committee approved basing a portion of certain NEOs' incentive cash bonus on functional goals or business unit operating results. The payment target percentages for our CEO and NEOs are listed below. The incentive cash bonuses for Brian Walker and Jeffrey Stutz remained based 100% upon consolidated EBITDA for the entire company. The incentive cash bonus for Andrew Lock, Gregory Bylsma and Ben Watson were based 25% upon the modified EBITDA driven metrics of their respective business units/vertical markets and/or functional goals and 75% upon the consolidated EBITDA. Andrew Lock and Greg Bylsma had Business Unit/Vertical Market goals. Ben Watson had a blend of Business Unit/Vertical Market goals and Functional Goals. The Committee believes that the Incentive Cash Bonus target percentages reflect the appropriate market information provided by the Survey Data and are within the appropriate range for each NEO.

Vertical market EBITDA goals were limited such that they could not exceed 200% of vertical market targeted EBITDA or the blended multiple could not exceed the corporate EBITDA multiple plus 100 basis points. Functional goals were limited such that they could not exceed 200% of the individual Functional Goal target or the blended multiple could not exceed the corporate EBITDA multiple plus 50 basis points.

The Committee believes that the incentive plan calculation should be focused on and reward for EBITDA resulting from operating performance. Therefore, the annual calculation of EBITDA for incentive plan purposes is subject to various adjustments to minimize the impact of non-operating results. The Corporate EBITDA target established by the Committee was $237.0 million with a minimum threshold set at 80% of target ($189.6 million) and a maximum at 120% of the target ($284.4 million).. EBITDA performance below the minimum threshold would result in a payout of 0%, EBITDA performance at the target threshold would result in a payout of 100% and EBITDA performance at or above the maximum threshold would result in a payout of 200% of the eligible bonus dollars.

For fiscal year 2016, the company's actual EBITDA (as adjusted in the manner described in the table below) was $257.7 million, which was between the target amount of $237.0 million (100%) and the maximum amount of $284.4 million (200%). Interpolating the relative position of the company's actual adjusted EBITDA along the payout slope line yielded a payout percentage of approximately 144% of the target value for the fiscal year. For fiscal year 2016, the company's EBITDA performance for incentive plan purposes has been adjusted to reflect the following items (refer to the section "Reconciliation of Non-GAAP Measures" on page 54 for further information):

Description	Adjustment to EBITDA ($ millions)	Rationale for the Adjustment
1. Amortization of previously excluded restructuring	$(0.8)	Board approved restructuring actions are not included in the calculation of adjusted EBITDA to help ensure management's near-term compensation goals are not in conflict with the long-term strategic objectives of the business. Instead, related costs are amortized over a 5 year period and such amortization will be included in the calculation.
2. Gain recognized in connection with the sale of a former U.K. manufacturing facility	$(4.0)	The Committee determined it is reasonable to exclude this gain from the calculation on the basis that it does not reflect the ongoing operation of the business.
3. Gain recognized in connection with the divestiture of Australia dealership	$(2.1)	The Committee determined it is reasonable to exclude this gain from the calculation on the basis that it does not reflect the ongoing operation of the business.

The Committee and Board review the adjustments, and in certain instances the Committee and/or the Board decides whether certain adjustments should apply to the bonus calculations for specific participants. Based on this review for fiscal year 2016, the Committee determined that Andrew Lock, in his role as President of Herman Miller International, was instrumental in the realization of the gain related to the sale of the Australia dealership. Accordingly, the Committee included the gain for purposes of calculating the business unit performance component of his annual bonus.

The EBITDA bonus amounts awarded to the NEOs were as follows:

Name	Target Bonus Percent Tied to Company EBITDA	Company Performance Factor	Bonus Earned For Company Performance	Target Bonus Percent tied to Function/ Bus Unit	Function/ Bus Unit Performance Factor	Bonus Earned For Function/ Bus Unit Performance	Total Bonus Amount Paid	Bonus Amount Deferred(1)
Brian C. Walker	100.00%	1.4364	$ 1,287,926				$ 1,287,926	$ 103,034
Jeffrey M. Stutz	65.00%	1.4364	$ 314,226				$ 314,226	$ 9,427
Gregory J. Bylsma	48.75%	1.4364	$ 298,918	16.25%	2.0000	$ 138,744	$ 437,662	$ 43,766
Andrew J. Lock	48.75%	1.4364	$ 271,303	16.25%	1.2004	$ 75,596	$ 346,899	$ —
B. Ben Watson(2)	48.75%	1.4364	$ 274,424	16.25%	1.2554	$ 79,953	$ 354,377	$ 21,263

(1) - This amount represents the portion of his bonus that the NEO elected to defer under the Herman Miller, Inc. Executive Equalization Retirement Plan described later in this Compensation Discussion and Analysis.

(2) - Mr. Watson's Function/Business Unit Performance Factor is a blend of 8.13% Business Unit (bonus factor of 1.3007) and 8.13% Functional (bonus factor of 1.2100).

Incentive Cash Bonus for Fiscal 2017

For fiscal year 2017, the measure of achievement under the Executive Incentive Cash Bonus Plan continues to be EBITDA. The Corporate EBITDA target established by the Committee is $278.0 million with a minimum threshold set at $236.3 million and maximum at $333.6 million. Other provisions of the fiscal year 2017 plan, such as the use of functional and business unit goals, are the same as the fiscal year 2016 plan described above.

Long-Term Equity Incentives

Our 2011 Long-Term Incentive Plan (which we refer to as the LTI Plan) authorizes us to grant various forms of equity-based compensation (which we refer to as Long-Term Incentive Grants or LTI grants or awards). The Committee is responsible for administering all elements of the LTI Plan and for making all Long-Term Incentive Grants, with the exception of the CEO whose grants the Board approves.

Historically, the Committee has established targets relating to Long-Term Incentive awards at the beginning of each fiscal year (during the month of July of that fiscal year) and made actual grants of awards during the month of July following the end of the fiscal year taking into account the company's financial performance for that year. Typically, the Committee and the Board at their June and July meetings take four actions in connection with our LTI Plan: (a) set the target value for the LTI awards for the current fiscal year, (b) determine the types of awards to be used for the current fiscal year, (c) establish the performance criteria, if any, for certain awards for the current fiscal year and (d) grant the long-term incentive awards for the just completed fiscal year based upon the company's performance relative to target.

For each NEO, the Committee calculates a target value of LTI grants for the current fiscal year that is expressed as a percentage of base salary. The Committee sets the total target value of the LTI grants for each of these NEOs at a level intended to ensure that the NEO's total direct compensation would correspond with the market median of the Survey Data for a comparable NEO's individual position. Following the end of the fiscal year, the Committee determines the total value of LTI grants for each of these NEOs based on each NEO's target value and the company's financial performance for that year relative to target. We convert that value for each NEO into grants of Restricted Stock Units, Herman Miller Value Added Performance Share Units, Relative TSR Performance Share Unit Awards and/or Stock Options. For this conversion, we value each Restricted Stock Unit and Herman Miller Value Added Performance Share Unit at an amount equal to the closing price of our stock on the date of grant. We value each Relative TSR Performance Share unit using the Monte Carlo valuation model. We value each stock option through the use of the Black Scholes valuation model.

The key features of each award are as follows:

Restricted Stock Units: The restricted stock units (RSU) consist of units representing the right to receive shares of Herman Miller, Inc. common stock. Each unit represents the equivalent of one share of the common stock as of the date of grant and cliff vests after three years. RSUs convert into shares after they vest. Dividends accrue on the RSUs and are added to the total value of the units at the time of vesting.

Herman Miller Value Added Performance Share Units: The Herman Miller value added performance share units are units representing the right to receive shares of Herman Miller, Inc. at the end of the specified performance period. These units cliff vest after three years if certain Herman Miller Value Added tests are met. The awards provide that the total number of shares that finally vest may vary between 0 and 200% of the number of units awarded depending upon performance relative to the established Herman Miller Value Added goal. The Committee establishes the Herman Miller Value Added goals. The Herman Miller Value Added goal for on target vesting is a 3 year average. The awards also grant the Committee the ability to extend the performance period to a total of five years; however, if the extension is granted, then no more than 34% of the target grant may vest. Units convert into shares after they vest. Dividends do not accrue on the awards.

Herman Miller Value Added is defined as the company's annual earnings before interest, taxes, depreciation and amortization (EBITDA) (excluding non-controlling ownership interests) less a capital charge. The capital charge is determined annually by multiplying the company's capital by its cost of capital. The determination of the cost of capital and EBITDA for purposes of the Herman Miller Value Added Performance Share Units is approved by the Committee.

For grants made in fiscal 2016 and fiscal 2017, the Value Added goals are as follows:

Payout % of Target	2016 - 2018 Average Value Added	2017 - 2019 Average Value Added
200% of Target PSUs	$193 million or more	$239 million or more
100% of Target PSUs	$170 million	$210 million
No PSUs Earned	Below $154 million	Below $191 million
Capital Charge	10%	10.0%

Relative TSR Performance Share Units: Relative TSR Performance Share Unit Awards are units representing the right to receive shares of Herman Miller, Inc. at the end of the specified performance period. These units cliff vest after three years if we meet certain total shareholder return (TSR) objectives. The awards provide that the total number of shares that finally vest may vary between 0 and 200% of the number of units awarded depending upon performance relative to established total shareholder return goals, with the award amount vesting if performance is at the target level. The Committee establishes the goals.

TSR is the total shareholder return to Herman Miller shareholders including reinvested dividends and share price changes that occur during a fiscal year. We determine TSR performance by comparing the company's TSR to a peer group of companies. The peer group of companies for fiscal year 2016 is the same as the peer group that we use for purposes of benchmarking NEO compensation, and those companies are listed in the Additional Compensation Information, Peer Group section later in this Compensation Discussion and Analysis.

For Relative TSR Performance Share Units that we granted in fiscal year 2016, vesting is based on the relative performance as follows:

Payout % of Target	3-year Average Relative TSR
200% of Target PSUs	80th percentile or greater
100% of Target PSUs	50th percentile
No PSUs Earned	Below 25th percentile

Stock Options: The options vest ratably over three years and have a ten year life, and the exercise price of each option equals the fair market value of our stock on the date of grant. In fiscal year 2016, we granted stock options only to the CEO. In fiscal year 2017, we granted stock options to all of the NEOs as we discuss below.

In June and July 2016 (fiscal year 2017), the Committee approved two changes impacting LTI grants:

- First, the Committee elected to grant options in lieu of Relative TSR Performance Share Units to all of the NEOs, commencing with the LTI grants in July 2016 (fiscal year 2017) relating to fiscal year 2016. The Committee concluded that stock options provide greater clarity and simplicity compared to Relative TSR Performance Share Unit Awards. Stock options provide value to the recipient only if the price of the stock increases after the grant date, and the Committee therefore intends that option grants will provide an additional incentive to increase the underlying stock price.
- Second, the Committee approved imposing a cap on the total value of LTI grants effective with the grants that the Committee will approve in July 2017 to tie the aggregate cost of LTI grants to the company's ability to maintain and grow EBITDA. The cap will equal 4.5% of the preceding fiscal year's EBITDA. Of the available amount, 0.5% of the preceding fiscal year's EBITDA will be available for LTI grants to be used by the CEO for discretionary awards. If the amount of LTI grants that the Committee would otherwise make based upon target awards and actual results exceeds the cap based on the preceding fiscal year's EBITDA, then the Committee will reduce actual grant sizes pro rata.

Tax Deductibility of Restricted Stock Units

In June 2015, the Committee created a pool of shares from which the 2016 RSU awards to selected participants could be made provided that certain operating results are achieved. The Committee retained the authority to award less than the full value of the pool even if the performance targets were met. The provisions of this arrangement are intended to meet the requirements of Internal Revenue Code section 162(m) for the deductibility of certain compensation. The value of equity awards that could be made from the pool with respect to performance during fiscal year 2016 was limited to a maximum $5,000,000 with the requirement that we needed to achieve $4,000,000 of operating income after taking the charge for those awards and that the grants given to any individual could not exceed 30% of the pool. The participants in the pool were the Corporate Officers. The results we achieved in fiscal year 2016 permitted granting of awards having the $5,000,000 maximum value.

For fiscal year 2017 RSU grants, the Committee created a pool of shares using the same guidelines as fiscal year 2016.

LTI Grants Awarded in Fiscal 2016

The target value of the LTI grants that the Committee and Board established for our NEOs (including all types) in July 2014 for final grants to occur in July 2015 based on fiscal year 2015 performance as a percent of base salary was 280% for Brian Walker, 50% for Jeffrey M. Stutz, 120% for Gregory Bylsma, 95% for Andrew Lock and 75% for Ben Watson. The total target value was allocated approximately equally among the award types that we intended to grant to each NEO. The Committee decided that our CEO would receive all four types of LTI awards, while our other NEOs would receive only three types of awards: RSUs, Herman Miller Value Added Performance Share Units and Relative TSR Performance Share Units. The Committee chose to award stock options as an additional award type to our CEO because the Committee desired to provide our CEO with an additional incentive to execute strategies that drive increased shareholder value, and it believed that stock options were well-suited for this purpose. The Committee chose to grant our CEO all four types of LTI awards, rather than options only, to ensure that our CEO would have a balance of incentives rather than having an incentive tied solely to increasing our stock price.

The following table discloses the types of awards granted in July 2015 (fiscal year 2016) based upon fiscal year 2015 performance:

Name	Restricted Stock Units	Herman Miller Value Added Performance Share Units	Relative TSR Performance Share Units	Number of Options	Option Exercise Price
Brian C. Walker	21,099	21,099	17,466	91,070	$ 29.03
Jeffrey M. Stutz	1,435	1,435	1,118		
Gregory J. Bylsma	5,608	5,608	4,642		
Andrew J. Lock	4,355	4,355	3,605		
B. Ben Watson	3,316	3,316	2,745		

LTI Grants Awarded in Fiscal 2017

The target value of the LTI grants that the Committee and Board established for our NEOs (including all types) in July 2015 for final grants to occur in July 2016 based on fiscal year 2016 performance as a percent of base salary was 280% for Brian Walker, 100% for Jeffrey Stutz, 125% for Gregory Bylsma, 95% for Andrew Lock, and 75% for Ben Watson. The total target value was allocated approximately equally among the award types that we intended to grant to each NEO. The Committee originally determined that our CEO would receive all four types of LTI awards, while our other NEOs would receive only three types of awards: RSUs, Herman Miller Value Added Performance Share Units and Relative TSR Performance Share Units.

Subsequently, as discussed above, the Committee elected to grant options in lieu of Relative TSR Performance Share Units to all of the NEOs, commencing with the LTI grants in July 2016 (fiscal year 2017) relating to fiscal year 2016. In fiscal year 2017, stock option grants will be made in the same proportion as were the Relative TSR Performance Share Unit Awards (1/3).

The following table discloses the types of awards granted in July 2016 (fiscal year 2017) based upon fiscal year 2016 performance:

Name	Restricted Stock Units	Herman Miller Value Added Performance Share Units	Number of Options	Option Exercise Price
Brian Walker	26,365	26,365	152,614	$ 31.86
Jeffrey Stutz	3,662	3,662	21,196	31.86
Gregory Bylsma	5,624	5,624	32,551	31.86
Andrew Lock	3,851	3,851	22,292	31.86
B. Ben Watson	3,084	3,084	17,850	$ 31.86

In July 2015 (fiscal year 2016), the Committee and the Board also approved a special award of conditional stock options to our executive leadership team, including the NEOs, that was conditioned on achievement of one-year performance objectives in fiscal year 2016. We based the number of shares subject to the special award granted to each recipient at the end of the one-year performance period upon the relative achievement of sales and EBITDA performance objectives for fiscal year 2016, as well as targeted EBITDA as a percent of sales for the upcoming fiscal year (fiscal year 2017), which is established by the CEO and management, and approved by the Committee as part of the company's annual fiscal planning process starting in January and continuing through June. Each of these performance objectives was weighted equally. The actual number of shares that would be subject to each option grant would vary based upon performance relative to the special award objectives, the targeted value for each NEO and the value of our stock at the end of fiscal year 2016. The options vest ratably over a three year period following the date of grant, the exercise price was the fair market value of our stock as of the date of the grant ($31.86), and each option has a term of 10 years. The Committee made the special awards to provide an additional incentive for the executive leadership team to drive further growth across the Company's business. The Committee determined the amount of the special award to each executive on the basis of the Committee's view of the relative impact of the executive to the improvement in the Company's business. The Committee made the final special option awards in July 2016 (fiscal year 2017). The target and actual results for fiscal year 2016 sales and EBITDA and the target and actual targeted EBITDA growth for fiscal year 2017 as well as the target award value and options awarded for each NEO are set forth in the below tables.

Components (Dollars in 000)	Target	Actual
FY 16 Sales Plan	$ 2,242.0	$ 2,264.9
FY 16 EBITDA Plan	$ 237.0	$ 257.7
FY 17 Plan EBITDA as a % of Sales	11.6%	11.7%

Name	Targeted Value	Options Awarded
Brian Walker	$ 400,000	$ 72,673
Jeffrey Stutz	$ 200,000	$ 36,337
Gregory Bylsma	$ 200,000	$ 36,337
Andrew Lock	$ 150,000	$ 27,252
B. Ben Watson	$ 125,000	$ 22,710

Practices Concerning Grant Dates
Grants under the LTI Plan are typically made in connection with the Board of Directors meeting in July of each year following the public release of our fiscal year-end financial results. We do not attempt to influence the amount of executive compensation by timing equity grants in connection with the disclosure of material information to the public. The backdating of equity award dates is specifically prohibited under policies adopted by the Board of Directors.

Retirement and Health Benefits

Health Plans
We maintain a broad base of health insurance plans available to all full-time and most part-time employees. The NEOs participate in such health insurance plans on the same terms as all other employees within their respective geographic region or business unit.

Retirement Plans
We maintain broad based retirement plans available for employees in the United States and the United Kingdom (UK). Our retirement plans are designed to provide an appropriate level of replacement income upon retirement. The benefits available to NEOs are the same as those available to other non-executive employees in their respective geographic region subject to limitations provided by law or regulation.
The retirement plans include:

- The Herman Miller, Inc. Profit Sharing and 401(k) Plan
- The Herman Miller Limited Retirement Benefits Plan (UK)

Profit Sharing Plan and 401(k) Plan: The Herman Miller, Inc. Profit Sharing and 401(k) Plan consists of three parts. We annually make a contribution to the profit sharing portion based upon our EBITDA results for the year that may range from 0% to 6% of base salaries, with a target contribution of 3% of base salary. Based upon our EBITDA results, the actual percentage contributed for fiscal year 2016 was 4.31%. The amount of salary included in the base for the calculation is limited to the maximum salary level permitted by the IRS. We also make a 4% core contribution to an employee’s 401(k) account on a quarterly basis. The 401(k) portion of the plan is a salary deferral plan. Each employee may elect to defer up to the maximum amount permitted by law. We also make a matching contribution to fully match employee contributions up to 3% of the employee’s compensation contributed.

Herman Miller Limited Retirement Plan: Herman Miller Limited, our wholly owned UK subsidiary, provides a defined contribution retirement plan which provides for a non-discretionary fixed company contribution and a company matching contribution. The fixed company contribution for employees varies between 2.4% and 6.4% of the employee’s eligible compensation depending upon age and date of hire. In addition, the company will match an employee’s contributions up to an additional 2.8% of eligible compensation. Andrew Lock is the only NEO who participates in this defined contribution retirement plan. He is also a participant in the frozen defined benefit plan sponsored by Herman Miller Limited for employees hired prior to March 1, 2012.

Other Executive Compensation Plans

Deferred Compensation Plan
The Herman Miller, Inc. Executive Equalization Retirement Plan was approved by the Committee and the Board in 2007. The plan is a supplemental deferred compensation plan and became available for salary deferrals beginning in January 2008. The plan is available to highly compensated United States employees who are selected for participation by the Committee. All of the NEOs are currently able to participate, except Andrew Lock due to his employment outside the United States. The plan allows participants to defer up to 50% of their base salary and 100% of their Incentive Cash Bonus. Company contributions to the plan "mirror" the amounts we would have contributed to the Herman Miller Profit Sharing and 401(k) Plan had the employee's compensation not been above the statutory ceiling (currently $265,000). Investment options under this plan are the same as those available under the 401(k) Plan except for company stock which is not an investment option under this plan. Company contributions for amounts deferred in fiscal year 2016 appear in the 2016 Summary Compensation Table under All Other Compensation.

Executive Long-Term Disability Plan
The plan covers 60% of the rolling two year average of executive incentive compensation. Corporate Officers are eligible to participate when they have earned over $6,000 in annual executive incentive compensation. This benefit continues as long as the executive is disabled until age 65. The monthly benefit is capped at $10,000.

Perquisites
We are conservative in our approach to executive perquisite benefits. Company compensation practices in general do not provide for personal perquisites and the Committee has adopted a policy which specifically restricts the use of corporate aircraft for non-business purposes. We provide a limited number of perquisites to Corporate Officers. We normally provide each NEO with a specified dollar amount which can be used for a range of perquisites. These perquisites include financial planning, life insurance, spousal travel and other benefits. The 2016 calendar year benefit is $20,000 for the CEO and $12,000 for each of the other NEOs, except for the CFO for whom the benefit is $6,000. Unspent allowances may be carried over into the next calendar year provided an executive continues to participate in the program. The total maximum allowance (new calendar year allowance plus amount carried over) may not exceed the sum of reimbursement allowances approved for the prior two calendar years.

In fiscal year 2016, we also provided the NEOs and all other Corporate Officers with the opportunity to obtain comprehensive physicals at our cost.

Additional Compensation Information

Change in Control Agreements
Each NEO is party to a change in control agreement with us. The Committee believes that the use of change in control agreements is appropriate as they help ensure a continuity of management during a threatened take-over and help ensure that management remains focused on completing a transaction that is likely to maximize shareholder value. Potential payments under the change in control agreements are included in the tally sheets provided annually to the Committee.

The narrative and footnotes to the tables entitled Potential Payments upon Termination in Connection with a Change in Control describe the change in control payments in greater detail.

Deductibility of Compensation
The income tax laws of the United States (Section 162(m)) limit the amount we may deduct for compensation paid to our CEO and the other three most highly-paid Corporate Officers (other than the CFO). Under Section 162(m) compensation that qualifies as "performance based" is not subject to this limit. It is generally our intention to qualify compensation payments for tax deductibility under Section 162(m). Notwithstanding our intentions, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given that compensation intended to satisfy the requirements for deductibility under Section 162(m) will so qualify.

In addition, the Committee reserves the right to provide compensation that does not qualify as performance based compensation under Section 162(m) to the extent it believes such compensation is necessary or appropriate to continue to provide competitive arrangements intended to attract and retain, and provide appropriate incentives to, Corporate Officers and other key employees.

Hedging Policy
The Committee and the Board of Directors has adopted a policy prohibiting the Board of Directors and the Corporate Officers from hedging the economic risk of their ownership of our stock, including options or other derivatives related to the stock.

Impact of Prior Compensation in Setting Elements of Compensation
Prior compensation of the NEOs does not normally impact how the Committee sets the current elements of compensation. The Committee believes the current competitive environment is more relevant in determining an NEO's current total level of compensation. As described earlier the Committee uses tally sheets to track all of the elements of current compensation to enable the Committee to determine whether the compensation which the NEO is currently receiving is consistent with market practices. The Committee, however, has the ability to consider the impact of any special equity grants upon the value of future grants made to Corporate Officers under the LTI Plan.

Impact of Restatements Retroactively Impacting Financial Goals
We have not had any material restatement of prior financial results. If such restatements were to occur, the Committee would review the matter and determine what, if any, adjustment to current compensation might be appropriate. The LTI Plan and the Executive Incentive Bonus Plan give the Committee the right to "claw back" Incentive Cash Bonus payments and LTI grants in the event of certain restatements.

Peer Group
The peer group that we use in both benchmarking compensation and for measuring performance for the relative TSR comparison for our Relative TSR Performance Share Units is reviewed and approved by the Committee on an annual basis. The peers that we used for fiscal year 2016 are set forth below and include Restoration Hardware Holdings, Inc., which was added during fiscal year 2016:

Aaron's Inc.	HNI Corporation	Lennox International, Inc.
Acuity Brands, Inc.	Interface, Inc.	Polaris Industries, Inc.
Belden Inc.	Kimball International, Inc.	Restoration Hardware Holdings, Inc.
Brunswick Corporation	Knoll, Inc.	Select Comfort Corporation
Ethan Allen Interiors, Inc.	La-Z-Boy, Inc.	Steelcase, Inc.
Hill-Rom Holdings, Inc.	Leggett & Platt, Inc.	Tempur-Pedic International, Inc.

Post-Employment Compensation
Change in control and discharge for other than cause can result in additional compensation being paid to or for certain NEOs. In addition, as described above, certain of the Long-Term Incentive Bonus payments continue if the NEO leaves employment as the result of death, disability or retirement.

Stock Ownership Guidelines
The Committee believes that significant stock ownership by top management is of critical importance to our ongoing success, as it helps link the interests of senior management and our shareholders. Stock ownership requirements apply to the nine members of the Executive Leadership Team; who are required to own shares of common stock equal to a specified multiple of their annual base salary. The applicable levels are as follows:

- President and Chief Executive Officer — 6 times base salary
- Corporate Officers with LTIP target equal to or greater than 100% — 4 times base salary
- Certain other direct reports to the CEO — 3 times base salary

Until the executive meets the ownership guidelines, 40% of the pretax spread value of vested restricted stock, performance shares, restricted stock units, deferred stock, and 40% of the pretax spread value of exercised stock options must be retained in company stock. Compliance with the requirements is determined at each time an executive disposes of company stock.

Tally Sheet Review
The Committee reviewed executive compensation tally sheets provided by Pearl Meyer with respect to each Corporate Officer which reflected the total direct compensation to the NEOs and also information relating to all other elements of compensation including payments under severance or change in control obligations. The Committee uses this information to help it determine that our compensation program is consistent with market norms and with our compensation philosophy and the objectives referenced above.

Termination and Retention Payments

The NEOs are generally “at will” employees. This means that they can be discharged at any time and for no reason. We have agreed to pay Corporate Officers severance if they are terminated for reasons other than malfeasance or voluntary separation. For each NEO, severance would be equal to 18 months of base salary subject to the employee not competing with us during that period. The Committee’s determination as to the amount of severance payments for these NEOs is the result of benchmarking our practices to the Published Survey Data. In addition, we maintain the health insurance on such employee during the salary continuation period. In exchange for such payments the employee provides the company with a mutual release of all claims and agrees not to work for a competitor or solicit our employees during the salary continuation period.

Executive Compensation Committee Report

The Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with Management and, based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Proxy Statement.

J. Barry Griswell (chair) *David Brandon* *John R. Hoke III*

Summary Compensation Table

The summary compensation table below shows the compensation for the NEOs for the fiscal years ended May 28, 2016 (2016), May 30, 2015 (2015) and May 31, 2014 (2014). The details of the Company's executive compensation programs are found in the CD&A.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)	Total ($)
Brian C. Walker	2016	896,635	1,800,797	612,500	1,287,926		116,742	4,714,600
President and Chief Executive Officer	2015	870,289	1,731,868	587,998	440,714		150,142	3,781,011
	2014	834,616	1,474,217	499,998	748,149	29,798	134,425	3,721,203
Jeffrey M. Stutz	2016	336,538	122,480		314,226		11,432	784,676
EVP and Chief Financial Officer	2015	249,327	96,210		80,882		7,997	434,416
Gregory J. Bylsma	2016	426,904	478,629		437,662		42,984	1,386,179
EVP and Chief Operating Officer,	2015	405,385	445,968		170,951		48,453	1,070,757
Herman Miller Work and Learning	2014	392,308	368,540		228,598	14,854	53,655	1,057,955
Andrew J. Lock(5)	2016	386,188	371,695		346,899	59,521	90,709	1,255,012
EVP and President, Herman Miller	2015	398,054	349,624		203,047	200,388	146,387	1,297,500
International	2014	394,435	276,513		172,900	110,486	98,014	1,052,348
B. Ben Watson	2016	391,923	283,019		354,377		60,450	1,089,769
Executive Creative Director								

(1) For all NEOs amounts represent the aggregate grant date fair value of stock awards and option awards computed in accordance with FASB ASC Topic 718. The assumptions used in calculating these amounts are set forth in Note 9 of the Company's consolidated financial statements for the fiscal year ended May 28, 2016 included in our Annual Report on Form 10-K.

(2) Includes the amounts earned in fiscal 2016 and paid in fiscal 2017 under the Executive Incentive Cash Bonus Plan as described in the Compensation Discussion and Analysis for the NEOs. Certain executives have elected to defer a part of the bonus under the Key Executive Deferred Compensation Plan. The amount of the deferrals and the corresponding Company contributions will be shown in next year's Nonqualified Deferred Compensation Table.

(3) Amounts represent the aggregate change in the actuarial present value of the accumulated benefits under the Company's Retirement Plans.

(4) The amounts for fiscal 2016 for all other compensation are described in the table below.

(5) All amounts reported for Mr. Lock were paid to him in British pounds sterling. The U.S. dollar value of the amounts paid to him for the fiscal year ended May 28, 2016 is calculated based on the average annual conversion rate for fiscal 2016 - £1=$1.4955.

	Bundled Benefits(a)	Car allowance (UK only)	Payment in lieu of Pension Contribution	Dividends on restricted stock	Long-term Disability Insurance	Vesting of Registrants contributions to Deferred Compensation Plan	Nonqualified Deferred Compensation Contribution(b)	Total Other Compensation
Brian C. Walker	19,435				2,809		94,498	116,742
Jeffrey M. Stutz	518				903		10,011	11,432
Gregory J. Bylsma	11,643				2,657		28,684	42,984
Andrew J. Lock(c)	5,677	13,370	71,662					90,709
B. Ben Watson	31,997				2,578		25,875	60,450

(a) Bundled Benefits are provided on a calendar year basis and include accounting fees, cell phone fees, club dues, family travel, education and training, home office expenses, vehicle expenses, and life insurance. Benefits for Mr. Watson include the approved amount for calendar 2016 plus carryover for calendar years 2015 and 2014.

(b) Amounts represent the Company's contribution to the Herman Miller, Inc. Executive Equalization Retirement Plan.

(c) Mr. Lock serves the company through its United Kingdom subsidiary. As such, his benefits are paid according to the benefits paid in the United Kingdom, which are different from the benefits in the United States. His benefits include medical insurance, car allowance, spouse travel, and contributions to a pension plan. All amounts are converted from GBP to USD at the average annual conversion rate for fiscal 2016 - £1=$1.4955.

Grants of Plan-Based Awards

The Grant of Plan-Based Awards table below sets forth information on equity awards granted by the Company to the NEOs during fiscal 2016 under the Long Term Incentive Plan (LTI Plan) and the possible payouts to the NEOs under the Executive Incentive Cash Bonus Plan (Annual Cash Bonus Plan) for fiscal 2015. The Compensation Discussion and Analysis provides further details of grants under the LTI Plan, as well as the performance criteria under the Annual Cash Bonus Plan. (The LTI grants are discussed in the CD&A under the heading LTI Grants Awarded in Fiscal 2016).

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards (2)						
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)(5)	Grant Date Fair Value of Stock and Option Awards ($)(6)
Brian C. Walker	07/13/15				0	21,099	42,198				575,792
	07/13/15				0	17,466	34,932				612,501
	07/13/15							21,099			612,504
	07/13/15								91,070	29.03	612,500
		0	896,635	1,793,270							
Jeffrey M. Stutz	07/13/15				0	1,435	2,870				39,161
	07/13/15				0	1,188	2,376				41,661
	07/13/15							1,435			41,658
		0	218,750	437,500							
Gregory J. Bylsma	07/13/15				0	5,608	11,216				153,042
	07/13/15				0	4,642	9,284				162,787
	07/13/15							5,608			162,800
		0	277,487	554,974							
Andrew J. Lock	07/13/15				0	4,355	8,710				118,848
	07/13/15				0	3,605	7,210				126,421
	07/13/15							4,355			126,426
		0	251,853	503,706							
B. Ben Watson	07/13/15				0	3,316	6,632				90,494
	07/13/15				0	2,745	5,490				96,262
	07/13/15							3,316			96,263
		0	254,750	509,500							

(1) Under the Annual Cash Bonus Plan executives can earn incentive compensation based on the achievement of certain company performance goals. The actual Cash Bonus amount paid with respect to any year may range from 0 to 2 times of the target based upon the relative achievement of our EBITDA targets and are set forth in the Summary Compensation Table above.

(2) The performance share units represent the right to receive shares of the Company's common stock, and such shares are to be issued to participants at the end of a measurement period beginning in the year that performance shares are granted. The units reflect the number of shares of common stock that may be issued if certain EBITDA (earnings before interest, taxes, depreciation and amortization) and TSR return goals are met. The PSU provides that the total number of shares which finally vest may vary between 0 and 200% of the target amount depending upon performance relative to the established EBITDA and TSR goals, respectively, and cliff vest after three years.

(3) The restricted stock units represent the right to receive shares of the Company's common stock. These units reflect fair market value of the common stock as of the date of grant and cliff vest after three years.

(4) Each option has a term of ten years and vests pro rata over three years.

(5) Stock options are awarded at an option price not less than the market value of the Company's common stock at the grant date in accordance with the LTI Plan.

(6) Aggregate grant date values are computed in accordance with FASB ASC Topic 718. For performance share units, the grant date fair value was determined based upon the vesting at 100% of the target units awarded.

Outstanding Equity Awards at Fiscal Year-End

The Outstanding Equity Awards at Fiscal Year-End table below shows the option awards and stock awards that were outstanding as of May 28, 2016. The table shows both exercisable and unexercisable options. The table also shows share units and equity plan awards that have not vested.

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#)[1] Exercisable	Number of Securities Underlying Unexercised Options (#)[1] Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)[2]	Market Value of Shares or Units of Stock That Have Not Vested ($)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)[4]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[3]
Brian C. Walker	07/24/06	20,066		30.536	07/24/16				
	07/24/07	67,750		31.840	07/24/17				
	07/18/11	48,280		25.750	07/18/21				
	07/15/13	31,217	15,612	28.740	07/15/23	18,338	580,214	30,693	971,127
	07/14/14	25,316	50,638	30.220	07/14/24	20,146	637,419	34,977	1,106,672
	07/13/15		91,070	29.030	07/13/25	21,428	677,982	38,565	1,220,197
Jeffrey M. Stutz	07/19/10	1,877		17.300	07/19/20				
	01/19/11	646		25.060	01/19/21				
	07/18/11	1,773		25.750	07/18/21				
	07/17/12	3,888		18.170	07/17/22				
	07/15/13					1,076	34,045	1,801	56,984
	07/14/14					1,119	35,405	1,943	61,477
	07/13/15					1,457	46,099	2,623	82,992
Gregory J. Bylsma	07/24/07	2,724		31.840	07/24/17				
	07/18/11	4,310		25.750	07/18/21				
	07/17/12	17,907		18.170	07/17/22	3,221	101,912		
	07/15/13					4,584	145,038	7,673	242,774
	07/14/14					5,187	164,117	9,007	284,981
	07/13/15					5,695	180,190	10,250	324,310

Outstanding Equity Awards at Fiscal Year-End *(continued)*

Name	Grant Date	Option Awards				Stock Awards			
		Number of Securities Underlying Unexercised Options (#)(1) Exercisable	Number of Securities Underlying Unexercised Options (#)(1) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(3)
Andrew J. Lock	07/24/06	13,378		30.536	07/24/16				
	07/24/07	9,937		31.840	07/24/17				
	07/18/11	4,199		25.750	07/18/21				
	07/17/12	18,292		18.170	07/17/22	2,147	67,931		
	07/15/13					3,439	108,810	5,757	182,151
	07/14/14					4,067	128,680	7,061	223,410
	07/13/15					4,423	139,944	7,960	251,854
B. Ben Watson	07/18/11	7,388		25.750	07/18/21				
	07/17/12	9,363		18.170	07/17/22				
	07/15/13					2,906	91,946	4,864	153,897
	07/14/14					3,169	100,267	5,503	174,115
	08/14/14					414	13,099		
	07/13/15					3,368	106,564	6,061	191,770

(1) Options vest in three equal annual installments beginning on the first anniversary of the grant date.
(2) The 07/17/12 awards issued to Mr. Bylsma for 3,221 and Mr. Lock for 2,147 reflect credited dividends through the end of fiscal 2016 and cliff vest after five years. The remaining awards reflect credited dividends through the end of fiscal 2016 and cliff vest after three years.
(3) Assumes a stock price of $31.64 per share, which was the closing price of a share of common stock on the last trading day of fiscal 2016.
(4) The Performance Share Unit awards cliff vest after three years, depending upon the achievement of certain EBITDA and TSR return goals.

Option Exercises and Stock Vested

This table provides information on the number and value of options exercised in fiscal 2016 and the vesting of restricted stock (on an aggregate basis).

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(2)
Brian C. Walker	63,114	809,121	51,276	1,499,821
Jeffrey M. Stutz			2,947	86,203
Gregory J. Bylsma	2,676	3,249	19,350	565,985
Andrew J. Lock			20,975	613,511
B. Ben Watson			10,947	320,205

(1) Represents the difference between the exercise price and the fair market value of our common stock on the date of exercise.
(2) Value based on the closing market price of the Company's common stock on the vesting date.

Pension Benefits

The Pension Benefits table below provides certain information on the retirement benefits available under each retirement plan to each NEO at the end of fiscal 2016.

The retirement plans are described in the Compensation Discussion and Analysis.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Andrew J. Lock[(1)]	Herman Miller Limited Retirement Plan	14	1,362,550	

(1) Mr. Lock was covered from 1990-2002 and beginning again during fiscal 2011 under the UK Pension Plan.

Nonqualified Deferred Compensation

The Nonqualified Deferred Compensation table below provides certain information relating to our two compensation plans that provide for the deferral of compensation on a basis that is not tax-qualified.

Name	Executive Contributions in Last Fiscal Year ($)[(1)]	Registrant Contributions in Last Fiscal Year ($)[(2)]	Aggregate Earnings in Last Fiscal Year ($)[(3)]	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
Brian C. Walker	106,988	94,498	71,937		2,303,247
Jeffrey M. Stutz	12,523	10,011	(619)		83,608
Gregory J. Bylsma	56,157	28,684	2,020	(65,188)	317,750
Andrew J. Lock			68,703		304,445
B. Ben Watson	23,515	25,875	(665)		227,858

(1) Amounts in this column represent the deferral of base salary earned in fiscal 2016 which are included in Summary Compensation Table under Salary, plus deferral of amounts earned in fiscal 2015 and paid in fiscal 2016 under the Executive Incentive Cash Bonus Plan which was included in the fiscal 2015 Summary Compensation Table under Non-Equity Incentive Plan Compensation.

(2) Amounts in this column represent the Company's contribution and are included in the "All Other Compensation" column of the Summary Compensation Table.

(3) Amounts reflect increases (decreases) in value of the employee's account during the year, based upon deemed investment of deferred amounts.

The Company's Nonqualified Deferred Compensation Plan, which was terminated in fiscal 2007, allowed certain employees to defer part or all of their Executive Incentive Cash Bonus payment each year. The Company matched any such deferral, up to 50 percent of the incentive cash bonus payment. The matching payment vested over three years and vesting was dependent upon the executive remaining employed with the Company. Amounts deferred were converted into units having the same value as the Company's stock and were credited with amounts at the same rate as the Company's dividend on its common stock. Units are converted into shares of the Company's common stock at the time of distribution.

The Committee approved The Herman Miller, Inc. Executive Equalization Retirement Plan for salary deferrals that began in January 2008, which replaced the Company's Nonqualified Deferred Compensation Plan. The Plan allows all United States employees who have compensation above the statutory ceiling to defer income in the same proportion as if the statutory ceiling did not exist. The Company makes contributions to the plan such that the amounts in the plan “mirror” the amounts the Company would have contributed to the Company’s tax-qualified 401(k) plan had the employee's compensation not been above the statutory ceiling. Distributions from the plan are paid out in cash based on the deferral election specified by the participant. We do not guarantee a rate of return under the Plan. Instead, participants make investment elections for their deferrals and company contributions. Investment options are the same as those available under our 401(k) plan, except for our common stock, which is not an investment option under the Plan.

Potential Payments upon Termination, Death, Disability, Retirement or Change in Control

The following table quantifies both the estimated payments that would be made to each NEO in the event of his termination by the Company without cause, and in the event of his termination under circumstances that would trigger payments under the change in control agreements, in each case assuming that termination occurred May 28, 2016. The table also provides information regarding the incremental amounts that would have vested and become payable on May 28, 2016, if a change in control occurred on that date or if the NEO's employment had terminated on that date because of death, disability or retirement. The amounts potentially payable to each NEO in the event of separation without cause, death, disability, or retirement or in connection with a change in control in which a termination occurs are illustrated below. The narrative that follows the tables gives more details concerning the plans and the circumstances under which either accelerated payment or vesting would occur.

Name	Benefit	Death	Disability	Retirement	Without Cause	Change in Control
Brian C. Walker	Cash Severance				1,350,000	5,400,000
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	1,895,600	1,895,600	—	1,125,832	1,895,600
	Performance Shares[1]	1,609,675	1,609,675	—	1,609,675	4,072,724
	Unexercisable Options	—	—	—	—	354,873
	Total	3,505,275	3,505,275		2,735,507	6,323,197
	Retirement Benefits[2]					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				23,400	46,800
	Outplacement				25,000	25,000
	Total				48,400	71,800
	Total	3,505,275	3,505,275		4,133,907	11,794,997
Jeffrey M. Stutz	Cash Severance				525,000	1,155,000
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	115,576	115,576	—	66,610	115,576
	Performance Shares[1]	92,677	92,677	—	92,677	255,120
	Unexercisable Options					
	Total	208,253	208,253		159,287	370,696
	Retirement Benefits[2]					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				22,107	29,476
	Outplacement				25,000	25,000
	Total				47,107	54,476
	Total	208,253	208,253		731,394	1,580,172

Potential Payments upon Termination, Death, Disability, Retirement or Change in Control *(continued)*

Name	Benefit	Death	Disability	Retirement	Without Cause	Change in Control
Gregory J. Bylsma	Cash Severance				645,000	1,419,000
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	591,275	591,275	—	365,466	591,275
	Performance Shares[(1)]	406,679	406,679	—	406,679	1,057,354
	Unexercisable Options					
	Total	997,954	997,954		772,145	1,648,629
	Retirement Benefits[(2)]					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				23,400	31,200
	Outplacement				25,000	25,000
	Total				48,400	56,200
	Total	997,954	997,954		1,465,545	3,123,829
Andrew J. Lock	Cash Severance				616,620	1,356,564
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	445,380	445,380	422,057	272,372	445,380
	Performance Shares[(1)]	310,060	310,060	594,002	310,060	815,651
	Unexercisable Options					
	Total	755,440	755,440	1,016,059	582,432	1,261,031
	Retirement Benefits[(2)]					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				10,205	13,607
	Outplacement				25,000	25,000
	Total				35,205	38,607
	Total	755,440	755,440	1,016,059	1,234,257	2,656,202
B. Ben Watson	Cash Severance				589,500	1,296,900
	Prorated Annual Incentive					
	Equity					
	Restricted Stock					
	Restricted Stock Units	91,948	91,948	—	86,840	91,948
	Performance Shares[(1)]	254,440	254,440	—	254,440	641,682
	Unexercisable Options					
	Total	346,388	346,388		341,280	733,630
	Retirement Benefits[(2)]					
	Unvested Deferred Stock Units					
	Other Benefits					
	Health and Welfare				4,815	6,420
	Outplacement				25,000	25,000
	Total				29,815	31,420
	Total	346,388	346,388		960,595	2,061,950

(1) Performance shares vest based on actual performance, estimated performance at the end of fiscal year 2016 are as follows: TSR performance shares granted in 2013 = 81.41% of target, Herman Miller Value Added performance shares granted in 2013 = 138% of target, TSR performance shares granted in 2014 = 70.45% of target, Herman Miller Value Added performance shares granted in 2014 = 95% of target, TSR performance shares granted in 2015 = 200% of target, and Herman Miller Value Added performance shares granted in 2015 = 140% of target.

(2) The retirement benefits available to the Named Executive Officers are the same as those available to all salaried employees.

Potential Payments upon Termination without Change in Control

The Company under its salary continuation plan has agreed to pay Corporate Officers and other executives severance if they are terminated for reasons other than cause. The payments are equal to 18 months base salary continuation for the NEOs. In addition, the Company maintains the health insurance on such employee during the salary continuation period. In exchange for such payments, the employee provides the Company with a mutual release of all claims and agrees not to work for a competitor during the salary continuation period. In the event of a termination covered by the change in control agreements described below, the payments under those agreements is reduced by any amounts received under the salary continuation plan.

The Executive Long-Term Disability Plan provides a monthly benefit to an executive of 60% of their two year average executive incentive up to a monthly maximum of $10,000. Each of the NEOs would be entitled to a $10,000 monthly benefit if they became disabled as of May 28, 2016 as long as they are disabled or until age 65.

Potential Payments upon Termination in Connection with Change in Control

In fiscal 2016, each NEO was party to a change in control agreement with the Company. The change in control agreements are all “dual trigger” agreements. This means there both must be a change in control and the employee must incur an actual or constructive termination of employment by us to be entitled to a payment.

The agreements define change in control as having occurred (1) when a third party becomes the owner of 35 percent or more of the Company's stock, (2) when a majority of the Board of Directors is composed of persons who are not recommended by the existing Board, or (3) under certain transactions involving a merger or reorganization, sale of all or substantially all of the company's assets or a liquidation in which the Company does not maintain certain control thresholds.

An employee is entitled to a payment under the change in control agreement if within 2 years after a change in control he or she (1) has his or her employment with the Company terminated by the Company for reasons other than cause or (2) voluntarily terminates his or her employment if (a) the responsibilities of his or her job are significantly reduced, (b) the base salary or bonus he or she receives is reduced, (c) the benefits he or she receives are reduced by more than 5 percent, (d) the location of his or her job is relocated more than 50 miles from its current location, or (e) the obligations of the change in control agreement is not assumed by any successor company.

If both triggering events occur, then the NEO is entitled to a change in control payment. The change in control payment consists of three elements (1) amounts owed for current year base salary, on target bonus prorated to the date of termination and all amounts of deferred income, (2) medical and other insurance benefits, and (3) a separation payment. In addition, all existing unvested options and other equity units become immediately vested and exercisable. The separation payment in the case of the CEO is to be equal to three times the amount described below and in the case of all other NEOs the payment is equal to two times the amount described below. The separation payment is a lump sum equal to either two or three times the sum of (a) the executive's base salary plus (b) the greater of the executive's actual bonus for the preceding year or his or her on-target bonus for the current year. This amount is reduced by any severance payment that executive receives under the severance program described above.

The Company has no obligation to make a “gross up” payment to the executive if the amount of the payments under the change in control agreements is subject to an excise tax under Section 4999 of the Internal Revenue Code of 1986.

To receive the payments, the NEO is obligated to comply with the non-competition covenant of the agreement, committing him or her to refrain from competing with the Company for a period equal to the number of years of compensation received by the NEO under the agreement.

Accelerated Vesting upon Death, Disability, Retirement or Change in Control

Various compensation plans contain provisions that permit accelerated vesting upon death, disability or change in control. In the event of a change in control, the Key Executive Deferred Compensation Plan, the Long-Term Incentive Plan, and the Executive Incentive Cash Bonus Plan provide for the acceleration of vesting and/or payment even if the NEO has not been terminated. These are so-called single trigger payment provisions. The Long-Term Incentive Plan, Executive Incentive Cash Bonus Plan and Key Executive Deferred Compensation Plan each has provisions dealing with vesting upon death, disability or retirement. The definition of change in control for these plans is the definition contained in Treasury Regulations for Section 409A of the Internal Revenue Code.

Key Executive Deferred Compensation Plan

The Key Executive Deferred Compensation Plan, which terminated in fiscal 2007, permits a participant to elect to have his or her account distributed immediately upon his or her death, disability, or termination of employment in addition to change in control. The plan also permits the Committee to distribute to the employee amounts deferred before December 31, 2005 in the event of his death, disability or termination of employment.

Long-Term Incentive Plan

Under our 2011 Long-Term Incentive Plan, except as otherwise provided in an award agreement, in the event of a change in control transaction, awards that are not assumed or continued (other than performance-based awards) will be deemed to be immediately vested, or at the Committee's election, it may cancel those awards and pay the value of those awards to participants. With respect to performance-based awards under a change in control transaction in which awards are not assumed, if less than half the performance period has lapsed, those awards will be converted into shares or similar securities assuming target performance has been achieved. If at least half of the performance period has lapsed, those performance-based awards will be converted into shares or similar securities based upon actual performance-to-date. Conversely, and except as otherwise provided in an award agreement, upon a change in control in which the Company is the surviving entity or under which outstanding awards are assumed or continued, the Plan provides for a corresponding adjustment to the outstanding awards to preserve the intrinsic value of those awards; those outstanding awards will be subject to accelerated vesting if, within a one-year period following the change in control, the participant's employment is terminated without cause or the participant terminates for good reason.

Options granted under the LTI Plan to the extent vested at the date of death or disability remain exercisable for the balance of their original term but not more than 60 months following the date of termination of employment. If an employee retires, the options granted prior to fiscal 2013 to the extent vested remain exercisable for the balance of their original term but not more than 60 months following the date of termination of employment. For options granted beginning in fiscal 2013, the grant will be prorated over 12 months if retiring within one year of the grant; after the initial 12 months they will vest in full. They remain exercisable for the balance of their original term but not more than 60 months following the date of termination of employment. In all other cases, the vested options terminate three months after the termination of employment.

In the case of restricted stock units, if an employee dies or becomes disabled, units vest immediately. All vest ratably if the employee is terminated for reasons other than cause. Vesting is determined by comparing the number of months the employee has been with the Company between the date of grant and the date of termination to the original vesting period. If an employee retires, units will be prorated over 12 months if retiring within one year of the grant; after the initial 12 months, they will vest in full.

Performance shares, as explained earlier, are granted at a target value and the actual number of units converted into shares is determined at the end of a 3 year measurement period. The percentage of the performance share target grant that is eligible to vest if an employee dies, becomes disabled, or is terminated for reasons other than cause is determined by comparing the number of months between the date of grant and the date of termination to the original vesting period. If an employee retires in the first year the percentage of the performance share target grant subject to vesting will be equal to the number of months the employee remains employed during the year divided by 12. If the employee retires after the first year, 100 percent of the target performance share grant is subject to vesting.

The Executive Incentive Cash Bonus Plan

The Executive Incentive Cash Bonus Plan requires that an employee be employed by the Company on the last day of a fiscal year to be eligible to receive the Incentive Cash Bonus, with certain exceptions noted below. The plan provides that in the events of death, disability or retirement an employee does not need to be employed on the last day of the fiscal year to receive a bonus. The employee's bonus will be reduced to reflect the portion of the year that he or she was employed by the Company. In the event of a change in control, the Incentive Cash Bonus is immediately vested (based upon EBITDA results achieved through the date of the change in control) and payable and is not reduced by virtue of the fact that it is calculated upon a partial year. The same provisions governing payment in the event of death, disability, retirement or change in control are also found in the bonus plan applicable to all other employees.

Director Compensation

The following Director Compensation table provides information on the compensation of each director for fiscal 2016. The standard annual compensation of each director is $155,000 (prorated if a director serves for less than a full year). The Audit Committee Chair receives an additional $20,000, the Executive Compensation Committee Chair receives an additional $15,000 and the Nominating and Governance Committee Chair receives an additional $10,000. Non-chair members of the Audit Committee receive an additional $8,000 per year, non-chair members of the Executive Compensation Committee receive an additional $6,000 per year and non-chair members of the Nominating and Governance Committee receive an additional $4,000 per year due to the increased workload of these committees. The Chairman of the Board of Directors receives additional annual compensation of $155,000 and is eligible to participate in the Company's health insurance plan. Brian Walker, the Company's CEO, does not receive any additional compensation for serving on the Board of Directors.

The annual retainer and any chairperson or additional fees (collectively, the "Annual Fee") is payable by one or more of the following means, as selected by each director: (1) in cash; (2) in shares of our stock valued as of January 15 of each year; (3) credit under the Director Deferred Compensation Plan described below; (4) stock options valued as of January 15 of each year under the Black-Scholes Valuation Model; or (5) as a contribution to our Company employee scholarship fund. Any director who does not meet the stock ownership guideline must take at least 50 percent of his or her Annual Fee in one of the permissible forms of equity.

Stock Compensation Plan

Under our 2011 Long-Term Incentive Plan, nonemployee officers and directors may be granted options to purchase shares of our stock if they elect to receive their compensation in stock options. Subject to certain exceptions, the options are not exercisable until 12 months after the date of grant and expire 10 years after the date of the grant. The option price is payable upon exercise in cash or, subject to certain limitations, in shares of our stock already owned by the optionee, or a combination of shares and cash.

Deferred Compensation Plan

We also maintain a Nonemployee Officer and Director Deferred Compensation Stock Purchase Plan. The Plan permits a participant to defer receipt of all or a portion of his or her Annual Fee to his or her deferred account. The account is held in a Rabbi Trust. Each account is credited with a number of stock units equal to a number of shares of the investment selected by the director including Company stock and other investment alternatives. The initial value of the deferral is equal to the dollar amount of the deferral, divided by the per share fair market value of the selected investment at the time of the deferral. The units are credited with any dividends paid on the investment.

Stock Ownership Guidelines

Director stock ownership guidelines have been in effect since 1997. These guidelines, like those of the management team, are intended to reinforce the importance of linking shareholder and director interests. Under these guidelines, beginning in 2000, each director is encouraged to reach a minimum level of share ownership having a value of at least three times the annual director retainer over a five-year period after first becoming a director.

Other

Directors are reimbursed for travel and other necessary business expenses incurred in the performance of their services for the Company, and they are covered under the Company's business travel insurance policies and under the Director and Officer Liability Insurance Policy.

Perquisites

Some directors' spouses accompany them to Board meetings. The Company pays for their expenses and for some amenities for the Directors and their spouses, including some meals and social events. The total of these perquisites is less than $10,000 per Director. Directors are approved to purchase Company product under employee discount pricing. The value of this perquisite was less than $10,000 for all but one Director whose value has been included in All Other Compensation in the Director Compensation Table.

Director Compensation *(continued)*

Director Compensation Table

Name	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)[3]	Total ($)
Mary Vermeer Andringa	59,000	100,000					159,000
David A. Brandon	76,000	85,000				72,000	233,000
Brenda Freeman	155,000						155,000
Douglas D. French	163,000						163,000
J. Barry Griswell	45,000	125,000					170,000
John R. Hoke III	90,000	71,000					161,000
Lisa A. Kro	87,500	87,500					175,000
Heidi Manheimer	81,500	81,500					163,000
Dorothy A. Terrell	165,000						165,000
David O. Ulrich	159,000						159,000
Michael A. Volkema	310,000						310,000

(1) The amounts shown in the "Fees Earned or Paid in Cash" column include amounts that may be deferred under the Non-employee Officer and Director Deferred Compensation Plan. Amounts deferred are retained as units equal to shares of stock under the plan. The plan permits non-employee directors to elect to defer amounts that they would otherwise receive as director fees. Directors at the time of deferral elect the deferral period. These amounts may also reflect contributions to the Michael Volkema Scholarship fund which awards college scholarships to children of employees. During fiscal 2016, ten of the directors who received fees contributed a portion to the fund.

(2) Amounts represent the aggregate grant date fair value of stock awards and option awards computed in accordance with FASB ASC Topic 718. The assumptions used in calculating these amounts are set forth in Note 9, in the Company's consolidated financial statements for the fiscal year ended May 28, 2016, included in our Annual Report on Form 10-K.

(3) Represents value received on product purchases under employee discount program.

As of May 28, 2016, each Director had the following aggregate number of outstanding options:

Name	Aggregate Number of Outstanding Options
Mary Vermeer Andringa	
David A. Brandon	
Douglas D. French	
J. Barry Griswell	
John R. Hoke III	
Lisa A. Kro	
Heidi Manheimer	
Dorothy A. Terrell	19,083
David O. Ulrich	38,048
Michael A. Volkema	

Equity Compensation Plan Information

As noted in the Compensation Discussion and Analysis, we maintain certain equity compensation plans under which common stock is authorized for issuance to employees and directors in exchange for services. We maintain our 2011 Long-Term Incentive Plan (LTI Plan) and Employees' Stock Purchase Plan.

The following table sets forth certain information regarding the above referenced equity compensation plans as of May 28, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	1,732,979	$ 25.6388	4,241,420(1)
Equity compensation plans not approved by security holders			
Total	1,732,979	$ 25.6388	4,241,420(1)

(1) The number of shares that remain available for future issuance under our plans is 4,241,420 which includes 3,113,798 under the Long-Term Incentive Plan and 1,127,621 under the Employees' Stock Purchase Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and officers, as well as any person holding more than 10 percent of our common stock, are required to report initial statements of ownership of our securities and changes in such ownership to the Securities and Exchange Commission. Based upon written representations by each director and officer, all the reports were timely filed by such persons during the last fiscal year.

Certain Relationships and Related Party Transactions

The Board of Directors has adopted a policy on Related Party Transactions. Under that policy, with certain limited exceptions, all proposed transactions between the Company and any directors or officers or their respective affiliates are required to be reported to the Nominating and Governance Committee prior to entering into such a transaction. Management is obligated to provide the Nominating and Governance Committee with information relating to the terms and conditions of the proposed transaction, how it complies with the policy, and if the proposed transaction is with a director, advise the Nominating and Governance Committee if the transaction would impact that director's status as an independent director. The Nominating and Governance Committee has the authority to determine whether the proposed transaction is exempt from approval or, if not, approve the transaction as compliant with the policy or refer the matter to the Board of Directors. All approved or exempted transactions must be reported by the Nominating and Governance Committee to the full Board of Directors.

To approve a transaction under the policy, the Nominating and Governance Committee must determine that either (1) the dollar amount of the transaction and other transactions with the director during that year is less than $100,000, and, for any director that is a member of the Audit Committee, does not constitute a proscribed consulting, advisory, or other compensated fee, or (2) if the proposed transaction is for the acquisition of products or services and is less than $100,000 or is subject to a bid process involving three or more competing parties, and the transaction is in the best interest of the Company and its shareholders, provided that (a) management determined that the proposed transaction will provide the best value for the Company, (b) the compensation is consistent with the proposals submitted by the other bidders, and (c) the director did not directly participate in the proposal process.

Reconciliation of Non-GAAP Financial Measures

This report contains certain non-GAAP financial measures; including Adjusted Earnings per Share ("EPS"), Organic Sales Growth and Adjusted EBITDA.

Adjusted EPS is calculated by excluding from Earnings per Share items that we believe are not indicative of our ongoing operating performance. Such items consist of the following:

- Non-recurring gains
- One-time tax impacts
- Expenses associated with restructuring actions taken to adjust our cost structure to the current business climate
- Non-cash impairment expenses, and
- Acquisition-related inventory adjustments and other acquisition expenses

Organic Sales Growth represents the change in sales excluding currency translation effects as well as the impacts of acquisitions and divestitures, if applicable. We present Adjusted EPS and Organic Sales Growth because we consider them to be important supplemental measures of our performance and believe them to be useful in analyzing ongoing results from operations. Adjusted EPS and Organic Sales Growth are not measurements of our financial performance under GAAP and should not be considered an alternative to EPS and Reported Sales Growth under GAAP. Adjusted EPS and Organic Sales Growth have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of Adjusted EPS and Organic Sales Growth should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing prominence of our GAAP results and using adjusted results only as a supplement.

Adjusted EBITDA is calculated by excluding depreciation, amortization, interest expense, income taxes and other net income or expense from Current Year Net Income.

The following table reconciles EPS to Adjusted EPS for the years indicated:

	Fiscal Year Ended	
	May 28, 2016	May 30, 2015
Earnings per Share - Diluted	$ 2.26	$ 1.62
Less: Non-recurring gains	(0.09)	
Less: One-time tax impact		(0.07)
Add: Restructuring and impairment expense	—	0.17
Add: Acquisition-related inventory adjustments	—	0.08
Add: Acquisition expenses	—	0.02
Adjusted EPS	$ 2.17	$ 1.82

The following table reconciles Sales for the ELA segment to Organic Sales Growth for the segment:

	Fiscal Year Ended	
(Dollars In millions)	May 28, 2016	May 30, 2015
Net Sales ELA Segment, as reported	$ 412.6	$ 409.9
Proforma Adjustments		
Currency Translation Effects	26.1	
Net Sales ELA Segment, proforma	$ 438.7	$ 409.9
% Change from Prior Year	7.0%	8.8%

Reconciliation of Non-GAAP Financial Measures *(continued)*

The following table reconciles Current Year Net Income to Adjusted EBITDA used for the Annual Executive Incentive Cash Bonus:

(Dollars In millions)	Fiscal Year Ended May 28, 2016
Current Year Net Income	$ 136.7
Standard Add Backs:	
Interest Expense	15.4
Income Taxes	59.5
Depreciation and Amortization	53.0
EBITDA	$ 264.6
Standard Adjustments per Guidelines	
Amortization of Previously Excluded Restructuring	(0.8)
Non-Standard Adjustments Requiring Approval	
Gain on Sale of UK Facility	(4.0)
Gain on Divestiture of Australian Dealership	(2.1)
Adjusted EBITDA	$ 257.7

Submission of Shareholder Proposals for the 2017 Annual Meeting

Shareholders wishing to submit proposals on matters appropriate for shareholder action to be presented at our 2017 Annual Meeting of Shareholders and to be included in our proxy materials for that meeting may do so in accordance with Rule 14a-8 promulgated under the Exchange Act, whereby (1) all applicable requirements of Rule 14a-8 must be satisfied, (2) the notice must include various stock ownership and related information detailed in our Bylaws, and (3) such proposals must be received by us at our principal executive offices at 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302, no later than May 2, 2017.

Our bylaws, which are available on our website at www.hermanmiller.com/bylaws, contain certain procedural requirements that shareholders must follow to nominate a person for election as a director at an annual meeting or to bring an item of business before the annual meeting. These procedures require that notice of an intention to nominate a person for election to the Board and/or to bring an item of business before our 2017 annual meeting must be received in writing by our secretary at 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302 no earlier than June 12, 2017 and no later than July 12, 2017. The notice must contain certain information about the shareholder making the proposal for nomination, including a representation that the shareholder intends to appear in person or by proxy at the annual meeting to nominate the person named in the notice or bring the item of business before the meeting, and about the nominee and/or the item of business and, in the case of a nomination, must be accompanied by a written consent of the proposed nominee to be named as a nominee and to serve as a director, if elected. We did not receive any proposals to be presented at the 2016 Annual Meeting.

Miscellaneous

The cost of the solicitation of proxies will be borne by us. In addition to the use of the mails, proxies may be solicited personally or by telephone or electronic means by a few of our regular employees. We may reimburse brokers and other people holding stock in their names or in the names of nominees for their expenses in sending proxy materials to the principals and obtaining their proxies.

Our mailing for the fiscal year ended May 28, 2016, includes the Notice Regarding the Availability of Proxy Materials. A copy of the Notice of 2016 Annual Meeting of Shareholders and the 2016 Form 10-K (Annual Report) as well as the Proxy Statement, both filed with the Securities and Exchange Commission, are available, without charge, upon written request from the Secretary of the Company, 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302.

Shareholders are urged to vote promptly. Questions related to your registered holdings can be directed as follows:

Computershare Investor Services, LLC, 250 Royall Street, Canton, Massachusetts 02021 Phone: 1-866-768-5723 inside the United States Phone: 1-781-575-2723 outside the United States http://www.computershare.com

By Order of the Board of Directors
H. Timothy Lopez, Secretary
August 30, 2016

2016

Annual Report

2016

Herman Miller, Inc., and Subsidiaries

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

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

For Fiscal Year Ended May 28, 2016 Commission File No. 001-15141

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

Michigan	38-0837640
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
855 East Main Avenue PO Box 302 Zeeland, Michigan	49464-0302
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (616) 654 3000
Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: Common Stock, $.20 Par Value
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [__]

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [X] No [__]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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

Large accelerated filer [X] Accelerated filer [__] Non-accelerated filer [__] Smaller reporting company [__]

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

The aggregate market value of the voting stock held by “nonaffiliates” of the registrant (for this purpose only, the affiliates of the registrant have been assumed to be the executive officers and directors of the registrant and their associates) as of November 28, 2015, was $1,907,720,297 (based on $32.14 per share which was the closing sale price as reported by NASDAQ).

The number of shares outstanding of the registrant's common stock, as of July 21, 2016: Common stock, $.20 par value - 60,024,981 shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Certain portions of the Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on October 10, 2016, are incorporated into Part III of this report.

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Herman Miller, Inc. Form 10-K
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PART I

Item 1 Business

General Development of Business

Herman Miller's mission statement is *Inspiring Designs to Help People Do Great Things*. To this end, the company researches, designs, manufactures, and distributes interior furnishings for use in various environments including office, healthcare, educational, and residential settings, and provides related services that support organizations and individuals all over the world. Through research, the company seeks to define and clarify customer needs and problems existing in its markets and to design, through innovation where appropriate and feasible, products, systems, and services that serve as compelling solutions to such problems. The company's products are sold primarily through the following channels: Owned and independent contract furniture dealers, direct customer sales, owned and independent retailers, direct-mail catalogs, and the company's online stores.

Herman Miller, Inc. was incorporated in Michigan in 1905. One of the company's major plants and its corporate offices are located at 855 East Main Avenue, PO Box 302, Zeeland, Michigan, 49464-0302, and its telephone number is (616) 654-3000. Unless otherwise noted or indicated by the context, the term “company” includes Herman Miller, Inc., its predecessors, and majority-owned subsidiaries. Further information relating to principles of consolidation is provided in Note 1 to the Consolidated Financial Statements included in Item 8 of this report.

Financial Information about Segments

Information relating to segments is provided in Note 14 to the Consolidated Financial Statements included in Item 8 of this report.

Narrative Description of Business

The company's principal business consists of the research, design, manufacture, selling, and distribution of office furniture systems, seating products, other freestanding furniture elements, textiles, home furnishings and related services. Most of these systems and products are designed to be used together.

The company's ingenuity and design excellence create award-winning products and services, which has made us a leader in design and development of furniture, furniture systems, and textiles. This leadership is exemplified by the innovative concepts introduced by the company in its modular systems (including Canvas Office Landscape™®, Locale®, Metaform Portfolio™®, Public Office Landscape™®, Layout Studio®, Action Office®, Ethospace®, Arras®, and Resolve®). The company also offers a broad array of seating (including Embody®, Aeron®, Mirra2™, Setu®, Sayl®, Celle®, Equa®, and Ergon® office chairs), storage (including Meridian® and Tu™® products), wooden casegoods (including Geiger® products), freestanding furniture products (including Abak™®, Intent®, Sense™ and Envelop®), healthcare products (including Palisade™, Compass™®, Nala®, and other Nemschoff® products) the Thrive portfolio of ergonomic solutions, and the textiles of Maharam Fabric Corporation (Maharam).

The company also offers products for residential settings, including Eames®, Eames (lounge chair configuration)®, Eames (management chair configuration)®, Eames Soft Pad™, Nelson™ basic cabinet series, Nelson™ end table, Nelson™ lanterns, Nelson™ marshmallow sofa, Nelson™ miniature chests, Nelson™ platform bench, Nelson™ swag leg group, Nelson™ tray table, Bubble Lamps®, Airia™, Ardea®, Bumper™, Burdick Group™, Everywhere™ tables, Claw™, Caper®, Distil™, Envelope™, Formwork®, Full Round™, H Frame™, I Beam™, Landmark™, Logic Mini™, Logic Power Access Solutions™, Renew™, Rolled Arm™, Scissor™, Sled™, Soft Pad™, Swoop™, Tone™, Twist™, Ward Bennett™ and Wireframe™.

The company's products are marketed worldwide by its own sales staff, independent dealers and retailers, its owned dealer network, via its e-commerce website and through its owned retail studios. Salespeople work with dealers, the architecture and design community, and directly with end-users. Independent dealerships concentrate on the sale of Herman Miller products and some complementary product lines of other manufacturers. It is estimated that approximately 74 percent of the company's sales in the fiscal year ended May 28, 2016, were made to or through independent dealers. The remaining sales were made directly to end-users, including federal, state, and local governments, and several business organizations by the company's own sales staff, its owned dealer network, Design Within Reach ("DWR") retail studios or independent retailers.

The company is a recognized leader within its industry for the use, development, and integration of customer-centered technologies that enhance the reliability, speed, and efficiency of our customers' operations. This includes proprietary sales tools, interior design and product specification software; order entry and manufacturing scheduling and production systems; and direct connectivity to the company's suppliers.

The company's furniture systems, seating, freestanding furniture, storage, casegood and textile products, and related services are used in (1) institutional environments including offices and related conference, lobby, and lounge areas, and general public areas including transportation terminals; (2) health/science environments including hospitals, clinics, and other healthcare facilities; (3) industrial and educational settings; and (4) residential and other environments.

Raw Materials
The company's manufacturing materials are available from a significant number of sources within the United States, Canada, Europe, and Asia. To date, the company has not experienced any difficulties in obtaining its raw materials. The costs of certain direct materials used in the company's manufacturing and assembly operations are sensitive to shifts in commodity market prices. In particular, the costs of steel, plastic, aluminum components, and particleboard are sensitive to the market prices of commodities such as raw steel, aluminum, crude oil, lumber, and resins. Increases in the market prices for these commodities can have an adverse impact on the company's profitability. Further information regarding the impact of direct material costs on the company's financial results is provided in Management's Discussion and Analysis in Item 7 of this report.

Patents, Trademarks, Licenses, Etc.
The company has active utility patents on various components used in its products and active design patents. Many of the inventions covered by these patents also have been patented in a number of foreign countries. Various trademarks, including the name and stylized “Herman Miller” and the “Herman Miller Circled Symbolic M” trademark are registered in the United States and many foreign countries. The company does not believe that any material part of its business depends on the continued availability of any one or all of its patents or trademarks, or that its business would be materially adversely affected by the loss of any thereof, except fort the following trademarks: Herman Miller®, Herman Miller Circled Symbolic M®, Maharam®, Geiger®, Design Within Reach®, DWR®, Nemschoff®, Action Office®, Ethospace®, Aeron®, Mirra®, Embody®, Setu®, Sayl®, Eames®, PostureFit®, Meridian®, and Canvas Office Landscape®. It is estimated that the average remaining life of the company's patents and trademarks is approximately 5.5 years.

Working Capital Practices
Information concerning the company's inventory levels relative to its sales volume can be found under the *Executive Overview* section in Item 7 of this report. Beyond this discussion, the company does not believe that it or the industry in general has any special practices or special conditions affecting working capital items that are significant for understanding the company's business.

Customer Base
The company estimates that no single dealer accounted for more than 5 percent of the company's net sales in the fiscal year ended May 28, 2016. The company estimates that the largest single end-user customer, the U.S. federal government, accounted for $88 million, $97 million, and $102 million of the company's net sales in fiscal 2016, 2015, and 2014, respectively. This represents approximately 4 percent, 5 percent and 5 percent of the company's net sales in fiscal 2016, 2015, and 2014, respectively. The company's 10 largest customers accounted for approximately 18 percent, 20 percent, and 23 percent of net sales in fiscal 2016, 2015, and 2014, respectively.

Backlog of Unfilled Orders
As of May 28, 2016, the company's backlog of unfilled orders was $323.5 million. At May 30, 2015, the company's backlog totaled $322.2 million. The ending backlog of $323.5 million as of the end of fiscal 2016 included a decrease of approximately $14.0 million related to the divestiture of a dealership in Australia. It is expected that substantially all the orders forming the backlog at May 28, 2016, will be filled during the next fiscal year. Many orders received by the company are reflected in the backlog for only a short period while other orders specify delayed shipments and are carried in the backlog for up to one year. Accordingly, the amount of the backlog at any particular time does not necessarily indicate the level of net sales for a particular succeeding period.

Government Contracts
Other than standard provisions contained in contracts with the United States Government, the company does not believe that any significant portion of its business is subject to material renegotiation of profits or termination of contracts or subcontracts at the election of various government entities. The company sells to the U.S. Government both through a General Services Administration ("GSA") Multiple Award Schedule Contract and through competitive bids. The GSA Multiple Award Schedule Contract pricing is principally based upon the company's commercial price list in effect when the contract is initiated, rather than being determined on a cost-plus-basis. The company is required to receive GSA approval to apply list price increases during the term of the Multiple Award Schedule Contract period.

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

The company also competes in the home furnishings industry, primarily against regional and national independent home furnishings retailers who market high-craft furniture to the interior design community. Similar to our office furniture product offerings, the company competes primarily on design, product and service quality, speed of delivery, and product pricing in this consumer market.

Research, Design, and Development
The company draws great competitive strength from its research, design, and development programs. Accordingly, the company believes that its research and design activities are of significant importance. Through research, the company seeks to define and clarify customers and the problems they are trying to solve. The company designs innovative products and services that address customer needs and solve their problems. The company uses both internal and independent research resources and independent design resources. Exclusive of royalty payments, the company spent approximately $62.4 million, $56.7 million, and $53.9 million on research and development activities in fiscal 2016, 2015, and 2014, respectively. Generally, royalties are paid to designers of the company's products as the products are sold and are included in the Design and research line item within the Consolidated Statements of Comprehensive Income.

Environmental Matters
For over 50 years, respecting the environment has been more than good business practice for us — it is the right thing to do. Our 10-year sustainability strategy — Earthright — begins with three principles: positive transparency, products as living things, and becoming greener together. Our goals are focused around the smart use of resources, eco-inspired design, and becoming community driven. Based on current facts known to management, the company does not believe that existing environmental laws and regulations have had or will have any material effect upon the capital expenditures, earnings, or competitive position of the company. However, there can be no assurance that environmental legislation and technology in this area will not result in or require material capital expenditures or additional costs to our manufacturing process.

Human Resources
The company considers its employees to be another of its major competitive strengths. The company stresses individual employee participation and incentives, believing that this emphasis has helped attract and retain a competent and motivated workforce. The company's human resources group provides employee recruitment, education and development, as well as compensation planning and counseling. Additionally, there have been no work stoppages or labor disputes in the company's history. Approximately 15.6 percent of the company's employees are covered by collective bargaining agreements, most of whom are employees of its Nemschoff, Herman Miller Ningbo, and Herman Miller Dongguan subsidiaries.

As of May 28, 2016, the company had 7,607 employees, representing a 1.3 percent increase as compared with May 30, 2015. The increase in employees was driven principally by an increase in workforce within our West Michigan manufacturing facilities. In addition to its employee workforce, the company uses temporary labor to meet uneven demand in its manufacturing operations.

Information about International Operations
The company's sales in international markets are made primarily to office/institutional customers. Foreign sales consist mostly of office furniture products such as Abak®, Aeron®, Mirra®, Celle®, Sayl®, Layout Studio®, Arras™, and other seating and storage products (including POSH products). The company conducts business in the following major international markets: Europe, Canada, the Middle East, Latin America, South America, and the Asia/Pacific region.

The company's products currently sold in international markets are manufactured by wholly owned subsidiaries in the United States, the United Kingdom, China and India. Sales are made through wholly owned subsidiaries or branches in Canada, France, Germany, Italy, Japan, Mexico, Australia, Singapore, China (including Hong Kong), India, Brazil and the Netherlands. The company's products are offered in the Middle East, Europe, South America, Africa, and Asia through dealers.

Additional information with respect to operations by geographic area appears in Note 14 of the Consolidated Financial Statements included in Item 8 of this report. Fluctuating exchange rates and factors beyond the control of the company, such as tariff and foreign economic policies, may affect future results of international operations. Refer to Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, for further discussion regarding the company's foreign exchange risk.

Available Information

The company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are made available free of charge through the “Investors” section of the company's internet website at *www.hermanmiller.com*, as soon as practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC). The company's filings with the SEC are also available for the public to read via the SEC's internet website at www.sec.gov.

Item 1A Risk Factors

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

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

We may not be successful in implementing and managing our growth strategy.
We have established a growth strategy for the business based on a changing and evolving world. Through this strategy we are positioning the company to take advantage of existing markets, explore growth opportunities in new markets with supportive demographics, increase demand by addressing unmet needs, and expanding into areas that yield higher prospects for margins and profitability.

We ultimately aspire to create a lifestyle brand, and we intend to grow in certain targeted ways. First, we will invest in areas that increase our addressable markets across focused customer segments (such as healthcare, education, small and medium business, textiles, and consumer). Second, we will expand into emerging geographic markets that offer growth potential based upon their supportive demographics. Third, we will continue to invest in innovative products, which has been a hallmark of our success for many years. And finally, we will grow through targeted acquisitions.

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

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

Certain growth opportunities may require us to invest in acquisitions, alliances, and the startup of new business ventures. These investments may not perform according to plan and may involve the assumption of business, operational, or other risks that are new to our business.

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

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

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

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

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

Other macroeconomic developments, such as the United Kingdom referendum on European Union membership, recent recessions in Europe, the debt crisis in certain countries in the European Union, and the economic slow down in Asia could negatively affect the company's ability to conduct business in those geographies. The current political and economic uncertainty in the United Kingdom surrounding European Union membership and ongoing debt pressures in certain European countries could cause the value of the British Pound and/or the Euro to deteriorate, reducing the purchasing power of customers in these regions and potentially undermining the financial health of the company's suppliers and customers in other parts of the world. Financial difficulties experienced by the company's suppliers and customers, including distributors, could result in product delays and inventory issues; risks to accounts receivable could result in delays in collection and greater bad debt expense.

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

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

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

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

Risks and Costs Associated with Protecting the Integrity and Security of Our Systems and Confidential Information
We collect certain customer-specific data, including credit card information, in connection with orders placed through our e-commerce websites, direct-mail catalog marketing program, and DWR retail studios. For these sales channels to function and develop successfully, we and other parties involved in processing customer transactions must be able to transmit confidential information, including credit card information and other personal information regarding our customers, securely over public and private networks. Third parties may have or develop the technology or knowledge to breach, disable, disrupt or interfere with our systems or processes or those of our vendors. Although we take the security of our systems and the privacy of our customers' confidential information seriously and we believe we take reasonable steps to protect the security and confidentiality of the information we collect, we cannot guarantee that our security measures will effectively prevent others from obtaining unauthorized access to our information and our customers' information. The techniques used to obtain unauthorized access to systems change frequently and are not often recognized until after they have been launched.

Any person who circumvents our security measures could destroy or steal valuable information or disrupt our operations. Any security breach could cause consumers to lose confidence in the security of our information systems, including our e-commerce websites or stores and choose not to purchase from us. Any security breach could also expose us to risks of data loss, litigation, regulatory investigations, and other significant liabilities. Such a breach could also seriously disrupt, slow or hinder our operations and harm our reputation and customer relationships, any of which could harm our business.

A security breach includes a third party wrongfully gaining unauthorized access to our systems for the purpose of misappropriating assets or sensitive information, loading corrupting data, or causing operational disruption. These actions may lead to a significant disruption of the Company's IT systems and/or cause the loss of business and business information resulting in an adverse business impact, including: (1) future financial results due to theft, destruction, loss misappropriation, or release of confidential data or intellectual property; (2) operational or business delays resulting from the disruption of IT systems, and subsequent clean-up and mitigation activities; and (3) negative publicity resulting in reputation or brand damage with customers, partners or industry peers.

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

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

Increases in the market prices of manufacturing materials may negatively affect our profitability.
The costs of certain manufacturing materials used in our operations are sensitive to shifts in commodity market prices. In particular, the costs of steel, plastic, aluminum components, and particleboard are sensitive to the market prices of commodities such as raw steel, aluminum, crude oil, lumber, and resins. Increases in the market prices of these commodities, such as what we began to experience toward the end of fiscal 2016 for steel, may have an adverse impact on our profitability if we are unable to offset them with strategic sourcing, continuous improvement initiatives or increased prices to our customers.

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

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

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

A number of factors that affect our ability to successfully implement our retail studio strategy, including opening new locations and closing existing studios, are beyond our control. These factors may harm our ability to increase the sales and profitability of our retail operations.
Approximately 60% of the sales within our Consumer segment are transacted within our DWR retail studios. Additionally, we believe our retail studios have a direct influence on the volume of business transacted through other channels, including our consumer e-commerce and direct-mail catalog platforms, as many customers utilize these physical spaces to view and experience products prior to placing an order online or through the catalog call center. Our ability to open additional studios or close existing studios successfully will depend upon a number of factors beyond our control, including:

- General economic conditions
- Identification and availability of suitable studio locations

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

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

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

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

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

Item 1B Unresolved Staff Comments

None

Item 2 Properties

The company owns or leases facilities located throughout the United States and several foreign countries. The location, square footage, and use of the most significant facilities at May 28, 2016 were as follows:

Owned Locations	Square Footage	Use
Zeeland, Michigan	750,800	Manufacturing, Warehouse, Office
Spring Lake, Michigan	582,700	Manufacturing, Warehouse, Office
Holland, Michigan	357,400	Distribution
Holland, Michigan	293,100	Manufacturing, Office
Holland, Michigan	238,200	Office, Design
Dongguan, China	180,800	Manufacturing, Office
Sheboygan, Wisconsin	207,700	Manufacturing, Warehouse, Office
Melksham, United Kingdom	170,000	Manufacturing, Warehouse, Office
Hildebran, North Carolina	93,000	Manufacturing, Office

Leased Locations	Square Footage	Use
Hebron, Kentucky	316,800	Warehouse
Atlanta, Georgia	176,700	Manufacturing, Warehouse, Office
Bangalore, India	104,950	Manufacturing, Warehouse
Ningbo, China	94,700	Manufacturing, Warehouse, Office
Yaphank, New York	92,000	Warehouse, Office
New York City, New York	59,000	Office, Retail
Hong Kong, China	54,400	Warehouse
Bangalore, India	43,560	Warehouse, Distribution
Brooklyn, New York	39,400	Warehouse, Retail
Stamford, Connecticut	35,300	Office, Retail

As of May 28, 2016, the company leased 29 DWR retail studios that totaled approximately 250,000 square feet of selling space. The company also maintains administrative and sales offices and showrooms in various other locations throughout North America, Europe, Asia/Pacific, and Latin America. The company considers its existing facilities to be in good condition and adequate for its design, production, distribution, and selling requirements.

Item 3 Legal Proceedings

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

Additional Item: Executive Officers of the Registrant

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

Name	Age	Year Elected an Executive Officer	Position with the Company
Brian C. Walker	54	1996	President and Chief Executive Officer
Andrew J. Lock	62	2003	Executive Vice President, President, International
Donald D. Goeman	59	2005	Executive Vice President, Research, Design & Development
Gregory J. Bylsma	51	2009	Executive Vice President, Chief Operating Officer Herman Miller North America (Work and Learning)
Steven C. Gane	61	2009	Senior Vice President, President, Geiger & Specialty/Consumer
Jeffrey M. Stutz	45	2009	Executive Vice President, Chief Financial Officer
B. Ben Watson	51	2010	Executive Creative Director
Michael F. Ramirez	51	2011	Senior Vice President, People, Places and Administration
Louise McDonald	61	2013	Executive Vice President, President, Healthcare
H. Timothy Lopez	45	2014	Senior Vice President, Legal Services, General Counsel and Secretary
Jeffrey L. Kurburski	50	2014	Vice President, Information Technology
John Edelman	49	2015	Executive Vice President and Chief Executive Officer, Design Within Reach, Inc.
John McPhee	53	2015	Executive Vice President and President, Design Within Reach, Inc.
Kevin Veltman	41	2015	Vice President, Investor Relations and Treasurer
Malisa Bryant	49	2015	Senior Vice President of Sales and Distribution, Herman Miller North America (Work and Learning)

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

Ms. Bryant joined the Company in 2013 as Vice President and General Manager of Focused Market Segments and most recently served as Vice President of North America Sales. Prior to joining the Company, she held several leadership roles within the industry, including Vice President of Customer Support, Vice President and General Manager of Strategic Accounts, and Vice President of Sales for Allsteel, in each case at HNI.

Mr. Edelman joined Herman Miller, Inc. in 2015 subsequent to the company's acquisition of DWR. Prior to joining DWR as President and Chief Executive Office in 2010 he served as President and CEO of Edelman Leather and Sam & Libby, Inc., where he was responsible for its U.S. business.

Mr. McPhee joined Herman Miller, Inc. in 2015 subsequent to the company's acquisition of DWR. Prior to that he served in various roles at DWR including Chief Operating Officer and President. Mr. McPhee previously held senior management positions with Edelman Leather, Candie's, Inc. and Sam & Libby, Inc.

Mr. Veltman joined Herman Miller in 2014 and serves as Vice President - Investor Relations and Treasurer. Previously he worked for BISSELL, Inc, most recently as Vice President – Finance, for 8 years and Ernst & Young, LLP for 10 years.

Mr. Kurburski joined Herman Miller in 1990. He served as Director of IT, Herman Miller Casegoods from 1998 to 2003, Director of IT Infrastructure from 2003 to 2007, and has served in his current capacity of Vice President of Information Technology since 2007.

Mr. Lopez joined Herman Miller in 2012 and serves as Senior Vice President of Legal Services, General Counsel and Secretary. Prior to this he was an Associate General Counsel with A. O. Smith Corporation from 2008 to 2012 and Senior Staff Attorney to Kohler Co. from 2002 to 2008.

Ms. McDonald joined Herman Miller in 2013 as President of Healthcare, and prior to this she worked for Welch Allyn for 31 years serving mostly as an Executive Vice President.

There are no family relationships between or among the above-named executive officers. There are no arrangements or understandings between any of the above-named officers pursuant to which any of them was named an officer.

Item 4 Mine Safety Disclosures **- Not applicable**

PART II

Item 5 Market for the Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Share Price, Earnings, and Dividends Summary

Herman Miller, Inc. common stock is traded on the NASDAQ-Global Select Market System (Symbol: MLHR). As of July 21, 2016, there were approximately 20,000 record holders, including individual participants in security position listings, of the company's common stock.

Per Share and Unaudited		Market Price High (at close)		Market Price Low (at close)		Market Price Close		Earnings Per Share-Diluted		Dividends Declared Per Share
Year ended May 28, 2016:										
First quarter	$	30.50	$	26.75	$	26.99	$	0.56	$	0.1475
Second quarter		32.69		26.28		32.14		0.57		0.1475
Third quarter		32.11		22.92		26.29		0.46		0.1475
Fourth quarter		31.64		26.09		31.64		0.67		0.1475
Year	$	32.69	$	22.92	$	31.64	$	2.26	$	0.5900
Year ended May 30, 2015:										
First quarter	$	32.26	$	28.69	$	29.72	$	0.42	$	0.1400
Second quarter		32.12		28.44		30.39		0.46		0.1400
Third quarter		31.89		27.69		30.97		0.35		0.1400
Fourth quarter		31.20		27.12		27.70		0.39		0.1400
Year	$	32.26	$	27.12	$	27.70	$	1.62	$	0.5600

Dividends were declared and paid quarterly during fiscal 2016 and 2015 as approved by the Board of Directors. While it is anticipated that the company will continue to pay quarterly cash dividends, the amount and timing of such dividends is subject to the discretion of the Board depending on the company's future results of operations, financial condition, capital requirements, and other relevant factors.

Issuer Purchases of Equity Securities

The following is a summary of share repurchase activity during the fourth quarter ended May 28, 2016.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share or Unit	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs		(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs [(1)]
2/28/16 - 3/26/16	2,513	26.29	2,513	$	137,792,871
3/27/16 - 4/23/16	92,747	30.74	92,747	$	134,941,923
4/24/16 - 5/28/16	85,088	30.51	85,088	$	132,346,007
Total	180,348		180,348		

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

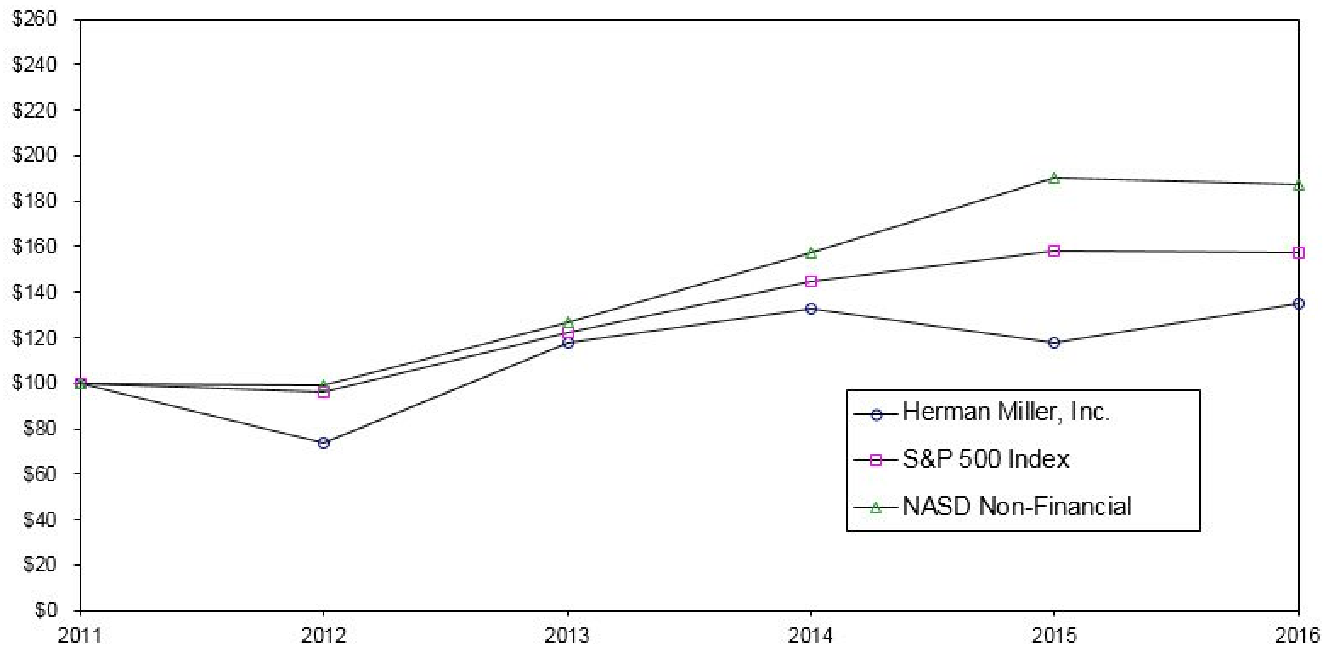
The company has a share repurchase plan authorized by the Board of Directors on September 28, 2007, which provided share repurchase authorization of $300,000,000 with no specified expiration date.

No repurchase plans expired or were terminated during the fourth quarter of fiscal 2016.

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

Stockholder Return Performance Graph

Set forth below is a line graph comparing the yearly percentage change in the cumulative total stockholder return on the company's common stock with that of the cumulative total return of the Standard & Poor's 500 Stock Index and the NASD Non-Financial Index for the five-year period ended May 28, 2016. The graph assumes an investment of $100 on May 28, 2011 in the company's common stock, the Standard & Poor's 500 Stock Index and the NASD Non-Financial Index, with dividends reinvested.



	2011	2012	2013	2014	2015	2016
Herman Miller, Inc.	$ 100	$ 74	$ 118	$ 132	$ 118	$ 135
S&P 500 Index	$ 100	$ 96	$ 123	$ 145	$ 158	$ 158
NASD Non-Financial	$ 100	$ 99	$ 127	$ 157	$ 190	$ 188

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

Item 6 Selected Financial Data

Review of Operations

(In millions, except key ratios and per share data)	2016	2015	2014	2013	2012
Operating Results					
Net sales	$ 2,264.9	$ 2,142.2	$ 1,882.0	$ 1,774.9	$ 1,724.1
Gross margin	874.2	791.4	631.0	605.2	590.6
Selling, general, and administrative (8)	585.6	556.6	590.8	430.4	400.3
Design and research	77.1	71.4	65.9	59.9	52.7
Operating earnings (loss)	211.5	163.4	(25.7)	114.9	137.6
Earnings (loss) before income taxes	196.6	145.2	(43.4)	97.2	119.5
Net earnings (loss)	137.5	98.1	(22.1)	68.2	75.2
Cash flow from operating activities	210.4	167.7	90.1	136.5	90.1
Cash flow used in investing activities	(80.8)	(213.6)	(48.2)	(209.7)	(58.4)
Cash flow (used in) provided by financing activities	(106.5)	6.8	(22.4)	(16.0)	(1.6)
Depreciation and amortization	53.0	49.8	42.4	37.5	37.2
Capital expenditures	85.1	63.6	40.8	50.2	28.5
Common stock repurchased plus cash dividends paid	49.0	37.0	43.0	22.7	7.9
Key Ratios					
Sales growth	5.7%	13.8%	6.0 %	2.9%	4.5%
Gross margin (1)	38.6	36.9	33.5	34.1	34.3
Selling, general, and administrative (1) (8)	25.9	26.0	31.4	24.3	23.2
Design and research (1)	3.4	3.3	3.5	3.4	3.1
Operating earnings (1)	9.3	7.6	(1.4)	6.5	8.0
Net earnings growth (decline)	40.2	543.9	(132.4)	(9.3)	6.2
After-tax return on net sales (4)	6.1	4.6	(1.2)	3.8	4.4
After-tax return on average assets (5) (9)	11.3	9.0	(2.3)	7.6	9.0
After-tax return on average equity (6) (9)	29.1%	25.0%	(6.5)%	24.7%	34.4%
Share and Per Share Data					
Earnings (loss) per share-diluted	$ 2.26	$ 1.62	$ (0.37)	$ 1.16	$ 1.29
Cash dividends declared per share	0.59	0.56	0.53	0.43	0.09
Book value per share at year end (9) (10)	8.76	7.04	6.14	5.31	4.13
Market price per share at year end	31.64	27.70	31.27	28.11	17.87
Weighted average shares outstanding-diluted	60.5	60.1	59.0	58.8	58.5
Financial Condition					
Total assets (9)	$ 1,235.2	$ 1,192.7	$ 995.6	$ 951.2	$ 843.8
Working capital (3) (9)	90.5	110.1	83.2	96.8	189.1
Current ratio (2) (9)	1.2	1.3	1.2	1.3	1.7
Interest-bearing debt and related swap agreements (11)	221.9	290.0	250.0	250.0	250.0
Stockholders' equity (9)	524.7	420.3	364.3	311.7	240.5
Total capital (7) (9)	746.6	710.3	614.3	561.7	490.5

(1) Shown as a percent of net sales.
(2) Calculated using current assets divided by current liabilities.
(3) Calculated using current assets less non-interest bearing current liabilities.
(4) Calculated as net earnings (loss) divided by net sales.
(5) Calculated as net earnings (loss) divided by average assets.
(6) Calculated as net earnings (loss) divided by average equity.
(7) Calculated as interest-bearing debt plus stockholders' equity.
(8) Selling, general, and administrative expenses includes restructuring and impairment expenses in years that are applicable.
(9) Due to an immaterial correction related to the accrual for product warranties, historical figures may have changed. Refer to Note 1 to the Consolidated Financial Statements for additional information regarding this change.
(10) Calculated as total stockholders' equity divided by common shares of stock outstanding.
(11) Amounts shown include the fair market value of the company's interest rate swap arrangement(s). The net fair value of this/these arrangement(s) was/were $1.2 million at May 29, 2010, $2.4 million at May 30, 2009, $0.5 million at May 31, 2008, and $(1.8) million at June 2, 2007.

Review of Operations

(In millions, except key ratios and per share data)	2011	2010	2009	2008	2007
Operating Results					
Net sales	$ 1,649.2	$ 1,318.8	$ 1,630.0	$ 2,012.1	$ 1,918.9
Gross margin	538.1	428.5	527.7	698.7	645.9
Selling, general, and administrative (8)	369.0	334.4	359.2	400.9	395.8
Design and research	45.8	40.5	45.7	51.2	52.0
Operating earnings	123.3	53.6	122.8	246.6	198.1
Earnings before income taxes	102.5	34.8	98.9	230.4	187.0
Net earnings	70.8	28.3	68.0	152.3	129.1
Cash flow from operating activities	89.0	98.7	91.7	213.6	137.7
Cash flow used in investing activities	(31.4)	(77.6)	(29.5)	(51.0)	(37.4)
Cash flow used in financing activities	(50.2)	(78.9)	(16.5)	(86.5)	(131.5)
Depreciation and amortization	39.1	42.6	41.7	43.2	41.2
Capital expenditures	30.5	22.3	25.3	40.5	41.3
Common stock repurchased plus cash dividends paid	6.0	5.7	19.5	287.9	185.6
Key Ratios					
Sales growth (decline)	25.1%	(19.1)%	(19.0)%	4.9%	10.5%
Gross margin (1)	32.6	32.5	32.4	34.7	33.7
Selling, general, and administrative (1) (8)	22.4	25.4	22.0	19.9	20.6
Design and research (1)	2.8	3.1	2.8	2.5	2.7
Operating earnings (1)	7.5	4.1	7.5	12.3	10.3
Net earnings growth (decline)	150.2	(58.4)	(55.4)	18.0	30.1
After-tax return on net sales (4)	4.3	2.1	4.2	7.6	6.7
After-tax return on average assets (5) (9)	8.9	3.7	8.7	20.9	19.2
After-tax return on average equity (6) (9)	52.5%	78.1 %	860.8 %	186.4%	92.7%
Share and Per Share Data					
Earnings per share-diluted	$ 1.06	$ 0.43	$ 1.25	$ 2.56	$ 1.98
Cash dividends declared per share	0.09	0.09	0.29	0.35	0.33
Book value per share at year end (9) (10)	3.42	1.27	—	0.28	2.35
Market price per share at year end	24.56	19.23	14.23	24.80	36.53
Weighted average shares outstanding-diluted	57.7	57.5	54.5	59.6	65.1
Financial Condition					
Total assets (9)	$ 819.1	$ 775.3	$ 772.0	$ 787.9	$ 670.9
Working capital (3) (9)	193.4	69.2	155.2	170.2	87.7
Current ratio (2) (9)	1.7	1.2	1.5	1.5	1.3
Interest-bearing debt and related swap agreements (11)	250.0	301.2	377.4	375.5	176.2
Stockholders' equity (9)	197.2	72.3	0.2	15.6	147.8
Total capital (7) (9)	447.2	373.5	377.6	391.1	324.0

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Executive Overview

Herman Miller's mission statement is *Inspiring Designs to Help People Do Great Things.* At present, most of our customers come to us for furnishing interior environments in corporate offices, healthcare settings, higher education institutions, and residential spaces. Our primary products include furniture systems, seating, storage, freestanding furniture, healthcare environment products, casegoods, textiles, and related technologies and services.

More than 100 years of innovative business practices and a commitment to social responsibility have established Herman Miller as a recognized global company. A past recipient of the Smithsonian Institution's Cooper Hewitt National Design Award, Herman Miller designs can be found in the permanent collections of museums worldwide. Herman Miller maintains its listing in the Dow Jones Sustainability World Index as well as the Human Rights Campaign Foundation's top rating in its annual Corporate Equality Index. The company trades on the NASDAQ Global Select Market under the symbol MLHR.

Herman Miller's products are sold internationally through wholly-owned subsidiaries or branches in various countries including the United Kingdom, Canada, France, Germany, Italy, Japan, Mexico, Australia, Singapore, China, Hong Kong, India, Brazil and the Netherlands. The company's products are offered elsewhere in the world primarily through independent dealerships or joint ventures with customers in over 100 countries.

The company is globally positioned in terms of manufacturing operations. In the United States, manufacturing operations are located in Michigan, Georgia, Wisconsin, and North Carolina. In Europe, its manufacturing presence is located within the United Kingdom. Manufacturing operations in Asia include facilities located in Dongguan and Ningbo, China and a new manufacturing facility in India opened this year. The company manufactures products using a system of lean manufacturing techniques collectively referred to as the Herman Miller Performance System (HMPS). Herman Miller strives to maintain efficiencies and cost savings by minimizing the amount of inventory on hand. Accordingly, production is order-driven with direct materials and components purchased as needed to meet demand. The standard lead time for the majority of our products is 10 to 20 days. These factors result in a high rate of inventory turns related to our manufactured inventories.

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

The business is comprised of various operating segments as defined by generally accepted accounting principles in the United States (U.S. GAAP). The operating segments are determined on the basis of how the company internally reports and evaluates financial information used to make operating decisions. The company has identified the following reportable segments:

- *North American Furniture Solutions* — Includes the operations associated with the design, manufacture, and sale of furniture products for work-related settings, including office, education, and healthcare environments, throughout the United States and Canada. The North American Furniture Solutions reportable segment is the aggregation of two operating segments. In addition, the company has determined that both operating segments within the North American Furniture Solutions reportable segment represent reporting units.

- *ELA Furniture Solution*s — ELA Furniture Solutions includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings, in the EMEA, Latin America, and Asia-Pacific geographic regions.

- *Specialty* — Includes the operations associated with design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, and Herman Miller Collection products.

- *Consumer* — Includes the operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as direct to consumer sales through e-commerce, direct mailing catalogs, and DWR studios.

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

Core Strengths

The company relies on the following core strengths in delivering workplace solutions to customers.

- *Portfolio of Leading Brands* - Herman Miller is a globally-recognized, authentic brand known for working with some of the most outstanding designers in the world. Within the industries in which the company operates, Herman Miller, DWR, Geiger, Maharam, POSH, Nemschoff and Colbrook Bosson Saunders ("CBS") are acknowledged as leading brands that inspire architects and designers to create their best design solutions. This portfolio has enabled Herman Miller to connect with new audiences, channels, geographies and product categories. Leveraging the company's brand equity across the lines of business is an important element of the company's business strategy.

- *Problem-Solving Design and Innovation* - The company is committed to developing research-based functionality and aesthetically innovative new products and has a history of doing so, in collaboration with a global network of leading independent designers. The company believes its skills and experience in matching problem-solving design with the workplace needs of customers provides the company with a competitive advantage in the marketplace. An important component of the company's business strategy is to actively pursue a program of new product research, design, and development. The company accomplishes this through the use of an internal research and engineering staff that engages with third party design resources generally compensated on a royalty basis.

- *Operational Excellence* - The company was among the first in our industry to embrace the concepts of lean manufacturing. HMPS provides the foundation for all of our manufacturing operations. The company is committed to continuously improving both product quality and production and operational efficiency. The company has extended this lean process work to its non-manufacturing processes as well as externally to our manufacturing supply chain and distribution channel. The company believes these concepts hold significant promise for further gains in reliability, quality and efficiency.

- *Leading Networks* - The company values relationships in all areas of the business. The company considers its network of innovative designers, owned and independent dealers, and suppliers to be among the most important competitive factors and vital to the long-term success of the business.

- *Multi-Channel Reach* - The company has built a unique, multi-channel distribution capability that it considers unique. Through contract furniture dealers, direct customer sales, retail studios, e-Commerce, catalogs and independent retailers, the company serves contract and residential customers across a range of channels and geographies.

Channels of Distribution

The company's products and services are offered to most of its customers under standard trade credit terms between 30 and 45 days and are sold through the following distribution channels.

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

  At May 28, 2016, the company owned two contract furniture dealerships, one of which has operations in multiple locations. The financial results of these owned dealers are included in our Consolidated Financial Statements. Product sales to these dealerships are eliminated as inter-company transactions from our consolidated financial results. The company recognizes revenue on these sales once products are shipped to the end customer and installation is substantially complete. The company believes independent ownership of contract furniture dealers is generally the best model for a financially strong distribution network. With this in mind, the company's strategy is to continue to pursue opportunities to transition the remaining owned dealerships to independent owners. Where possible, the goal is to involve local managers in these ownership transitions.

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

- *DWR Retail Studios* - At the end of fiscal 2016, DWR had 29 retail studios and two outlet locations located in metropolitan areas throughout North America. Revenue on sales from these studios is recognized upon delivery to the end customer.

- *E-Commerce* - The company sells products through its online stores, in which products are available for sale via the company's website, hermanmiller.com as well as through the DWR online store, dwr.com. These sites complement our existing methods of distribution and extend the company's brand to new customers. The company recognizes revenue on these sales either upon shipment of the product, or for sales through the DWR online store, upon product delivery to the end customer.

- *DWR Direct-Mail Catalogs* - The company's consumer business unit utilizes a direct-mail catalog program through its DWR subsidiary. A regular schedule of catalog mailings is maintained throughout the fiscal year and these serve as a key driver of sales across each of DWR's channels, including retail studios and e-commerce websites. Revenue on sales transacted through this catalog program is recognized upon product delivery to the end customer.

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

Challenges Ahead

Like all businesses, the company is faced with a host of challenges and risks. The company believes its core strengths and values, which provide the foundation for its strategic direction, have well prepared the company to respond to the inevitable challenges it will face in the future. While the company is confident in its direction, the company acknowledges the risks specific to the business and industry. Refer to Item 1A for discussion of certain of these risk factors. In particular, we continue to experience the negative impact of foreign currency translation and, as of the end of the year, increased pressures from discounting, particularly in the North America and ELA markets.

Avenues of Future Growth

In spite of the risks and challenges it faces, the company believes it is well positioned to successfully pursue its mission of inspiring designs to help people do great things. To find opportunities for growth, Herman Miller is always examining the ways in which the world is changing and evolving. This helps the company better meet the needs of its customers and ultimately, to exceed their expectations. The company has identified three areas of fundamental, social and technological change that are informing and influencing its business strategy.

- *Globalization & Demographics* — Demographic shifts in the global workforce are significantly changing how and where value creation happens. Not only has the millennial generation overtaken the majority representation of the workforce, but economies that once relied on industrial production are increasingly becoming driven by knowledge work.

- *Inherently Global & Seamlessly Digital* — The ubiquity of technology allows people to connect with other people, content, work, businesses, and ideas wherever and whenever they want. This means the way people work is changing, where people work is changing, and how people work with each other is changing.

- *The Era of Ideas* — With the ongoing optimization of industrial production and information sharing, the demand for more innovative business solutions increases. The global focus of work is shifting to the successful generation and deployment of new ideas. As creativity and idea generation drive greater value - people, not process, provide the distinguishing capability. In this shift, workplaces are fundamentally changing from standardized and process-driven designs to diverse places that harness human capability, creativity, and relationships.

Over the past several years, Herman Miller has deployed a strategy to grow the business by shifting its focus in four fundamental areas in response to these changes. Through these shifts the company believes it is positioned to take advantage of existing markets, explore growth opportunities in new markets with supportive demographics, increase demand by addressing unmet needs, and expand into areas that yield higher prospects for margins and profitability. The four fundamental shifts are described below:

- *From Product Centric to Solutions* — The first strategic shift is to move from a product centric focus to one based upon delivering broader solutions to customers. Herman Miller is retooling its core business to speak to customers with fresh insights, to spur new demand, and to change the game with unique solutions and services.

- *From North America Centric to Global* — The second shift in our strategy aims to transform the business into a truly global organization. Herman Miller has a solid existing customer base, but sees meaningful opportunity in emerging markets with supportive demographics. The company is positioning itself to take maximum advantage of these shifts.

- *From The Office to Everywhere* — The third fundamental strategic shift is moving from the office to everywhere. Herman Miller envisions continued leadership and viability in the contract furniture industry, but also sees distinct targeted opportunities through focused market segmentation. The company envisions a total offering for customers to enable "a lifestyle of purpose."

- *From Industry brand to Industry + Consumer brand* — The fourth shift in strategy involves the company's ambition to expand the connection of its powerful brand more directly with the consumers of its products. With a legacy of decades of design leadership, Herman Miller is a brand that people desire and want to know. The company envisions a business that harnesses its brand vision to pull consumers to it.

This year the company has added one additional shift - product marketing to pull marketing - that it believes is required in order to reach the full velocity of its intended transformation. In other words, the company believes that this additional shift will put its strategy into *Overdrive*, which is what the strategy has been named.

Herman Miller intends to grow in targeted ways. First, the company will invest in areas that increase its existing markets across focused customer segments (such as healthcare, education, small and medium business, and consumer). Second, it will expand into emerging geographic markets that offer growth potential based upon their supportive demographics. Third, it will continue to invest in innovative products, which has been a hallmark of its success for many years. Finally, the company will grow through targeted acquisitions.

Industry Analysis

The Business and Institutional Furniture Manufacturer's Association (BIFMA) is the trade association for the North American contract furniture industry. The company monitors the trade statistics reported by BIFMA and considers them an indicator of industry-wide sales and order performance. BIFMA publishes statistical data for the contract segment and the office supply segment within the North American market. The contract segment of the industry relates primarily to products sold to large to mid-size corporations and installed via a network of dealers. The office supply segment relates primarily to products sold to smaller customers via wholesalers and retailers. The company participates, and is a leader in, the contract segment. Further, the company's diversification strategy lessens its dependence on the North American contract office furniture market.

The company analyzes BIFMA statistical information as a benchmark comparison against the performance of its contract business in North America and also to that of its competitors. The timing of large project-based business may affect comparisons to this data in any one period. Finally, BIFMA regularly provides its members with industry forecast information, which the company uses internally as one of several considerations in its short and long-range planning process.

After many years of compiling and reporting member production data for the U.S. market, BIFMA is revising its data collection process in an attempt to better reflect contract furniture production throughout North America, including products manufactured in Canada and Mexico. Prior to this change, products manufactured in Canada or Mexico and shipped to the U.S. were excluded from BIFMA's estimate of industry shipments and orders. The new methodology is designed to provide a better reflection of the market as a whole, especially given the rise in competition based in Canada and Mexico as well as sourcing moves by the company's existing competitors. Additionally, BIFMA has revised its product definitions to better fit products specifically designed for the Healthcare and Education end markets. The net effect of this is that the estimated market size for the North American contract industry will increase substantially - resulting in a re-orientation of market share estimates across each industry participant. However, any BIFMA statistics that are mentioned throughout this document are based on the historical method of compiling the industry data and the company anticipates disclosure of BIFMA statistical data under the new method in the first quarter of fiscal 2017.

The company also monitors trade statistics reported by the U.S. Census Bureau, which reports monthly retail sales growth data across a number of retail categories, including Furniture and Home Furnishing Stores. This information provides a relative comparison to our Consumer reportable segment.

Looking forward, the general economic outlook for our industry in the North America is expected to be positive. BIFMA issued its most recent report in February 2016, which forecasts that the growth rate of office furniture orders will be 3.1 percent and 4.4 percent in calendar 2016 and 2017, respectively, while the growth rate of shipments will be 1.0 percent and 4.8 percent for calendar 2016 and 2017, respectively. This forecast of growth is based primarily on employment gains in the U.S., tempered by the current global economic uncertainty.

Discussion of Business Conditions

During fiscal 2016, we demonstrated further progress on our strategic and operational initiatives, evidenced by record annual net sales of $2,264.9 million. Fiscal 2016 net sales increased 5.7 percent from the fiscal 2015 net sales of $2,142.2 million. The growth in net sales, combined with continued gross margin expansion and controlled operating expenses, drove earnings growth, as operating earnings increased 29.4 percent in fiscal 2016 over the prior year. Diluted earnings per share increased to $2.26 in fiscal 2016, as compared to $1.62 in fiscal 2015. The company also announced an increase in its quarterly cash dividend to $0.17 per share, payable in October 2016. This change represents an increase of 15.3 percent from the current dividend payout of $0.1475 per share.

The growth in sales and earnings during fiscal 2016 brought with it increased cash generation. As of the end of fiscal 2016, total cash and cash equivalents of $84.9 million represented an increase of $21.2 million from fiscal 2015. Cash flows from operations in the period were $210.4 million, which represented an increase of 25.5 percent from fiscal 2015.

The North American segment contributed significantly to our growth in net sales, orders, and earnings during fiscal 2016. Net sales for the segment grew at a rate of 7.2 percent and orders increased by 8.1 percent as compared to fiscal 2015. Organic net sales growth for the year was 8.2 percent (1) and orders increased 9.0 percent, while operating earnings increased 21.4 percent to $152.0 million during fiscal 2016. We believe this improvement demonstrates the impact of our investments over the past year in new products, refreshed showrooms and a solutions-based selling approach that provides our customers with problem solving designs.

In spite of the negative impact of foreign currency translation, the ELA segment posted growth in net sales (0.7 percent) and operating earnings (36.3 percent) as compared to the prior year, while orders for the period decreased by 0.1 percent. On a constant currency basis relative to fiscal 2015, net sales growth for the year was 7.0 percent (1) and orders increased 6.2 percent. During fiscal 2016, a new manufacturing and distribution facility was opened in the United Kingdom, which has bolstered operational efficiency. Assembly operations were also launched in India, significantly expanding our ability to service customers in this growing market. Finally, the Asia-Pacific region has benefited from renewed momentum of the POSH brand, which delivered sales growth and improved profitability throughout the year.

Our Specialty segment also showed growth as compared to the prior year. Sales increased 5.4 percent compared to fiscal 2015, driven mainly by improved sales volumes related to Geiger wood products and the Herman Miller Collection. Operating earnings increased $2.9 million from fiscal 2015. Increased sales volumes, decreases in material costs and improved operational efficiencies had a favorable impact on operating earnings for the Specialty segment.

The Consumer segment saw an increase in net sales of $18.2 million in the current fiscal year as compared to fiscal 2015. An increase of $30.2 million was driven by the fact that 52 weeks of DWR results were included in our consolidated results for fiscal 2016 as compared to 44 weeks in fiscal 2015. Sales were adversely impacted primarily by the following factors:

- Continued impact from closing smaller legacy DWR studio locations as we look to transition into larger format studios.
- Interruptions in selling activity resulting from the implementation of a new Enterprise Resource Planning ("ERP") system at DWR, during the second quarter of fiscal 2016.
- Continued impact from the deliberate reduction in the number of independent retail distributors within our legacy consumer wholesale business.

While the current year results for the Consumer segment did not meet our expectations, we believe the value drivers within the Consumer segment remain intact to drive future growth. These drivers include the transition of DWR studios to larger, more efficient formats, and increasing the breadth of the product portfolio, particularly in the area of exclusive product designs.

The economic backdrop of our businesses was mixed globally. North America continued to benefit from strong employment and encouraging construction and architectural billings data. Commodity costs, particularly that of steel, remained relatively low throughout fiscal 2016 though in recent months has been steadily increasing. Outside of North America, we are closely monitoring commodity-driven economies that are currently (or are expected to experience) slower growth in the future. In addition, growing uncertainty over the impact of a United Kingdom exit from the European Union is an area of concern for our business in that important market.

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

Reconciliation of Non-GAAP Financial Measures

This report contains references to Organic net sales, Adjusted operating earnings, Adjusted EBITDA and Adjusted earnings per share – diluted, all of which are non-GAAP financial measures (referred to collectively as the "Adjusted financial measures"). The Adjusted financial measures are calculated by excluding from Gross Margin, Operating expenses, Operating earnings and Earnings per share - diluted items that we believe are not indicative of our ongoing operating performance. Such items consist of the following:

- Expenses associated with restructuring actions taken to adjust our cost structure to the current business climate
- Expenses associated with acquisition-related inventory adjustments
- Transaction expenses associated with recent acquisitions
- Non-cash impairment expenses
- Non-recurring gains related to the sale of property and dealers, and
- Impact of non-recurring tax items

Adjusted EBITDA is calculated by excluding depreciation, amortization and other net income or expense from Adjusted Operating Earnings. Organic sales represents the change in Net sales, excluding currency translation effects and the impact of acquisitions. We present the adjusted financial measures because we consider them to be important supplemental measures of our performance and believe them to be useful in analyzing ongoing results from operations.

The Adjusted financial measures are not measurements of our financial performance under GAAP and should not be considered an alternative to Gross margin, Operating expenses, Operating earnings (loss) and Earnings (loss) per share – diluted under GAAP. The Adjusted financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of the Adjusted financial measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing prominence of our GAAP results and using the Adjusted financial measures only as a supplement.

The following table reconciles Net sales to Organic net sales for the years and reportable operating segments indicated.

	Fiscal Year Ended May 28, 2016					Fiscal Year Ended May 30, 2015				
	North America	ELA	Specialty	Consumer	**Total**	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	$1,331.8	$ 412.6	$ 231.8	$ 288.7	$ 2,264.9	$1,241.9	$ 409.9	$ 219.9	$ 270.5	$ 2,142.2
% change from PY	7.2%	0.7%	5.4%	6.7 %	5.7%					
Currency Translation Effects (1)	12.5	26.1	0.6	0.8	40.0	—	—	—	—	—
Acquisition	—	—	—	(30.2)	(30.2)	—	—	—	—	—
Organic Net Sales	**$1,344.3**	**$ 438.7**	**$ 232.4**	**$ 259.3**	**$ 2,274.7**	**$1,241.9**	**$ 409.9**	**$ 219.9**	**$ 270.5**	**$ 2,142.2**
% change from PY	**8.2%**	**7.0%**	**5.7%**	**(4.1)%**	**6.2%**					

	Fiscal Year Ended May 30, 2015					Fiscal Year Ended May 31, 2014				
	North America	ELA	Specialty	Consumer	**Total**	North America	ELA	Specialty	Consumer	Total
Net Sales, as reported	$1,241.9	$ 409.9	$ 219.9	$ 270.5	$ 2,142.2	$1,216.3	$ 392.2	$ 205.8	$ 67.7	$ 1,882.0
% change from PY	2.1%	4.5%	6.9%	299.6%	13.8%					
Dealer Divestitures	—	—	—	—	—	(12.1)	—	—	—	(12.1)
Currency Translation Effects (1)	7.2	16.8	0.4	0.4	24.8	—	—	—	—	—
Acquisition	—	—	—	(194.3)	(194.3)	—	—	—	—	—
Organic Net Sales	**$1,249.1**	**$ 426.7**	**$ 220.3**	**$ 76.6**	**$ 1,972.7**	**$1,204.2**	**$ 392.2**	**$ 205.8**	**$ 67.7**	**$ 1,869.9**
% change from PY	**3.7%**	**8.8%**	**7.0%**	**13.1%**	**5.5%**					

Financial Results

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

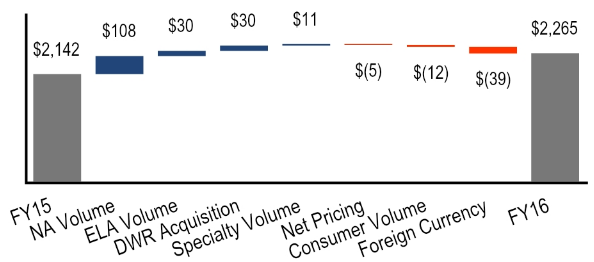
(Dollars In millions)	Fiscal 2016 52 weeks	% Change from 2015	Fiscal 2015 52 weeks	% Change from 2014	Fiscal 2014 52 weeks
Net sales	$ 2,264.9	5.7 %	$ 2,142.2	13.8 %	$ 1,882.0
Cost of sales	1,390.7	3.0 %	1,350.8	8.0 %	1,251.0
Gross margin	874.2	10.5 %	791.4	25.4 %	631.0
Operating expenses	662.7	5.5 %	628.0	(4.4)%	656.7
Operating earnings (loss)	211.5	29.4 %	163.4	735.8 %	(25.7)
Net other expenses	14.9	(18.1)%	18.2	2.8 %	17.7
Earnings (loss) before income taxes	196.6	35.4 %	145.2	434.6 %	(43.4)
Income tax expense (benefit)	59.5	26.1 %	47.2	322.6 %	(21.2)
Equity income (loss) from nonconsolidated affiliates, net of tax	0.4	300.0 %	0.1	— %	0.1
Net earnings (loss)	137.5	40.2 %	98.1	543.9 %	(22.1)
Net earnings attributable to noncontrolling interests	0.8	33.3 %	0.6	N/A	—
Net earnings (loss) attributable to Herman Miller, Inc.	$ 136.7	40.2 %	$ 97.5	541.2 %	$ (22.1)

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

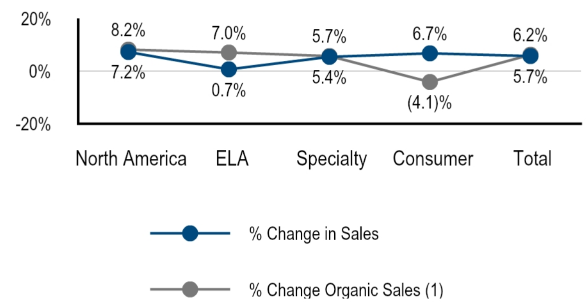
	Fiscal 2016	Fiscal 2015	Fiscal 2014
Net sales	100.0%	100.0%	100.0%
Cost of sales	61.4	63.1	66.5
Gross margin	38.6	36.9	33.5
Selling, general, and administrative expenses	25.9	25.4	30.0
Restructuring and impairment expenses	—	0.6	1.4
Design and research expenses	3.4	3.3	3.5
Total operating expenses	29.3	29.3	34.9
Operating earnings (loss)	9.3	7.6	(1.4)
Net other expenses	0.7	0.8	0.9
Earnings (loss) before income taxes	8.7	6.8	(2.3)
Income tax expense (benefit)	2.6	2.2	(1.1)
Equity income (loss) from nonconsolidated affiliates, net of tax	—	—	—
Net earnings (loss)	6.1	4.6	(1.2)
Net earnings attributable to noncontrolling interests	—	—	—
Net earnings (loss) attributable to Herman Miller, Inc.	6.0	4.6	(1.2)

Net Sales, Orders, and Backlog - Fiscal 2016 Compared to Fiscal 2015

Change in Net Sales
Fiscal 2016 Compared to Fiscal 2015



Sales and Organic Sales (1) % Growth (Decline) by Segment
Fiscal 2016



Consolidated net sales increased $122.7 million to $2,264.9 million from $2,142.2 million for the fiscal year ended May 28, 2016 compared to the fiscal year ended May 30, 2015. The following items contributed to the change:

- Increased sales volumes within the North American segment of approximately $108.0 million were driven by a combination of general market growth and company-specific actions taken to improve selling capacity, launch innovative products and refresh showrooms.
- Increased sales volumes within the ELA segment of $30.4 million were driven by increases within the Asia region. The largest increases were due to larger project activity in Australia and China.
- Incremental sales volume within the Consumer segment related to the acquisition of DWR, which increased sales by $30.2 million. This increase was due the fact that 52 weeks of DWR results were included in our consolidated results for fiscal 2016 as compared to 44 weeks in fiscal 2015.
- Increased sales volumes within the Specialty segment of $10.9 million were driven principally by Geiger and the Herman Miller Collection.
- Foreign currency translation had a negative impact on sales of $40.0 million.

Consolidated net trade orders for fiscal 2016 totaled $2,279.7 million compared to $2,146.5 million in fiscal 2015, an increase of 6.2 percent. Order rates began the year at an average pace of approximately $43 million per week for the first quarter and $46 million per week for the second quarter. For the third quarter, weekly order rates decreased to an average of approximately $39 million per week, reflecting typical seasonality in order pacing during that period of the fiscal year. The fourth quarter finished the year with average weekly order rates increasing to approximately $47 million. The overall impact of foreign currency changes for the fiscal year decreased net orders by approximately $38.7 million as compared to the prior year.

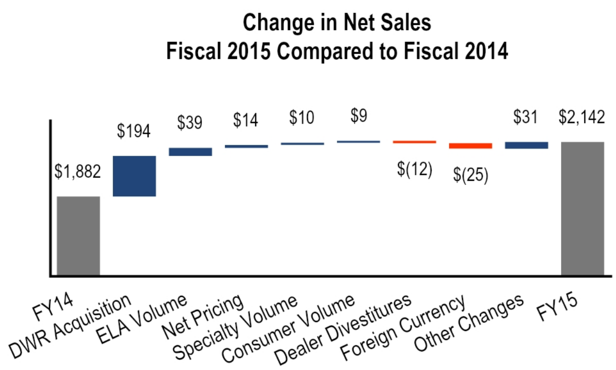
Our backlog of unfilled orders at the end of fiscal 2016 totaled $323.5 million, a 0.4 percent increase from the fiscal 2015 ending backlog of $322.2 million. At the end of fiscal 2016, the company completed the sale of its multi-location dealership in Australia. This dealer divestiture resulted in a reduction to the consolidated ending backlog of approximately $14 million.

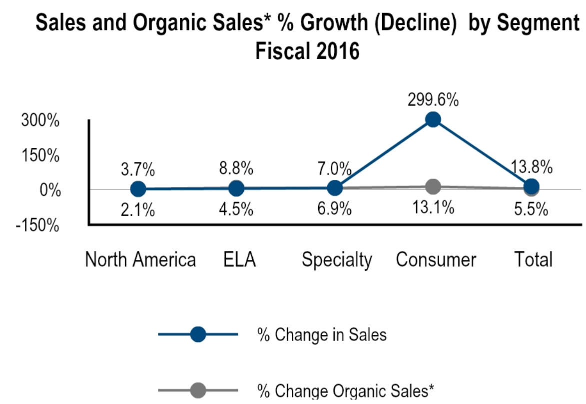
BIFMA reported an estimated period-over-period increase in U.S. office furniture shipments of approximately 3.2 percent for the twelve-month period ended May 2016. By comparison, net sales increased for the company's domestic U.S. business by approximately 6.3 percent over the twelve months ended May 2016, reflecting the strong results within our North America segment noted above.

We also monitor trade statistics reported by the U.S. Census Bureau, which reports monthly retail sales growth data across a number of retail categories, including Furniture and Home Furnishing Stores. This information provides a relative comparison to our Consumer reportable segment, but is not intended to be an exact comparison. The average monthly year-over-year growth rate in sales for the Furniture and Home Furnishing Stores category for the twelve month period ended May 31, 2016, was approximately 4.9 percent. By comparison, net sales growth for the company's Consumer segment was approximately 6.7 percent, while that segment posted an Organic net sales decrease of 4.1 percent [(1)].

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

Net Sales, Orders, and Backlog - Fiscal 2015 Compared to Fiscal 2014





For the fiscal year ended May 30, 2015, consolidated net sales increased $260.2 million to $2,142.2 million from $1,882.0 million for the fiscal year ended May 31, 2014. The following items contributed to the change:

- Incremental sales volumes within the Consumer segment related to the acquisition of DWR, which increased sales by $194.3 million.
- Increased sales volumes within the ELA segment of $38.5 million due primarily to increases within the EMEA and Asia regions.
- Foreign currency translation had a negative impact on sales of $24.8 million.
- The remaining increase was driven by a combination of factors, including the timing of project completion and the conversion of existing backlog into sales within the North American business segment.

Consolidated net trade orders for fiscal 2015 totaled $2,146.5 million compared to $1,917.7 million in fiscal 2014, an increase of 11.9 percent. Order rates began the year at an average pace of approximately $40 million per week for the first quarter and $44 million per week for the second quarter. For the third quarter, weekly order rates decreased to an average of approximately $39 million per week. The fourth quarter finished the year with average weekly order rates increasing to approximately $43 million.

The weekly order pacing in the third quarter and the fourth quarter of fiscal 2015 was impacted by the price increase that was announced during the third quarter of fiscal 2015. This caused approximately $21 million of orders that otherwise would have been entered in the fourth quarter, to be entered in the third quarter. When adjusting for this impact, the weekly pacing of orders for the third quarter and fourth quarter was $37 million per week and $45 million per week, respectively. The overall impact of foreign currency changes for the fiscal year decreased net orders by approximately $24.1 million as compared to the prior year.

Our backlog of unfilled orders at the end of fiscal 2015 totaled $322.2 million, a 5.2 percent increase from the $306.4 million of backlog at the end of fiscal 2014.

BIFMA reported an estimated year-over-year increase in U.S. office furniture shipments of approximately 6.3 percent for the twelve-month period ended May 2015. By comparison, net sales increased for the company's domestic U.S. business by approximately 3.0 percent. The company believes that while comparisons to BIFMA are important, the company continues to pursue a strategy of revenue diversification that makes us less reliant on the drivers that impact BIFMA.

As reported by the U.S. Census Bureau, the average monthly year-over-year growth rate in sales for the Furniture and Home Furnishing Stores category for the twelve month period ended May 31, 2015, was approximately 4.0 percent. By comparison, net sales growth for the Consumer segment was approximately 299.6 percent, while Organic net sales growth for the Consumer reportable segment was 13.1 percent [1].

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

Gross Margin - Fiscal 2016 Compared to Fiscal 2015

Consolidated gross margin for Fiscal 2016 was 38.6 percent, an increase of 170 basis points from the fiscal 2015 level. The following factors summarize the major drivers of the year-over-year improvement in gross margin percentage:

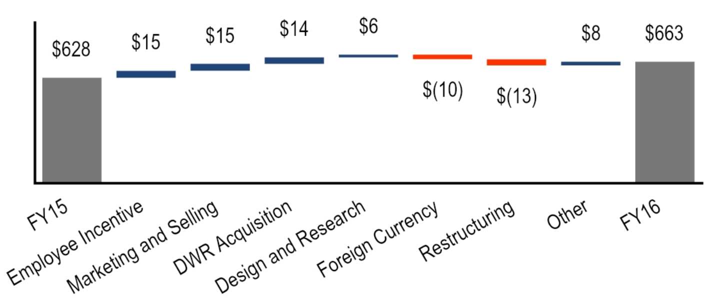
- Lower commodity costs within the North American operating segment in the current fiscal year drove a favorable year-over-year margin impact of approximately 90 basis points.
- A decrease in freight expenses, due primarily to lower fuel costs and improved leverage of fixed product distribution costs, drove a favorable impact to gross margin of approximately 40 basis points compared to fiscal 2015.
- Inventory-related purchase accounting adjustments related to the acquisition of DWR unfavorably impacted gross margin in the prior year by approximately 30 basis points.
- Improved production volume leverage at the company's West Michigan manufacturing facilities increased gross margin by approximately 30 basis points as compared to fiscal 2015.
- We estimate that relative changes in foreign currency exchange rates had a negative impact on our consolidated gross margin of approximately 30 basis points relative to last fiscal year.
- Improved operating efficiencies at certain international and domestic subsidiaries also provided a favorable impact to gross margin compared to last fiscal year.

Gross Margin - Fiscal 2015 Compared to Fiscal 2014

Consolidated gross margin for Fiscal 2015 was 36.9 percent, an increase of 340 basis points from the fiscal 2014 level. The following factors summarize the major drivers of the year-over-year change in gross margin percentage:

- Charges related to the termination of the company's primary defined benefit pension plan led to a 240 basis point decrease in gross margin during fiscal 2014.
- The benefit captured from price increases - net of incremental discounting, provided a 40 basis point improvement compared to fiscal 2014.
- We estimate that relative changes in foreign currency exchange rates had a negative impact on our consolidated gross margin of approximately 30 basis points relative to fiscal 2014.
- The remainder of the change in gross margin during fiscal 2015 as compared to fiscal 2014 was driven by improved production, product, and channel mix.

Operating Expenses - Fiscal 2016 Compared to Fiscal 2015



Operating expenses in fiscal 2016 were $662.7 million, or 29.3 percent of net sales, which compares to $628.0 million, or 29.3 percent of net sales in fiscal 2015. The following factors contributed to the change:

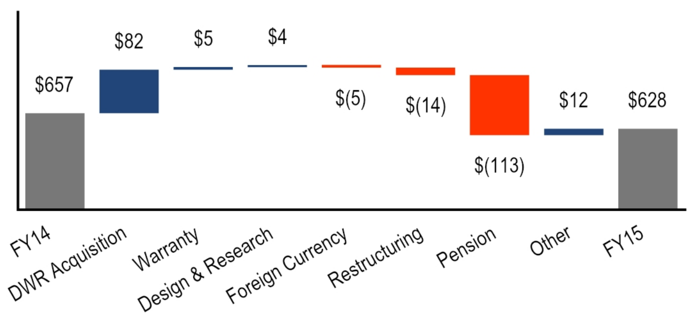
- Employee incentive costs increased by $14.7 million relative to fiscal 2015. The increase reflects higher incentive compensation costs that are tied to increased earnings for the comparative periods.
- Marketing and selling expenses increased $14.5 million relative to fiscal 2015. The increase resulted from new marketing initiatives, particularly within the Consumer segment, as well as increases in selling capacity and sales growth during fiscal 2016.
- Fiscal 2016 included a full 52 weeks of DWR results whereas fiscal 2015 included only 44 weeks. This difference accounts for approximately $13.7 million of the year-over-year increase in consolidated operating expenses.
- Design and research expenses increased $5.7 million in fiscal 2016 as compared to the prior year.
- Year-over-year changes in currency exchange rates decreased operating expenses by an estimated $10 million.
- Fiscal 2015 results reflected restructuring and impairment expenses of $12.7 million.
- The remaining change relates to various contributing factors, including but not limited to higher costs for information technology initiatives, wage and benefit inflation, and general variability with higher net sales.

Restructuring and Impairment - Fiscal 2016 Compared to Fiscal 2015

There were no restructuring and impairment charges for fiscal 2016. By comparison, fiscal 2015 included restructuring and impairment expenses totaling $12.7 million, including $1.9 million related to targeted workforce reductions within the North American segment and $10.8 million in impairment expenses related to the impairment of the POSH trade name.

For the fiscal year ended May 28, 2016, restructuring liabilities of $0.4 million were included in "Other accrued liabilities" within the Consolidated Balance Sheet. See Note 17 of the Consolidated Financial Statements for additional information on restructuring and impairment expenses.

Operating Expenses - Fiscal 2015 Compared to Fiscal 2014



Operating expenses in fiscal 2015 were $628.0 million, or 29.3 percent of net sales, which compares to $656.7 million, or 34.9 percent of net sales in fiscal 2014. The following factors contributed to the change:

- The acquisition of DWR contributed an additional $81.5 million of operating expenses in fiscal 2015 as compared to fiscal 2014.
- Warranty expenses increased by approximately $4.8 million in fiscal 2015 as compared to the prior year. The increase in warranty expense was due to updating claims loss experience in warranty liability estimates, additional sales of new products, and an increase in customer specific claims as compared to the prior year.
- Design and research expenses increased $4.3 million in fiscal 2015 as compared to the prior year.
- Year-over-year changes in currency exchange rates decreased operating expenses by an estimated $5 million.
- As compared to fiscal 2014, restructuring and impairment expenses decreased by $13.8 million.
- The impact of pension termination expenses of $113.1 million that were recorded in fiscal 2014.
- The remaining change was driven by net changes in various other operating expenses compared to the prior year period.

Restructuring and Impairment - Fiscal 2015 Compared to Fiscal 2014

Restructuring and impairment charges decreased $13.8 million from $26.5 million in fiscal 2014 to $12.7 million in fiscal 2015. During fiscal 2014, restructuring and impairment expenses included $4.0 million related to the impairment of property in Ningbo, China, $1.1 million related to restructuring actions taken to improve the efficiency of the North American sales and distribution channel and Geiger manufacturing operations and $21.4 million in impairment expenses related to the POSH and Nemschoff trade names.

For the fiscal year ended May 30, 2015, restructuring liabilities of $1.4 million were included in "Other accrued liabilities" within the Consolidated Balance Sheet. See Note 17 of the Consolidated Financial Statements for additional information on restructuring and impairment expenses.

Operating Earnings

In fiscal 2016, the company generated operating earnings of $211.5 million, an increase of $48.1 million from fiscal 2015 operating earnings of $163.4 million. Operating earnings of $163.4 million in fiscal 2015 represented a $189.1 million increase from fiscal 2014 operating loss of $25.7 million.

Other Expenses and Income

Net other expenses for fiscal 2016 were $14.9 million, a decrease of $3.3 million compared to net other expenses in fiscal 2015 of $18.2 million. Net other expenses in fiscal 2014 totaled $17.7 million. The decrease in net other expenses in fiscal 2016 was primarily related to a reduction in interest expense related to a decrease in long term debt. The reduction in long term debt resulted from the repayment of borrowings on the revolving line of credit. The increase in Net other expenses in fiscal 2015 as compared to fiscal 2014 was primarily related to an increase in currency loss as compared to fiscal 2014.

Income Taxes

The company's effective tax rate was 30.3 percent in fiscal 2016, 32.6 percent in fiscal 2015, and 48.9 percent in fiscal 2014. The effective tax rate in fiscal 2016 was below the statutory rate of 35 percent, primarily due to the domestic U.S. manufacturing deduction as well as a significant amount of foreign earnings subject to tax at foreign rates below 35 percent.

The effective tax rate in fiscal 2015 was below the statutory rate of 35 percent, primarily due to the domestic U.S. manufacturing deduction and a $3.9 million tax benefit related to a foreign entity reorganization.

The effective tax rate in fiscal 2014 was above the statutory rate of 35 percent, primarily due to the domestic U.S. manufacturing deduction and a shift in the relative mix of income and loss between the taxing jurisdictions. This change in mix was driven primarily by legacy pension expenses recorded in that fiscal year.

For further information regarding income taxes, refer to Note 10 of the Consolidated Financial Statements.

Net Earnings (Loss); Earnings (Loss) per Share

In fiscal 2016, fiscal 2015, and fiscal 2014, the company generated net earnings of $137.5 million, net earnings of $98.1 million and a net loss of $22.1 million, respectively. Diluted earnings per share were $2.26 and $1.62 for fiscal 2016 and fiscal 2015, respectively, while diluted loss per share was $0.37 in fiscal 2014.

Reportable Operating Segments

The business is comprised of various operating segments as defined by generally accepted accounting principles in the United States. These operating segments are determined on the basis of how the company internally reports and evaluates financial information used to make operating decisions. The company has identified the following reportable segments:

- *North American Furniture Solutions* — Includes the operations associated with the design, manufacture, and sale of furniture products for work-related settings, including office, education, and healthcare environments, throughout the United States and Canada. The North American Furniture Solutions reportable segment is the aggregation of two operating segments. In addition, the company has determined that both operating segments within the North American Furniture Solutions reportable segment each represent reporting units.

- *ELA Furniture Solutions* — Includes EMEA, Latin America, and Asia-Pacific operations associated with the design, manufacture and sale of furniture products, primarily for work-related settings.

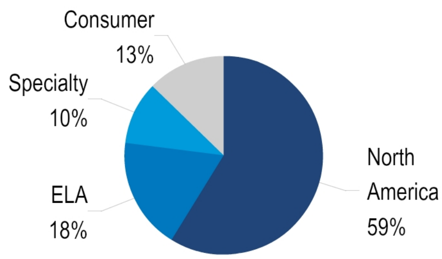
- *Specialty* — Includes operations associated with the design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, and Herman Miller Collection products.

- *Consumer* — Includes operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as direct to consumer sales through e-commerce, direct mailing catalogs, and DWR retail studios.

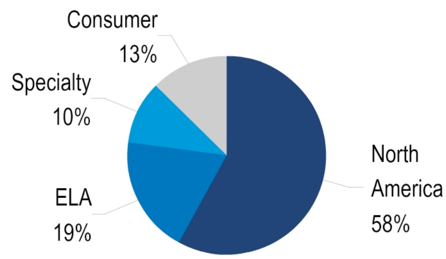
The company also reports a corporate category consisting primarily of, as applicable, unallocated corporate expenses including restructuring, impairment, acquisition-related costs, and other unallocated corporate costs.

The charts below present the relative mix of net sales across each of the company's reportable segments. This is followed by a discussion of the company's results, by segment, for each reportable segment.

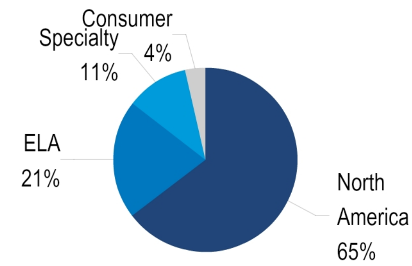
Net Sales by Reportable Operating Segment
Fiscal Year 2016



Net Sales by Reportable Operating Segment
Fiscal Year 2015



Net Sales by Reportable Operating Segment
Fiscal Year 2014



North American Furniture Solutions ("North America")

Fiscal 2016 Compared to Fiscal 2015

Net sales in the North American segment increased to $1,331.8 million in fiscal 2016, an increase of $89.9 million from fiscal 2015 net sales of $1,241.9 million. Orders for fiscal 2016 totaled $1,336.1 million, an increase of $100.3 million from fiscal 2015. Operating earnings for North America in fiscal 2016 were $152.0 million, a $26.8 million increase from fiscal 2015.

- Sales volumes within the North American segment increased by approximately $108 million. This was driven by a combination of general market growth and company-specific actions taken to improve selling capacity, launch innovative products, and refresh showrooms.
- The impact of foreign currency translation decreased net sales by approximately $13 million.
- Changes in pricing, net of incremental discounting, decreased fiscal 2016 net sales between $5 million and $7 million compared to the prior year.
- Operating earnings increased mainly due to improvements in gross margin that were driven by increased sales volumes, improved production volume leverage, a decrease in commodity costs, and improved operational efficiency.
- Higher incentive compensation expenses had an unfavorable impact on operating earnings of $18.6 million.
- The impact of foreign currency changes decreased fiscal 2016 operating earnings for North America by approximately $7 million.

Fiscal 2015 Compared to Fiscal 2014

Net sales increased to $1,241.9 million in fiscal 2015, an increase of $25.6 million from fiscal 2014 net sales of $1,216.3 million. Operating earnings for North America in fiscal 2015 were $125.2 million, an increase of $152.2 million in fiscal 2014.

- Dealer divestitures in fiscal 2014 had the impact of reducing net sales by approximately $12 million during fiscal 2015.
- Foreign currency changes decreased fiscal 2015 net sales by approximately $7 million.
- Changes in pricing, net of incremental discounting, increased fiscal 2015 net sales between $11 million and $13 million compared to the prior year.
- Decreased sales volumes to the U.S. federal government drove a $4.4 million decrease in net sales as compared to fiscal 2014.
- The rest of the increase in sales during fiscal 2015 was due to higher volumes, the timing of project completions, and the conversion of existing backlog into sales.
- Non-recurring legacy pension expenses of $147.0 million decreased operating earnings during fiscal 2014. These costs related to the termination of the primary domestic defined benefit pension plans.
- The remaining change in operating earnings was due to growth in gross margin that was driven by improvements in pricing, net of discounting, and improved product mix.

ELA Furniture Solutions (EMEA, Latin America, and Asia Pacific)

Fiscal 2016 Compared to Fiscal 2015

Net sales increased to $412.6 million in fiscal 2016, an increase of $2.7 million from fiscal 2015 net sales of $409.9 million. Orders for fiscal 2016 totaled $417.0 million, a decrease of $0.6 million from fiscal 2015. Operating earnings within ELA for fiscal 2016 were $35.3 million, a $9.4 million increase from fiscal 2015.

- An increase in sales volumes within Australia, Mexico and China drove an increase in net sales of approximately $31 million.

- Changes in pricing, net of incremental discounting, decreased fiscal 2016 net sales between $1 million and $3 million compared to the prior year.
- The impact of foreign currency translation decreased net sales by approximately $26.1 million.
- Gross margin improvements driven by increased sales volumes, manufacturing efficiency as well as decreased material and freight costs provided a favorable impact on operating earnings.
- Nonrecurring gains related to the sale of a former manufacturing facility in the United Kingdom and the divestiture of the company's dealership in Australia increased operating earnings by $6.1 million.
- The impact of foreign currency changes decreased fiscal 2015 operating earnings for ELA by approximately $7 million.

Fiscal 2015 Compared to Fiscal 2014
Net sales increased 4.5 percent to $409.9 million in fiscal 2015 as compared to fiscal 2014. Operating earnings within ELA for fiscal 2015 were $25.9 million, a $2.8 million increase from fiscal 2014.

- On a constant currency basis, net sales increased approximately $35 million during fiscal 2015 as compared to fiscal 2014, due to growth in sales volumes within the EMEA and Asia regions.
- The impact of foreign currency changes decreased fiscal 2015 operating earnings for ELA by approximately $9 million.
- Year-over-year, improved sales volumes in the EMEA and Asia regions along with the improved manufacturing efficiency at the company's United Kingdom and Asia manufacturing operations led to an increase in operating earnings.

Specialty

Fiscal 2016 Compared to Fiscal 2015
Net sales within the Specialty reportable segment increased to $231.8 million for fiscal 2016, an improvement of $11.9 million as compared to fiscal 2015. Orders for fiscal 2016 totaled $234.8 million, an increase of $13.4 million from fiscal 2015. Operating earnings within the Specialty reportable segment totaled $16.4 million for the year, an increase of $2.9 million from fiscal 2015.

- Improved sales volumes drove an increase in net sales of $10.9 million, which was driven by increases within the Herman Miller Collection and Geiger subsidiary.
- Changes in pricing, net of incremental discounting, increased fiscal 2015 net sales between $1 million and $3 million compared to the prior year.
- Increased sales volumes and improved operational efficiencies had a favorable impact on operating earnings.
- Higher incentive compensation expenses and increased marketing and selling costs had an unfavorable impact on operating earnings of $2.3 million and $1.9 million, respectively.

Fiscal 2015 Compared to Fiscal 2014
Net sales within the Specialty reportable segment were $219.9 million during fiscal 2015, an increase of $14.1 million compared to fiscal 2014. Orders for fiscal 2015 totaled $221.4 million, an increase of $13.2 million from fiscal 2014. Operating earnings within the Specialty reportable segment totaled $13.5 million for the year, an increase of $18.8 million from fiscal 2014.

- Sales volumes increased mainly due to improved volumes of Geiger and Herman Miller Collection products.
- Non-recurring legacy pension expenses of $12.2 million decreased operating earnings during fiscal 2014. These costs related to the termination of the primary domestic defined benefit pension plans.
- Inventory-related purchase accounting adjustments from the Maharam acquisition decreased operating earnings by $1.4 million during fiscal 2014.
- The remaining increase in operating earnings was driven by improved operating performance and leverage from both the Geiger and Maharam subsidiaries.

Consumer

Fiscal 2016 Compared to Fiscal 2015
Net sales for the Consumer reportable segment increased to $288.7 million in fiscal 2016, an increase of $18.2 million from fiscal 2015 net sales of $270.5 million. Orders for fiscal 2016 totaled $291.7 million, an increase of $20.0 million from fiscal 2015. Operating earnings within the Consumer segment were $8.1 million during fiscal 2016 as compared to operating earnings of $14.7 million in fiscal 2015.

- The fiscal year ended May 30, 2015 included 44 weeks of DWR operations (as the acquisition of DWR was completed on July 28, 2014). Accordingly, approximately $30.2 million of the year-over-year net sales increase for this segment is due to this inclusion of DWR operations for the full twelve months of the current fiscal year.
- Adjusted for the impact of this partial period consolidation during last fiscal year and the impact of foreign currency translation, which increased net sales by $0.8 million, net sales for the Consumer segment decreased $11.2 million as compared to fiscal 2015. This

was driven by the closing of legacy DWR studios, selling activity interruptions from the implementation of a new ERP system at DWR and the rationalization of independent retail distributors.

- The decrease in operating earnings was driven by a reduction in the gross margin percentage at DWR due to a shift in mix to lower margin channels, the impact of promotional activity related to shipping and certain period costs associated with an ERP implementation.
- An increase in DWR operating expenses of $8.2 million decreased operating earnings. The increase in operating expenses was due to increased marketing investment, higher staffing levels and incremental occupancy costs that were driven by studio opening costs and double rent associated with new studio openings.
- These factors were partially offset by inventory-related purchase accounting adjustments that reduced prior year operating earnings by approximately $7.8 million.

Fiscal 2015 Compared to Fiscal 2014

Net sales for the Consumer reportable segment increased to $270.5 million in fiscal 2015, an increase of $202.8 million from fiscal 2014 net sales of $67.7 million. Orders for fiscal 2015 totaled $271.7 million, an increase of $202.3 million from fiscal 2014. Operating earnings within the Consumer segment were $14.7 million during fiscal 2015 as compared to operating earnings of $9.9 million in fiscal 2014.

- The acquisition of DWR was completed in the first quarter of fiscal 2015, which drove an increase in net sales of $194.3 million as compared to fiscal 2014.
- The remaining change in sales was driven by increases in pricing and higher sales volumes within the company's legacy wholesale and e-commerce consumer business.
- Decreased legacy pension expenses during fiscal 2015 increased operating earnings $5.2 million as compared to fiscal 2014.
- Inventory-related adjustments associated with the DWR acquisition decreased fiscal 2015 operating earnings by $7.8 million.
- The remaining change in operating earnings was driven by increased gross margins and operating earnings associated with the acquisition of DWR as well as higher sales volumes within the company's existing consumer wholesale and e-commerce business.

Liquidity and Capital Resources

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

	Fiscal Year Ended		
(In millions)	2016	2015	2014
Cash and cash equivalents, end of period	$ 84.9	$ 63.7	$ 101.5
Marketable securities, end of period	$ 7.5	$ 5.7	$ 11.1
Cash provided by operating activities	$ 210.4	$ 167.7	$ 90.1
Cash used for investing activities	$ (80.8)	$ (213.6)	$ (48.2)
Cash provided by (used for) financing activities	$ (106.5)	$ 6.8	$ (22.4)
Pension and post-retirement benefit plan contributions (1)	$ (1.2)	$ 1.4	$ (50.2)
Capital expenditures	$ (85.1)	$ (63.6)	$ (40.8)
Stock repurchased and retired	$ (14.1)	$ (3.7)	$ (12.7)
Interest-bearing debt, end of period	$ 221.9	$ 289.8	$ 250.0
Available unsecured credit facilities, end of period (2) (3)	$ 232.1	$ 164.5	$ 155.1

(1) Amount shown for fiscal 2014 includes $48.8 million due to the termination of the company's primary domestic defined benefit pension plan.
(2) Amounts shown are net of outstanding letters of credit, which are applied against the company's unsecured credit facility.
(3) During fiscal 2015, we renegotiated the unsecured revolving credit facility. Refer to Note 5 of the Consolidated Financial Statements for additional information.

Cash Flow — Operating Activities

Cash generated from operating activities in fiscal 2016 totaled $210.4 million compared to $167.7 million generated in the prior year. This represents an increase of $42.7 million compared to fiscal 2015.

Changes in working capital balances resulted in a $6.0 million use of cash in the current fiscal year compared to a $3.5 million source of cash in the prior year. The use of cash related to changes in working capital balances in fiscal 2016 consisted primarily of an increase in trade receivables of $30.5 million, an increase in inventory of $6.0 million, and an increase to prepaid expenses of $11.7 million. This was partially offset by an increase in accrued compensation and benefits of $19.4 million, an increase to accounts payable of $8.7 million, and an increase to other accrued liabilities of $14.1 million.

During fiscal 2014 the company contributed $50.2 million to its employee pension and post-retirement plans. The majority of these contributions related to funding associated with the termination of the company's primary domestic defined benefit pension plan. Collectively, these plan contributions reduced cash flows generated from operations in fiscal 2014. By comparison, company's contributions to these plans in fiscal 2015 totaled $1.2 million.

Changes in working capital balances resulted in a $3.5 million source of cash in fiscal 2015 as compared to a $21.2 million use of cash in fiscal 2014. The sources of cash related to changes in working capital balances in fiscal 2015 consisted primarily of a decrease in trade receivables of $7.8 million, an increase in accounts payable of $1.1 million and an increase in accrued liabilities of $6.1 million. This was partially offset by increases in inventory and prepaid expenses of $9.0 million and $2.5 million, respectively. Note that the change in working capital assets and liabilities excludes the impact of amounts acquired through business combinations.

Collections of accounts receivable remained strong throughout fiscal 2016, and the company's recorded accounts receivable allowances at the end of the year are believed to be adequate to cover the risk of potential bad debts. Allowances for non-collectible accounts receivable, as a percent of gross accounts receivable, totaled 2.2 percent, 2.0 percent and 1.9 percent at the end of fiscal years 2016, 2015, and 2014, respectively.

Cash Flow — Investing Activities

Capital expenditures totaled $85.1 million, $63.6 million and $40.8 million in fiscal 2016, 2015, and 2014, respectively. The increase in capital expenditures of $21.5 million from fiscal 2015 to fiscal 2016 was driven primarily by payments related to the construction of a new facility in the United Kingdom for the purpose of consolidating manufacturing and distribution activities, as well as capital expenditures associated with product development and the opening of new DWR retail studio locations.

Proceeds from the sale of property and dealers increased to $10.7 million for fiscal 2016 as compared to $0.6 million for fiscal 2015. This increase was driven mainly by net cash proceeds received from the sale of a former manufacturing facility in the United Kingdom for $4.8 million and the divestiture of the company's remaining 75 percent equity stake in its dealership in Australia for $2.7 million.

Outstanding commitments for future capital purchases at the end of fiscal 2016 were approximately $14.0 million. The company expects capital spending in fiscal 2017 to be between $80 million and $90 million. The capital spending will be allocated primarily to planned investments in product development and retail studio openings.

Included in the fiscal 2016, 2015 and 2014 investing activities are net cash outflows related to acquisitions. These amounts are summarized below:

(In millions)	2016	2015	2014
George Nelson Bubble Lamp Product Line	$ 3.6		
Design Within Reach (DWR)		$ 154.0	
Certain Assets of Dongguan Sun Hing Steel Furniture Factory Ltd (DGSH)			$ 6.7

Our net marketable securities transactions for fiscal 2016 yielded a $1.7 million use of cash. This compares to a $5.3 million source of cash and $0.3 million use of cash in fiscal 2015 and fiscal 2014, respectively.

Cash Flow — Financing Activities

	Fiscal Year Ended		
(In millions, except share and per share data)	2016	2015	2014
Shares acquired	482,040	121,488	408,391
Cost of shares acquired	$ 14.1	$ 3.7	$ 12.7
Shares issued	655,705	501,277	1,040,255
Average cash received per share issued	$ 13.97	$ 15.48	$ 20.00
Cash dividends paid	$ 34.9	$ 33.3	$ 30.3

In fiscal 2016, cash used for financing activities was $106.5 million, as compared to cash provided by financing activities of $6.8 million in fiscal 2015. Cash outflows from net payments on the revolving credit facility were $68.0 million during fiscal 2016. By comparison, cash inflows from net borrowings on the revolving credit facility were $40.0 million during fiscal 2015.

Cash paid for the retirement of common stock was $14.1 million in the current year as compared to $3.7 million in the prior year. Additionally, in fiscal 2016 there was an increase in cash inflows from the issuance of shares related to stock-based compensation plans. The company received $9.2 million related to stock-based compensation plans in fiscal 2016 compared to $7.8 million in fiscal 2015.

Cash provided by financing activities was $6.8 million in fiscal 2015, as compared to cash used in financing activities of $22.4 million in fiscal 2014. Cash inflows from net borrowings on the revolving credit facility were $90.0 million during fiscal 2015. The company utilized a portion of these borrowings to pay off $50.0 million of Series A senior notes, which matured January 3, 2015.

Cash paid for the retirement of common stock was $3.7 million in fiscal 2015 as compared to $12.7 million in the prior year. Additionally, in fiscal 2015 there was a decrease in cash inflows from the issuance of shares related to stock-based compensation plans. The company received $7.8 million related to stock-based compensation plans in fiscal 2015 compared to $20.8 million in fiscal 2014.

Some minority shareholders in a subsidiary have the right, at certain times, to require the company to acquire a portion of their ownership interest in those entities at fair value. It is possible that within the next five years the company could be required to acquire this ownership interest. The fair value of this redeemable noncontrolling interest as of May 28, 2016 was $27.0 million and is included within "Redeemable noncontrolling interests" on the Consolidated Balance Sheets.

Sources of Liquidity

In addition to cash flows from operating activities, the company has access to liquidity through credit facilities, cash and cash equivalents and short-term investments. These sources have been summarized below. For additional information, see Note 5 to the consolidated financial statements.

(In millions,)	2016	2015
Cash and cash equivalents	$ 84.9	$ 63.7
Marketable securities	$ 7.5	$ 5.7
Availability under revolving lines of credit	$ 232.1	$ 164.5

At the end of fiscal 2016, the company had cash and cash equivalents of $84.9 million, including foreign cash and cash equivalents of $67.6 million. In addition, the company had foreign marketable securities of $7.5 million. The foreign subsidiary holding the company's marketable securities is taxed as a U.S. taxpayer at the company's election; consequently, for tax purposes, all U.S tax impacts for this subsidiary have been recorded. The company's intent is to permanently reinvest the foreign cash amounts outside the U.S. The company's plans do not demonstrate a need to repatriate these balances to fund U.S. operations. During fiscal 2016, the company repatriated $0.7 million of foreign earnings. During fiscal years 2015 and 2014 the company did not repatriate any undistributed foreign earnings.

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

Contingencies

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

Basis of Presentation and Correction of Immaterial Error

The company's fiscal year ends on the Saturday closest to May 31. The fiscal years ended May 28, 2016 , May 30, 2015, and May 31, 2014 each contained 52 weeks of operations.

In the second quarter of fiscal 2016, the company made an adjustment to correct an immaterial error related to the accrual for product warranties. As a result of this correction, the company adjusted Accrued warranty, Other noncurrent assets (to capture the impact of adjusting deferred taxes), and Retained earnings by $12.5 million, $4.7 million, and $7.8 million, respectively. The adjustment impacts the Condensed Consolidated Balance Sheets as of May 30, 2015, the Condensed Consolidated Statement of Stockholders’ Equity as of May 31, 2014, Note 13 - Warranties, Guarantees, and Contingencies, and Note 14 - Operating Segments. This correction had no impact on earnings or cash flows.

Contractual Obligations

Contractual obligations associated with our ongoing business and financing activities will result in cash payments in future periods. The following table summarizes the amounts and estimated timing of these future cash payments. Further information regarding debt obligations can be found in Note 5 of the Consolidated Financial Statements. Additional information related to operating leases can be found in Note 6 of the Consolidated Financial Statements.

(In millions)	*Payments due by fiscal year*				
	Total	2017	2018-2019	2020-2021	Thereafter
Long-term debt	221.9	—	149.9	72.0	—
Estimated interest on debt obligations (1)	30.5	12.9	12.3	5.3	—
Operating leases	318.0	38.9	72.7	59.2	147.2
Purchase obligations (2)	42.2	36.6	5.3	0.3	—
Pension plan funding (3)	1.1	0.5	0.1	0.1	0.4
Stockholder dividends (4)	8.8	8.8	—	—	—
Other (5)	20.6	1.8	3.7	4.3	10.8
Total	$ 643.1	$ 99.5	$ 244.0	$ 141.2	$ 158.4

(1) Estimated future interest payments on our outstanding debt obligations are based on interest rates as of May 28, 2016. Actual cash outflows may differ significantly due to changes in underlying interest rates and timing of principal payments.

(2) Purchase obligations consist of non-cancelable purchase orders and commitments for goods, services, and capital assets.

(3) Pension plan funding commitments are known for a 12-month period for those plans that are funded; unfunded pension and post-retirement plan funding amounts are equal to the estimated benefit payments. As of May 28, 2016, the total projected benefit obligation for our domestic and international employee pension benefit plans was $105.4 million.

(4) Represents the dividend payable as of May 28, 2016. Future dividend payments are not considered contractual obligations until declared.

(5) Other contractual obligations primarily represent long-term commitments related to deferred and supplemental employee compensation benefits, and other post-employment benefits.

Off-Balance Sheet Arrangements — Guarantees

We provide certain guarantees to third parties under various arrangements in the form of product warranties, loan guarantees, standby letters of credit, lease guarantees, performance bonds, and indemnification provisions. These arrangements are accounted for and disclosed in accordance with Accounting Standards Codification (ASC) Topic 460, "*Guarantees*" as described in Note 13 of the Consolidated Financial Statements.

Critical Accounting Policies and Estimates

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

Revenue Recognition

As described in the “Executive Overview,” the majority of our products and services are sold through one of six channels: independent and owned contract furniture dealers, direct to end customers, DWR retail studios, e-commerce, DWR direct-mail catalogs and independent retailers. We recognize revenue on sales to independent dealers, licensees, and retailers once the product is shipped and title passes to the buyer. When we sell product directly to the end customer or through owned dealers or retail studios, we recognize revenue once the product and services are delivered and installation thereof is substantially complete.

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

Receivable Allowances

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

The accounts receivable allowance totaled $4.7 million and $3.8 million at May 28, 2016 and May 30, 2015, respectively. As a percentage of gross accounts receivable, these allowances totaled 2.2 percent and 2.0 percent for fiscal 2016 and fiscal 2015, respectively. The year-over-year increase in the allowance is primarily due customer specific reserves.

Goodwill and Indefinite-lived Intangibles

The carrying value of goodwill and indefinite-lived intangible assets as of May 28, 2016 and May 30, 2015, was $390.5 million and $388.3 million, respectively. Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently, if changes in circumstances or the occurrence of events suggest that impairment exists. The company performs the annual goodwill and indefinite-lived intangible assets impairment testing during the fourth quarter of the fiscal year.

The company completed the required annual goodwill impairment test in the fourth quarter of fiscal 2016, as of March 26, 2016, performing a combination of the qualitative assessment and the quantitative impairment test. For the reporting units that were tested under the qualitative assessment, the company determined that it was more likely than not that the goodwill of the reporting units were not impaired and thus, the two-step quantitative impairment test was unnecessary. For the reporting units that were tested under the quantitative impairment test, the company determined that the fair value of the reporting units exceeded the carrying amount and as such, the reporting units were not impaired and the second step of the impairment test was not necessary.

The test for impairment requires the company to make several estimates about fair value, most of which are based on projected future cash flows and market valuation multiples. We estimated the fair value of the reporting units using a discounted cash flow analysis and reconciled the sum of the fair values of the reporting units to total market capitalization of the company, plus a control premium. The control premium represents an estimate associated with obtaining control of the company in an acquisition. The discounted cash flow analysis used the present value of projected cash flows and a residual value.

The company employs a market-based approach in selecting the discount rates used in our analysis. The discount rates selected represent market rates of return equal to what the company believes a reasonable investor would expect to achieve on investments of similar size to the company's reporting units. The company believes the discount rates selected in the quantitative assessment are appropriate in that, in all cases, they meet or exceed the estimated weighted average cost of capital for our business as a whole. The results of the impairment test are sensitive to changes in the discount rates and changes in the discount rate may result in future impairment.

The company performs both qualitative and quantitative assessments to determine whether an indefinite-lived intangible asset is impaired. A qualitative assessment is performed first to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. If, after considering the totality of events and circumstances, an entity determines it is more likely than not that an indefinite-lived intangible asset is not impaired, then calculating the fair value of such asset is unnecessary. The quantitative impairment test, when necessary, is based on the relief from royalty method to determine the fair value of the indefinite-lived intangible assets, which is both a market-based approach and an income-based approach. The relief from royalty method focuses on the level of royalty payments that the user of an intangible asset would have to pay a third party for the use of the asset if it were not owned by the user. This method involves estimating theoretical future after tax royalty payments based on the company's forecasted revenues attributable to the trade names. These payments are then discounted to present value utilizing a discount rate that considers the after-corporate tax required rate of return applicable to the asset. The projected revenues reflect the best estimate of management for the trade names; however, actual revenues could differ from our estimates.

The discount rates selected represent market rates of return equal to what the company believes a reasonable investor would expect to achieve on investments of similar size and type to the indefinite-lived intangible asset being tested. The company believes the discount rates selected are appropriate in that, in all cases, they exceed the estimated weighted average cost of capital for our business as a whole. The results of the impairment test are sensitive to changes in the discount rates and changes in the discount rate may result in future impairment.

There was no impairment indicated on indefinite-lived intangible assets in fiscal 2016 as a result of our impairment testing. During fiscal 2015, the company recognized pre-tax asset impairment expenses totaling $10.8 million associated with the POSH trade name. Although profitability associated with the POSH trade name increased as compared to fiscal 2014, forecasts developed during the fourth quarter of fiscal 2015 indicated that forecasts of revenue and profitability no longer supported the value of the trade name intangible asset.

In the fourth quarter of fiscal 2014, the company concluded that two trade names, Nemschoff and POSH, were impaired. The company recognized pre-tax asset impairment expenses totaling $21.4 million associated with the Nemschoff and POSH trade name intangibles for fiscal 2014. These impairment expenses were incurred due to the fact that the forecasted revenue and profitability for each business did not support the recorded fair value for the trade names.

Long-lived Assets

The company evaluates other long-lived assets and acquired business units for indicators of impairment when events or circumstances indicate that an impairment risk may be present. The judgments regarding the existence of impairment are based on market conditions, operational performance, and estimated future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded to adjust the asset to its estimated fair value.

Due to the acquisition of a manufacturing and distribution operation in Dongguan, China during fiscal 2014, the company decided not to pursue the construction of a new manufacturing and distribution facility on previously acquired property in Ningbo, China. The company evaluated the fair value of this property and recorded a pre-tax asset impairment of $4.0 million during the second quarter of fiscal 2014. During the third quarter of fiscal 2015, the company entered into an agreement for the sale of the property in Ningbo, China. Accordingly, an additional impairment was recorded to write down the land to its fair value, less estimated selling expenses, to an amount of $4.2 million. As the land meets the criteria to be designated as an asset held for sale, the value of the land has been classified as a current asset and included within "Other" on the Consolidated Balance Sheets for the period ended May 30, 2015. Subsequent to the end of fiscal 2015 the company completed the sale of the Ningbo property. See Note 17 to the Consolidated Financial Statements for additional information regarding this impairment charge.

Warranty Reserve

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

Inventory Reserves

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

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence. The assumptions about future taxable income require significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses.

See Note 10 of the Consolidated Financial Statements for information regarding the company's uncertain tax positions.

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

Self-Insurance Reserves

With the assistance of independent actuaries, reserves are established for workers' compensation and general liability exposures. The reserves are established based on expected future claims for incurred losses. The company also establishes reserves for health, prescription drugs, and dental benefit exposures based on historical claims information along with certain assumptions about future trends. The methods and assumptions used to determine the liabilities are applied consistently, although actual claims experience can vary. The company also maintains insurance coverage for certain risk exposures through traditional, premium-based insurance policies. The company's health benefits retention level does not include an aggregate stop loss policy. The company's retention levels designated within significant insurance arrangements as of May 28, 2016, are as follows.

(In millions)	Retention Level (per occurrence)	
General liability and auto liability/physical damage	$	1.00
Workers' compensation and property	$	0.75

Pension and other Post-Retirement Benefits

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

- *Discount Rate* — This assumption is established at the end of the fiscal year based on high-quality corporate bond yields. The company utilizes the services of an independent actuarial firm to assist in determining the rate. Future expected actuarially determined cash flows for the company's domestic pension, international pension and post-retirement medical plans are individually discounted at the spot rates under the Mercer Yield Curve to arrive at the plan's obligations as of the measurement date.

  Effective May 28, 2016, the company changed the method it uses to estimate the interest component of net periodic benefit cost for pension and other postretirement benefits. Historically, the company has estimated the interest cost component utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. The company has elected to utilize a full yield curve approach in the estimation of interest cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The company has made this change to provide a more precise measurement of interest cost by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. The company accounted for this change as a change in accounting estimate and accordingly will account for it prospectively. The company estimates the impact of this change on the consolidated earnings for fiscal 2017 will be a reduction of the interest cost component of net periodic benefit cost of approximately $0.4 million. For fiscal 2016, the use of the full yield curve approach did not impact how the company measured the total benefit obligations at year end or the annual net periodic benefit cost as any change in the interest cost component is completely offset by the actuarial gain or loss measured at year end, which is immediately recognized in the income statement. Accordingly, this change in estimate did not impact the Consolidated Statement of Comprehensive Income for the fiscal year ended May 28, 2016.

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

  While this assumption represents the long-term market return expectation, actual asset returns can and do differ from year-to-year. Such differences give rise to actuarial gains and losses. In years where actual market returns are lower than the assumed rate, an actuarial loss is generated. Conversely, an actuarial gain results when actual market returns exceed the assumed rate in a given year. As of May 28, 2016, and May 30, 2015, the net actuarial loss associated with the employee pension and post-retirement benefit plans totaled approximately $39.4 million and $43.0 million, respectively.

  Changes in the discount rate and return on assets can have a significant effect on the expense and obligations related to our pension plans. The company cannot accurately predict these changes in discount rates or investment returns and, therefore, cannot reasonably estimate whether adjustments to the expense or obligation in subsequent years will be significant. Both the May 28, 2016 pension funded status and 2017 expense are affected by year-end 2016 discount rate and expected return on assets assumptions. Any change to these assumptions will be specific to the time periods noted and may not be additive, so the impact of changing multiple factors simultaneously cannot be calculated by combining the individual sensitivities shown.

  The effect of the indicated increase/(decrease) in discount rates and expected return on assets is shown below:

(In millions)

Assumption	1 Percent Change	2017 Expense		May 28, 2016 Obligation	
		U.S.	International	U.S.	International
Discount rate	+/- 1.0	—	$ (1.2) / 1.5	$ (0.4) / 0.5	$ (16.8) / 22.2
Expected return on assets	+/- 1.0	—	$ (0.9) / 0.9	—	—

For purposes of determining annual net pension expense, the company uses a calculated method for determining the market-related value of plan assets. Under this method, the company recognizes the change in fair value of plan assets systematically over a five-year period. Accordingly, a portion of the net actuarial loss is deferred. As of May 28, 2016, the deferred net actuarial loss (i.e. the portion of the total net actuarial loss not subject to amortization) was $3.7 million.

Refer to Note 7 of the Consolidated Financial Statements for more information regarding costs and assumptions used for employee benefit plans.

Stock-Based Compensation

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

- *Expected Volatility* — This represents a measure, expressed as a percentage, of the expected fluctuation in the market price of the company's common stock. As a point of reference, a high volatility percentage would assume a wider expected range of market returns for a particular security. All other assumptions held constant, this would yield a higher stock option valuation than a calculation using a lower measure of volatility. In measuring the fair value of the majority of stock options issued during fiscal 2016, we utilized an expected volatility of 33 percent. Options related to the Herman Miller Consumer Holdings (HMCH) Stock Option Plan are classified as a liability within the Consolidated Balance Sheets. As of May 28, 2016, an expected volatility of 35 percent was used in the year end liability valuation.

- *Expected Term of Options* — This assumption represents the expected length of time between the grant date of a stock option and the date at which it is exercised (option life). The company assumed an average expected term of 4.0 years in calculating the fair values of the majority of stock options issued during fiscal 2016. For the HMCH Stock Option Plan, we utilized an average expected term of 3.1 years in the year end liability valuation.

Refer to Note 9 of the Consolidated Financial Statements for further discussion on our stock-based compensation plans.

Contingencies

In the ordinary course of business, the company encounters matters that raise the potential for contingent liabilities. In evaluating these matters for accounting treatment and disclosure, the company is required to apply judgment to determine the probability that a liability has been incurred. The company is also required to measure, if possible, the dollar value of such liabilities in determining whether or not recognition in our financial statements is required. This process involves the use of estimates which may differ from actual outcomes. Refer to Note 13 of the Consolidated Financial Statements for more information relating to contingencies.

New Accounting Standards

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

Forward Looking Statements

Certain statements in this filing are not historical facts but are "forward-looking statements" as defined under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates, and projections about the office furniture industry, the economy, and the company itself. Words like "anticipates," “believes,” “confident,” “estimates,” “expects,” “forecasts,” likely,” “plans,” “projects,” and “should,” variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. These risks include, without limitation, the success of our growth strategy, employment and general economic conditions, the pace of economic recovery in the U.S., and in our International markets, the increase in white collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, competitive-pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, our ability to expand globally given the risks associated with regulatory and legal compliance challenges and accompanying currency fluctuations, the ability to increase prices to absorb the additional costs of raw materials, the financial strength of our dealers and the financial strength of our customers, our ability to locate new DWR studios, negotiate favorable lease terms for new and existing locations and the implementation of our studio portfolio transformation, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the success of newly-introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, and other risks identified in our filings with the Securities and Exchange Commission. Therefore, actual results and outcomes may materially differ from what we express or forecast. Furthermore, Herman Miller, Inc. undertakes no obligation to update, amend or clarify forward-looking statements.

Item 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Direct Material Costs

The company is exposed to risks arising from price changes for certain direct materials and assembly components used in its operations. The largest of such costs incurred by the company are for steel, plastics, textiles, wood particleboard, and aluminum components. The impact from changes in all commodity prices decreased the company's costs by approximately $20 million during fiscal 2016 compared to the prior year. The impact from changes in commodity prices decreased the company's costs by approximately $0.4 million during fiscal 2015 as compared to fiscal 2014.

The market prices for commodities will fluctuate over time and the company acknowledges that such changes are likely to impact its costs for key direct materials and assembly components. Consequently, it views the prospect of such changes as an outlook risk to the business.

Foreign Exchange Risk

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

In the normal course of business, the company enters into contracts denominated in foreign currencies. The principal foreign currencies in which the company conducts its business are the British pound sterling, euro, Canadian dollar, Japanese yen, Mexican peso, Hong Kong dollar and Chinese renminbi. As of May 28, 2016, the company had outstanding, sixteen forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. One forward contract was placed to offset a 52.9 million Hong Kong dollar-denominated net asset exposure. Two forward contracts were placed to offset a 9.3 million euro-denominated net asset exposure. Five forward contracts were placed to offset a 13.6 million U.S. dollar-denominated net asset exposure. One forward contract was placed to offset a 6.6 million South African rand-denominated net asset exposure. One forward contract was placed to offset a 0.7 million Canadian dollar-denominated net asset exposure. One forward contract was placed to offset a 1.0 million euro-denominated net liability exposure. Five forward contracts were placed to offset a 13.1 million U.S.dollar-denominated net liability exposure.

As of May 30, 2015, the company had outstanding, sixteen forward currency instruments designed to offset either net asset or net liability exposure that is denominated in non-functional currencies. One forward contract was placed to offset a 19.0 million Hong Kong dollar-denominated net asset exposure. Two forward contracts were placed to offset a 10.3 million euro-denominated net asset exposure. Three forward contracts were placed to offset a 4.8 million U.S. dollar-denominated net asset exposure. One forward contract was placed to offset a 6.0 million South African rand-denominated net asset exposure. One forward contract was placed to offset a 0.8 million Canadian dollar-denominated net asset exposure. One forward contract was placed to offset a 0.4 million Australian dollar-denominated net asset exposure. One forward contract was placed to offset a 1.2 million euro-denominated net liability exposure. Six forward contracts were placed to offset a 27.9 million U.S.dollar-denominated net liability exposure.

A net loss of $0.7 million, $2.1 million and $1.2 million related to the cost of the foreign currency hedges and remeasuring all foreign currency transactions into the appropriate functional currency was included in net earnings for the years ended May 28, 2016, May 30, 2015 and May 31, 2014, respectively. These amounts are included in “Other Expenses (Income)” in the Consolidated Statements of Comprehensive Income. Additionally, the cumulative effect of translating the balance sheet and income statement accounts from the functional currency into the United States dollar increased the accumulated comprehensive loss component of total stockholders' equity by $8.8 million as of the end of fiscal 2016 and increased the accumulated comprehensive loss component of total stockholders' equity by $9.7 million as of the end of fiscal 2015. During fiscal 2014, the effect decreased the accumulated comprehensive income loss component of total stockholders' equity by $2.9 million.

Interest Rate Risk

The company maintains fixed-rate debt for which changes in interest rates generally affect fair market value but not earnings or cash flows. Expected cash outflows (notional amounts) over the next five years and thereafter related to debt instruments are as follows.

(In millions)	2017	2018	2019	2020	2021	Thereafter	Total
Long-Term Debt:							
Fixed rate	$ —	$ 149.9	$ —	$ —	$ 50.0	$ —	$ 199.9
Weighted average interest rate = 6.31%							
Variable rate							
Weighted average interest rate = 1.28%	$ —	$ —	$ —	$ 22.0	$ —	$ —	$ 22.0

Herman Miller, Inc.
Consolidated Statements of Comprehensive Income

	Fiscal Years Ended		
(In millions, except per share data)	May 28, 2016	May 30, 2015	May 31, 2014
Net sales	$ 2,264.9	$ 2,142.2	$ 1,882.0
Cost of sales	1,390.7	1,350.8	1,251.0
Gross margin	874.2	791.4	631.0
Operating expenses:			
Selling, general, and administrative	585.6	543.9	564.3
Restructuring and impairment expenses	—	12.7	26.5
Design and research	77.1	71.4	65.9
Total operating expenses	662.7	628.0	656.7
Operating earnings (loss)	211.5	163.4	(25.7)
Other expenses (income):			
Interest expense	15.4	17.5	17.6
Interest and other investment income	(0.8)	(0.6)	(0.4)
Other, net	0.3	1.3	0.5
Net other expenses	14.9	18.2	17.7
Earnings (loss) before income taxes	196.6	145.2	(43.4)
Income tax expense (benefit)	59.5	47.2	(21.2)
Equity earnings from nonconsolidated affiliates, net of tax	0.4	0.1	0.1
Net earnings (loss)	137.5	98.1	(22.1)
Net earnings attributable to noncontrolling interests	0.8	0.6	—
Net earnings (loss) attributable to Herman Miller, Inc.	**$ 136.7**	**$ 97.5**	**$ (22.1)**
Earnings (loss) per share — basic	$ 2.28	$ 1.64	$ (0.37)
Earnings (loss) per share — diluted	$ 2.26	$ 1.62	$ (0.37)
Other comprehensive income (loss):			
Foreign currency translation adjustments (net of tax of ($0.3), $0.3, and $ -)	$ (8.8)	$ (9.7)	$ 2.9
Pension and post-retirement liability adjustments (net of tax of ($1.4), $2.2 and $(50.9))	0.5	(8.6)	83.5
Total other comprehensive income (loss)	(8.3)	(18.3)	86.4
Comprehensive income	129.2	79.8	64.3
Comprehensive income attributable to noncontrolling interests	0.8	0.6	—
Comprehensive income attributable to Herman Miller, Inc.	**$ 128.4**	**$ 79.2**	**$ 64.3**

Herman Miller, Inc.
Consolidated Balance Sheets

(In millions, except share and per share data)	May 28, 2016	May 30, 2015
Assets		
Current Assets:		
Cash and cash equivalents	$ 84.9	$ 63.7
Marketable securities	7.5	5.7
Accounts and notes receivable, less allowances of $4.7 in 2016 and $3.8 in 2015	211.0	189.6
Inventories, net	128.2	129.6
Deferred income taxes	—	32.0
Prepaid taxes	20.4	10.0
Other	28.5	32.9
Total Current Assets	**480.5**	**463.5**
Property and Equipment:		
Land and improvements	24.1	21.4
Buildings and improvements	205.7	188.9
Machinery and equipment	645.3	610.1
Construction in progress	53.9	48.2
Gross Property and Equipment	**929.0**	**868.6**
Less: Accumulated depreciation	(648.9)	(619.1)
Net Property and Equipment	**280.1**	**249.5**
Goodwill	305.3	303.1
Indefinite-lived intangibles	85.2	85.2
Other amortizable intangibles, net	50.8	52.3
Other assets	33.3	39.1
Total Assets	**$ 1,235.2**	**$ 1,192.7**
Liabilities, Redeemable Noncontrolling Interests, and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 165.6	$ 164.7
Accrued compensation and benefits	85.2	66.6
Accrued warranty	43.9	39.3
Unearned revenue	35.4	32.0
Other accrued liabilities	59.9	60.8
Total Current Liabilities	**390.0**	**363.4**
Long-term debt	221.9	289.8
Pension and post-retirement benefits	25.8	27.8
Other liabilities	45.8	61.0
Total Liabilities	**683.5**	**742.0**
Redeemable noncontrolling interests	**27.0**	**30.4**
Stockholders' Equity:		
Preferred stock, no par value (10,000,000 shares authorized, none issued)	—	—
Common stock, $0.20 par value (240,000,000 shares authorized, 59,868,276 and 59,694,611 shares issued and outstanding in 2016 and 2015, respectively)	12.0	11.9
Additional paid-in capital	142.7	135.1
Retained earnings	435.3	330.2
Accumulated other comprehensive loss	(64.5)	(56.2)
Key executive deferred compensation	(1.1)	(1.2)
Herman Miller, Inc. Stockholders' Equity	524.4	419.8
Noncontrolling interests	0.3	0.5
Total Stockholders' Equity	**524.7**	**420.3**
Total Liabilities, Redeemable Noncontrolling Interests, and Stockholders' Equity	**$ 1,235.2**	**$ 1,192.7**

Herman Miller, Inc.
Consolidated Statements of Stockholders' Equity

	Fiscal Years Ended		
	May 28, 2016	May 30, 2015	May 31, 2014
Preferred Stock			
Balance at beginning of year and end of year	$ —	$ —	$ —
Common Stock			
Balance at beginning of year	$ 11.9	$ 11.9	$ 11.7
Restricted stock units released	0.1	—	0.2
Balance at end of year	**$ 12.0**	**$ 11.9**	**$ 11.9**
Additional Paid-in Capital			
Balance at beginning of year	$ 135.1	$ 122.4	$ 102.9
Exercise of stock options	6.6	5.7	18.8
Repurchase and retirement of common stock	(14.1)	(3.7)	(12.7)
Employee stock purchase plan	2.0	1.8	1.8
Stock grant compensation expense	—	0.1	0.2
Stock option compensation expense	1.9	1.2	2.3
Performance stock units compensation expense	6.5	3.3	3.0
Excess tax benefit for stock-based compensation	0.8	0.4	0.5
Restricted stock units released	3.4	4.0	5.4
Deferred compensation plan	(0.1)	(0.5)	(0.2)
Directors' fees	0.6	0.4	0.4
Balance at end of year	**$ 142.7**	**$ 135.1**	**$ 122.4**
Retained Earnings			
Balance at beginning of year	$ 330.2	$ 269.6	$ 323.3
Net income attributable to Herman Miller, Inc.	136.7	97.5	(22.1)
Dividends declared on common stock (per share - 2016: $0.59; 2015: $0.56; 2014: $0.53)	(35.6)	(33.6)	(31.6)
Noncontrolling interests redemption value adjustment	4.0	(3.3)	—
Balance at end year	**$ 435.3**	**$ 330.2**	**$ 269.6**
Accumulated Other Comprehensive Loss			
Balance at beginning of year	$ (56.2)	$ (37.9)	$ (124.3)
Other comprehensive income (loss)	(8.3)	(18.3)	86.4
Balance at end of year	**$ (64.5)**	**$ (56.2)**	**$ (37.9)**
Key Executive Deferred Compensation			
Balance at beginning of year	$ (1.2)	$ (1.7)	$ (1.9)
Deferred compensation plan	0.1	0.5	0.2
Balance at end of year	**$ (1.1)**	**$ (1.2)**	**$ (1.7)**
Herman Miller, Inc. Stockholders' Equity	**$ 524.4**	**$ 419.8**	**$ 364.3**
Noncontrolling Interests			
Balance at beginning of year	$ 0.5	$ —	$ —
Initial origination of noncontrolling interests	—	6.0	—
Net income attributable to noncontrolling interests	0.3	0.1	—
Deconsolidation of entity with noncontrolling interests	(0.5)	—	—
Stock-based compensation expense	—	0.2	—
Purchase of noncontrolling interests	—	(5.8)	—
Balance at end of year	**$ 0.3**	**$ 0.5**	**$ —**
Total Stockholders' Equity	**$ 524.7**	**$ 420.3**	**$ 364.3**

Herman Miller, Inc.
Consolidated Statements of Cash Flows

	Fiscal Years Ended		
(In millions)	May 28, 2016	May 30, 2015	May 31, 2014
Cash Flows from Operating Activities:			
Net earnings (loss)	$ 137.5	$ 98.1	$ (22.1)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities	72.9	69.6	112.2
Net Cash Provided by Operating Activities	**210.4**	**167.7**	**90.1**
Cash Flows from Investing Activities:			
Marketable securities purchases	(7.8)	—	(5.2)
Marketable securities sales	6.1	5.3	4.9
Capital expenditures	(85.1)	(63.6)	(40.8)
Proceeds from sales of property and dealers	10.7	0.6	1.3
Acquisitions, net of cash received	(3.6)	(154.0)	(6.7)
Other, net	(1.1)	(1.9)	(1.7)
Net Cash Used for Investing Activities	**(80.8)**	**(213.6)**	**(48.2)**
Cash Flows from Financing Activities:			
Repayments of long-term debt	—	(50.0)	—
Proceeds from credit facility	800.8	796.7	—
Repayments of credit facility	(868.8)	(706.7)	—
Dividends paid	(34.9)	(33.3)	(30.3)
Common stock issued	9.2	7.8	20.8
Common stock repurchased and retired	(14.1)	(3.7)	(12.7)
Excess tax benefits from stock-based compensation	1.4	0.7	1.1
Payment of contingent consideration obligation	—	—	(1.3)
Purchase of noncontrolling interests	—	(5.8)	—
Other, net	(0.1)	1.1	—
Net Cash Provided by (Used for) Financing Activities	**(106.5)**	**6.8**	**(22.4)**
Effect of exchange rate changes on cash and cash equivalents	(1.9)	1.3	(0.7)
Net Increase (Decrease) in Cash and Cash Equivalents	**21.2**	**(37.8)**	**18.8**
Cash and cash equivalents, Beginning of Year	63.7	101.5	82.7
Cash and Cash Equivalents, End of Year	**84.9**	**63.7**	**101.5**
Other Cash Flow Information			
Interest paid	13.4	16.9	15.6
Income taxes paid, net of cash received	$ 57.6	$ 48.5	$ 34.5

Notes to the Consolidated Financial Statements
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1. Significant Accounting and Reporting Policies

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

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Herman Miller, Inc. and its majority-owned domestic and foreign subsidiaries. The consolidated entities are collectively referred to as “the company.” All intercompany accounts and transactions have been eliminated in the Consolidated Financial Statements. Nonconsolidated affiliates (20-50 percent owned companies) are accounted for using the equity method.

Description of Business

The company researches, designs, manufactures, sells, and distributes interior furnishings, for use in various environments including office, healthcare, educational, and residential settings, and provides related services that support companies all over the world. The company's products are sold primarily through independent contract office furniture dealers as well as the following channels: owned contract office furniture dealers, direct customer sales, independent retailers, owned retail studios and the company's e-commerce platforms.

Fiscal Year

The company's fiscal year ends on the Saturday closest to May 31. The fiscal years ended May 28, 2016, May 30, 2015, and May 31, 2014 each contain 52 weeks.

Foreign Currency Translation

The functional currency for most of the foreign subsidiaries is their local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the United States dollar using fiscal year-end exchange rates and translating revenue and expense accounts using average exchange rates for the period is reflected as a component of “Accumulated other comprehensive loss” in the Consolidated Balance Sheets. The financial statement impact of remeasuring all foreign currency transactions into the appropriate functional currency resulted in a net loss of $0.7 million, $2.1 million, and $1.2 million for the fiscal years ended May 28, 2016, May 30, 2015, and May 31, 2014, respectively. These amounts are included in “Other, net” in the Consolidated Statements of Comprehensive Income.

Cash Equivalents

The company holds cash equivalents as part of its cash management function. Cash equivalents include money market funds, time deposit investments, and treasury bills with original maturities of less than three months. The carrying value of cash equivalents, which approximates fair value, totaled $7.5 million and $9.1 million as of May 28, 2016 and May 30, 2015, respectively. All cash equivalents are high-credit quality financial instruments, and the amount of credit exposure to any one financial institution or instrument is limited.

Marketable Securities

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

All marketable security transactions are recognized on the trade date. Realized gains and losses on disposal of available-for-sale investments are included in "Interest and other investment income" in the Consolidated Statements of Comprehensive Income. See Note 11 of the Consolidated Financial Statements for additional disclosures of marketable securities.

Accounts Receivable Allowances

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

Concentrations of Credit Risk

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

Inventories

Inventories are valued at the lower of cost or market and include material, labor, and overhead. Inventory cost is determined using the last-in, first-out (LIFO) method at manufacturing facilities in Michigan, whereas inventories of the company's other locations are valued using the first-in, first-out (FIFO) method. The company establishes reserves for excess and obsolete inventory based on prevailing circumstances and judgment for consideration of current events, such as economic conditions, that may affect inventory. The reserve required to record inventory at lower of cost or market may be adjusted in response to changing conditions. Further information on the company's recorded inventory balances can be found in Note 3 of the Consolidated Financial Statements.

Property, Equipment, and Depreciation

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

As of the end of fiscal 2016, outstanding commitments for future capital purchases approximated $14.0 million.

Goodwill and Indefinite-lived Intangible Assets

Goodwill is tested for impairment at the reporting unit level annually, or more frequently, when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. A reporting unit is defined as an operating segment or one level below an operating segment. When testing goodwill for impairment, the company may first assess qualitative factors. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative testing is performed. The company may also elect to skip the qualitative testing and proceed directly to the quantitative testing. If the quantitative testing indicates that goodwill is impaired, the carrying value of goodwill is written down to fair value.

To estimate the fair value of each reporting unit the company utilizes a weighting of the income method and the market method. The income method is based on a discounted future cash flow approach that uses a number of estimates, including revenue based on assumed growth rates, estimated costs, and discount rates based on the reporting unit's weighted average cost of capital. Growth rates for each reporting unit are estimated based on internal estimates, historical data, and external sources. The growth estimates are also used in planning for our long-term and short-term business planning and forecasting. We test the reasonableness of the inputs and outcomes of our discounted cash flow analysis against comparable market data. The market method is based on financial multiples of companies comparable to each reporting unit and applies a control premium. The carrying value of each reporting unit represents the assignment of various assets and liabilities, excluding corporate assets and liabilities, such as cash, investments, and debt.

Intangible assets with indefinite useful lives are not subject to amortization and are evaluated annually for impairment, or more frequently, when events or changes in circumstances indicate that the fair value of an intangible asset may not be recoverable. The company utilizes the relief from royalty methodology to test for impairment. The primary assumptions for the relief from royalty method include revenue forecasts, royalty rates, and discount rates. The company measures and records an impairment loss for the excess of the carrying value of the asset over its fair value. The company's indefinite-lived intangible assets consist of certain trade names valued at approximately $85.2 million as of the end of both fiscal year 2016 and 2015. These assets have indefinite useful lives.

The company recognized asset impairment expense totaling $10.8 million associated with the POSH trade name for the fiscal year 2015, which was recorded within the "Corporate" category within segment reporting. The POSH trade name asset is included within the ELA Furniture Solutions segment and as of the end of fiscal 2015, the carrying value was zero. During the fiscal year 2014, the company recorded impairment expenses of $21.4 million associated with the Nemschoff and POSH trade names. These impairment expenses are recorded in the "Restructuring and impairment expenses" line item within the Consolidated Statements of Comprehensive Income and are included in the "Corporate" category within the segment reporting. The trade name assets represent level 3 fair value measurements and these assets are recorded at fair value only if an impairment charge is recognized.

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

(In millions)	Goodwill	Indefinite-lived Intangible Assets	Total Goodwill and Indefinite-lived Intangible Assets
Balance, May 31, 2014	228.2	40.9	269.1
Foreign currency translation adjustments	(0.7)	—	(0.7)
DWR Acquisition	75.6	55.1	130.7
Impairment charges	—	(10.8)	(10.8)
Balance, May 30, 2015	$ 303.1	$ 85.2	$ 388.3
Foreign currency translation adjustments	(0.4)	—	(0.4)
Sale of owned dealer	(0.6)	—	(0.6)
Acquisition of George Nelson Bubble Lamp product line	3.2	—	3.2
Balance, May 28, 2016	305.3	85.2	390.5

Goodwill and indefinite-lived intangible assets stemming from the acquisition of Design Within Reach ("DWR") in fiscal 2015 and the George Nelson Bubble Lamp Product Line in fiscal 2016 are included within the Consumer reportable segment.

Long-Lived Assets

The company reviews other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or an asset group may not be recoverable. Each impairment test is based on a comparison of the carrying amount of the asset or asset group to the future undiscounted net cash flows expected to be generated by the asset or asset group, or in some cases, by prices for similar assets. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value.

Impairment expense of $4.0 million was recording during fiscal 2014 related to property in Ningbo, China. This was due to the acquisition of manufacturing-related assets, including a production facility and related equipment, in Dongguan, China, and as a result, the company decided not to pursue the construction of a new manufacturing and distribution facility on the previously acquired property in Ningbo. The company evaluated the fair value of this property and recorded an asset impairment equal to the excess of carrying value over fair value. This impairment charge was recorded in "Restructuring and impairment expenses", classified in the "Corporate" category for segment reporting purposes, and represents a level 3 fair value measurement.

During the third quarter of fiscal 2015, the company entered into an agreement for the sale of the property in Ningbo, China, and subsequent to the end of fiscal 2015, the company completed the sale of the Ningbo property for cash consideration of approximately $4.2 million.

Amortizable intangible assets within "Other amortizable intangibles, net" in the Consolidated Balance Sheets consist primarily of patents, trademarks, and customer relationships. The "customer relationships" intangible asset is comprised of relationships with customers and specifiers and networks and relationships with dealers and distributors. Refer to the following table for the combined gross carrying value and accumulated amortization for these amortizable intangibles.

	May 28, 2016			
(In millions)	Patent and Trademarks	Customer Relationships	Other	Total
Gross carrying value	$ 19.8	$ 55.7	$ 7.5	$ 83.0
Accumulated amortization	12.3	15.9	4.0	32.2
Net	$ 7.5	$ 39.8	$ 3.5	$ 50.8

	May 30, 2015			
	Patent and Trademarks	Customer Relationships	Other	Total
Gross carrying value	$ 18.8	$ 55.3	$ 5.0	$ 79.1
Accumulated amortization	11.7	12.0	3.1	26.8
Net	$ 7.1	$ 43.3	$ 1.9	$ 52.3

The company amortizes these assets over their remaining useful lives using the straight-line method over periods ranging from 1.5 years to 20 years or on an accelerated basis to reflect the expected realization of the economic benefits. It is estimated that the weighted-average remaining useful life of patents and trademarks is approximately 5.5 years and the weighted-average remaining useful life of customer relationships is 10 years.

Estimated amortization expense on existing amortizable intangible assets as of May 28, 2016, for each of the succeeding five fiscal years is as follows:

(In millions)	
2017	$ 6.3
2018	$ 6.3
2019	$ 5.7
2020	$ 5.7
2021	$ 5.7

Self-Insurance

The company is partially self-insured for general liability, workers' compensation, and certain employee health and dental benefits under insurance arrangements that provide for third-party coverage of claims exceeding the company's loss retention levels. The company's health benefit retention levels do not include an aggregate stop loss policy. The company's retention levels designated within significant insurance arrangements as of May 28, 2016, are as follows:

(In millions)	Retention Level (per occurrence)
General liability and auto liability/physical damage	$ 1.00
Workers' compensation and property	$ 0.75

The company accrues for its self-insurance arrangements based on actuarially-determined liabilities, which are recorded in “Other liabilities” in the Consolidated Balance Sheets. The value of the liability as of May 28, 2016 and May 30, 2015 was $10.6 million and $9.5 million, respectively. The actuarial valuations are based on historical information along with certain assumptions about future events. Changes in assumptions for such matters as legal actions, medical costs, and changes in actual experience could cause these estimates to change. The general and workers' compensation liabilities are managed through the company's wholly-owned insurance captive.

Redeemable Noncontrolling Interests

Certain minority shareholders in the company's subsidiary Herman Miller Consumer Holdings, Inc. have the right, at specified times over a period of five years, to require the company to acquire portions of their ownership interest in those entities at fair value. Their interests in these subsidiaries are classified outside permanent equity in the Consolidated Balance Sheets and are carried at the current estimated redemption amounts.

The redemption amounts have been estimated based on the fair value of the subsidiary, which was determined based on a weighting of the discounted cash flow and market methods. The discounted cash flow analysis used the present value of projected cash flows and a residual value. To determine the discount rate for the discounted cash flow method, a market-based approach was used to select the discount rates used. Market multiples for comparable companies were used for the market method of valuation. The fair value of the subsidiary is sensitive to changes in projected revenues and costs, the discount rate, and the forward multiples of the comparable companies.

Changes in the estimated redemption amounts of the noncontrolling interests, subject to put options, are reflected at each reporting period with a corresponding adjustment to Retained earnings. Future reductions in the carrying amounts are subject to a “floor” amount that is equal to the fair value of the redeemable noncontrolling interests at the time they were originally recorded. See Note 16 - Redeemable Noncontrolling Interests for additional information.

Research, Development, and Other Related Costs

Research, development, pre-production, and start-up costs are expensed as incurred. Research and development ("R&D") costs consist of expenditures incurred during the course of planned research and investigation aimed at discovery of new knowledge useful in developing new products or processes. R&D costs also include the significant enhancement of existing products or production processes and the implementation of such through design, testing of product alternatives, or construction of prototypes. R&D costs included in “Design and research” expense in the accompanying Consolidated Statements of Comprehensive Income are $62.4 million, $56.7 million, and $53.9 million, in fiscal 2016, 2015, and 2014, respectively.

Royalty payments made to designers of the company's products as the products are sold are a variable cost based on product sales. These expenses totaled $14.7 million, $14.7 million, and $12.0 million in fiscal years 2016, 2015, and 2014 respectively. They are included in "Design and research" expense in the accompanying Consolidated Statements of Comprehensive Income.

Customer Payments and Incentives

We offer various sales incentive programs to our customers, such as rebates and discounts. Programs such as rebates and discounts are adjustments to the selling price and are therefore characterized as a reduction to net sales.

Revenue Recognition

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

In addition to independent retailers, the company also sells product through owned retail channels, including e-commerce and DWR retail studios. These sales may include provisions involving a right of return. The company reduces revenue for an estimate of potential future product returns related to current period product revenue. When developing the allowance for sales returns, the company considers historical returns and current economic trends.

Shipping and Handling Expenses

The company records shipping and handling related expenses under the caption “Cost of sales” in the Consolidated Statements of Comprehensive Income.

Cost of Sales

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

Selling, General, and Administrative

We include costs not directly related to the manufacturing of our products in the "Selling, general, and administrative" line item within the Consolidated Statements of Comprehensive Income. Included in these expenses are items such as compensation expense, rental expense, warranty expense, and travel and entertainment expense.

Income Taxes

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

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

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

Stock-Based Compensation

The company has several stock-based compensation plans, which are described in Note 9 of the Consolidated Financial Statements. Our policy is to expense stock-based compensation using the fair-value based method of accounting for all awards granted.

Earnings per Share

Basic earnings per share (EPS) excludes the dilutive effect of common shares that could potentially be issued, due to the exercise of stock options or the vesting of restricted shares, and is computed by dividing net earnings by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed by dividing net earnings by the sum of the weighted-average number of shares outstanding, plus all dilutive shares that could potentially be issued. The company also evaluates the impact on EPS of all participating securities under the two-class method. Refer to Note 8 of the Consolidated Financial Statements for further information regarding the computation of EPS.

Comprehensive Income

Comprehensive income consists of net earnings, foreign currency translation adjustments, unrealized holding gain (loss) on available-for-sale securities and pension liability adjustments. Refer to Note 15 of the Consolidated Financial Statements for further information regarding comprehensive income.

Use of Estimates in the Preparation of Financial Statements

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

Fair Value

The company classifies and discloses its fair value measurements in one of the following three categories:

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

See Note 11 of the Consolidated Financial Statements for the required fair value disclosures.

Foreign Currency Forward Contracts Not Designated as Hedges

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

The notional amounts of the forward contracts held to purchase and sell U.S. dollars in exchange for other major international currencies were $64.3 million and $34.7 million as of May 28, 2016 and May 30, 2015, respectively. The notional amounts of the foreign currency forward contracts held to purchase and sell British pound sterling in exchange for other major international currencies were £31.2 million and £18.0 million as of May 28, 2016 and May 30, 2015, respectively. The company also has other forward contracts related to other currency pairs at varying notional amounts.

The effects of derivative instruments on the consolidated financial statements were as follows for the fiscal years ended 2016 and 2015 (amounts presented exclude any income tax effects):

Fair Value of Derivative Instruments in Consolidated Balance Sheets

(In millions)	Balance Sheet Location	May 28, 2016	May 30, 2015
Foreign currency forward contracts	Current Assets: Other	$ 0.5	$ 0.7
Foreign currency forward contracts	Current Liabilities: Other Accrued Liabilities	$ 0.8	$ 0.2

Effects of Derivative Instruments on Income

(In millions)		Fiscal Year		
	Statement of Comprehensive Income Location	May 28, 2016	May 30, 2015	May 31, 2014
(Gain)/loss recognized on foreign currency forward contracts	Other expenses (income): Other, net	$ (0.7)	$ (2.1)	$ (0.1)

New Accounting Standards

Recently Adopted Accounting Standards

Standard	**Description**	**Date of Adoption**	**Effect on the Financial Statements or Other Significant Matters**
Balance Sheet Classification of Deferred Taxes	The standard requires that deferred tax liabilities and assets, as well as any related valuation allowance, be classified as non-current in a classified statement of financial position.	November 28, 2015	The company adopted the accounting standard prospectively beginning in the second quarter of fiscal 2016. As such, the prior period was not retrospectively adjusted. As of November 28, 2015 and forward, deferred tax liabilities and assets are presented as non-current.

Recently Issued Accounting Standards Not Yet Adopted

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
Simplifying the Measurement of Inventory	Under the updated standard, an entity should measure inventory that is measured using either the first-in, first-out ("FIFO") or average cost methods at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The updated standard should be applied prospectively.	June 4, 2017	The company is currently evaluating the impact of adopting this guidance.
Improvements to Employee Share-Based Payment Accounting	The standard simplifies several aspects of the accounting for share-based payment awards to employees, including the accounting for income taxes, forfeitures, statutory tax withholding requirements and classification in the statement of cash flows. Different adoption methodologies exist (retrospectively, modified-retrospectively, or prospectively) for the various different features of the standard being updated.	June 4, 2017	The company is currently evaluating the impact of adopting this guidance.
Revenue from Contracts with Customers	The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and jurisdictions and also requires enhanced disclosures. The standard allows for two adoption methods, a full retrospective or modified retrospective approach.	June 3, 2018	The company is currently evaluating the possible adoption methodologies and the implications of adoption on the consolidated financial statements.
Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities	The standard provides guidance for the measurement, presentation and disclosure of financial assets and liabilities. The standard requires entities to measure equity investments that do not result in consolidation and are not accounted for under the equity method at fair value and recognize any change in fair value in net income. The standard does not permit early adoption and at adoption a cumulative-effect adjustment to beginning retained earnings should be recorded.	June 3, 2018	The company is currently evaluating the impact of adopting this guidance.
Leases	Under the updated standard a lessee's rights and obligations under most leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. The standard must be adopted under a modified retrospective approach and early adoption is permitted.	June 2, 2019	The standard is expected to have a significant impact on our Consolidated Financial Statements, however the company is currently evaluating the impact.

Correction of Immaterial Error

In the second quarter of fiscal 2016, the company made an adjustment to correct an immaterial error related to the accrual for product warranties. As a result of this correction, the company adjusted Accrued warranty, Other noncurrent assets (to capture the impact of adjusting deferred taxes), and Retained earnings by $12.5 million, $4.7 million, and $7.8 million, respectively. The adjustment impacts the Consolidated Balance Sheets as of May 30, 2015, the Consolidated Statement of Stockholders' Equity as of May 31, 2014, Note 13 - Warranties, Guarantees, and Contingencies, and Note 14 - Operating Segments. This correction had no impact on earnings or cash flows.

2. Acquisitions and Divestitures

George Nelson Bubble Lamp Product Line Acquisition

On September 17, 2015, the company acquired certain assets associated with the George Nelson Bubble Lamp product line which together constituted the acquisition of a business. Consideration transferred to acquire the assets consisted of $3.6 million in cash transferred during the second quarter of fiscal 2016 and an additional component of performance-based contingent consideration with a fair value of $2.7 million as of the acquisition date.

The assets acquired included an exclusive manufacturing agreement and customer relationships with fair values of $2.5 million and $0.6 million, respectively, each having a useful life of 10 years. The excess of the purchase consideration over the fair value of the net assets acquired was $3.2 million and recognized as goodwill within the Consumer reportable segment. The total amount of this goodwill is deductible for tax purposes and the impact on net sales and net earnings during the fiscal year was nominal. The company has finalized the purchase accounting for the acquisition of the George Nelson Bubble Lamp product line.

Design Within Reach Acquisition

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

The company purchased an ownership interest in DWR equal to approximately 81 percent for $155.2 million in cash. Subsequent to the initial transaction, the company acquired an additional 4 percent of DWR stock from the remaining public shareholders for approximately $5.8 million in cash, all of which was paid during the first and second quarters of fiscal 2015. The remaining 15 percent of DWR stock was contributed by DWR executives into the newly formed consumer business subsidiary and the company contributed the assets of the existing Herman Miller Consumer business. After these transactions, the redeemable noncontrolling interests in the newly formed subsidiary, known as Herman Miller Consumer Holdings, Inc. ("HMCH"), were approximately 7 percent. The remaining HMCH shareholders have a put option to require the company to purchase their remaining interest over a five years period from the date of issuance of such shares. As a result, these noncontrolling interests are not included within Stockholders' Equity within the Condensed Consolidated Balance Sheets, but rather are included within Redeemable noncontrolling interests.

DWR acquisition-related expenses were $2.2 million during fiscal year 2015. These expenses included legal and professional services fees.

Assets Acquired and Liabilities Assumed on July 28, 2014

(In millions)	Fair Value
Purchase price	$ 155.2
Fair value of the assets acquired:	
Cash	1.2
Accounts receivable	2.2
Inventory	47.4
Current deferred tax asset	1.5
Other current assets	5.5
Goodwill	75.6
Other intangible assets	68.5
Property	32.0
Other long term assets	2.4
Total assets acquired	236.3
Fair value of liabilities assumed:	
Accounts payable	20.8
Accrued compensation and benefits	1.6
Other accrued liabilities	12.3
Long term deferred tax liability	14.5
Other long term liabilities	0.4
Total liabilities assumed	49.6
Redeemable noncontrolling interests	25.7
Noncontrolling interests	5.8
Net assets acquired	$ 155.2

The goodwill stemming from the transaction in the amount of $75.6 million was recorded as "Goodwill" in the Condensed Consolidated Balance Sheets and allocated to the Consumer reportable segment. The goodwill recognized is attributable primarily to the assembled workforce and expected synergies from DWR and the total amount of this goodwill is not deductible for tax purposes.

Other intangible assets acquired as a result of the acquisition of DWR were valued at $68.5 million. These amounts are reflected in the values presented in the following table:

Intangible Assets Acquired from the DWR Acquisition

(In millions)	Fair Value	Useful Life
Trade Names and Trademarks	$ 55.1	Indefinite
Exclusive Distribution Agreements	0.2	1.5 years
Customer Relationships	12.0	10 - 16 years
Product Development Designs	1.2	7 years
Total Intangible Assets Acquired	$ 68.5	

3. Inventories

(In millions)	May 28, 2016	May 30, 2015
Finished goods and work in process	$ 102.1	$ 106.5
Raw materials	26.1	23.1
Total	$ 128.2	$ 129.6

Inventories valued using LIFO amounted to $22.8 million and $22.3 million as of May 28, 2016 and May 30, 2015, respectively. If all inventories had been valued using the first-in first-out method, inventories would have been $140.4 million and $142.1 million at May 28, 2016 and May 30, 2015, respectively.

4. Investments in Nonconsolidated Affiliates

The company had an ownership interest in four nonconsolidated affiliates at May 28, 2016. Refer to the company's ownership percentages shown below:

Ownership Interest	May 28, 2016	May 30, 2015
Kvadrat Maharam Arabia DMCC	50.0%	50.0%
Kvadrat Maharam Pty Limited	50.0%	50.0%
Kvadrat Maharam Turkey JSC	50.0%	50.0%
Danskina B.V.	50.0%	50.0%

The Kvadrat Maharam nonconsolidated affiliates are distribution entities that are engaged in selling decorative upholstery, drapery, and wall covering products. Danskina B.V. is a manufacturer and distributor of designer rugs and floor covering products.

At May 28, 2016, the company's investment value in Kvadrat Maharam Pty was $1.8 million more than the company's proportionate share of the underlying net assets ($1.9 million more at May 30, 2015). This difference was driven by a step-up in fair value of the investment in Kvadrat Maharam Pty, stemming from the Maharam business combination. This amount is considered to be a permanent basis difference.

At May 28, 2016 and May 30, 2015 the company's investment value in Danskina B.V. was $1.1 million more than the company's proportionate share of the underlying net assets. This amount represents the difference in value between the capital contribution made to the joint venture by Maharam and the proportionate share of equity received. This amount is considered to be a permanent basis difference.

The company's investment in its nonconsolidated affiliates was $4.2 million at May 28, 2016 and $4.2 million at May 30, 2015. The company's proportionate share of equity earnings from these companies was $0.4 million for the year ended May 28, 2016, $0.1 million for the year ended May 30, 2015 and $0.1 million for the year ended May 31, 2014.

For the year ended May 28, 2016, sales to nonconsolidated affiliates were $2.5 million and purchases from nonconsolidated affiliates were $0.9 million. Receivables from nonconsolidated affiliates were $0.4 million and payables to nonconsolidated affiliates were $0.1 million as of May 28, 2016.

For the year ended May 30, 2015, sales to nonconsolidated affiliates were $2.5 million and purchases from nonconsolidated affiliates were $0.5 million. Receivables from nonconsolidated affiliates were $0.4 million and payables to nonconsolidated affiliates were $0.1 million as of May 30, 2015.

For the year ended May 31, 2014, sales to nonconsolidated affiliates were $1.7 million and purchases from nonconsolidated affiliates were $0.4 million.

5. Long-Term Debt

Long-term debt consisted of the following obligations:

(In millions)	May 28, 2016	May 30, 2015
Series B senior notes, 6.42%, due January 3, 2018	$ 149.9	$ 149.8
Debt securities, 6.0%, due March 1, 2021	50.0	50.0
Syndicated Revolving Line of Credit, due July 2019	22.0	90.0
Total	$ 221.9	$ 289.8

On January 3, 2015, $50.0 million of the company's Series A senior notes became due and payable. This debt was paid through the use of borrowings on the company's revolving line of credit.

During the first quarter of fiscal 2015, the company entered into a third amendment and restatement of its syndicated revolving line of credit, which provides the company with up to $250 million in revolving variable interest borrowing capacity and includes an "accordion feature" allowing the company to increase, at its option and subject to the approval of the participating banks, the aggregate borrowing capacity of the facility by $125 million. The facility expires in July 2019 and outstanding borrowings bear interest at rates based on the prime rate, federal funds rate, LIBOR, or negotiated rates as outlined in the agreement. Interest is payable periodically throughout the period if borrowings are outstanding. As of May 28, 2016, the total debt outstanding related to borrowings against this facility was $22.0 million. Of the borrowings against this facility, $18.0 million has an interest rate of 1.28 percent and the remaining $4.0 million has an interest rate of 1.29 percent. These borrowings are included within Long-term debt in the Consolidated Balance Sheet. As of May 28, 2016, the total usage against the facility was $30.7 million, of which $8.7 million related to outstanding letters of credit. As of May 30, 2015, total usage against this facility was $98.3 million, of which $8.3 million related to outstanding letters of credit.

The company has access to foreign revolving lines of credit, in the amount of approximately $12.8 million, that can be used to meet working capital cash flow needs within Asia. As of May 28, 2016 and May 30, 2015, there were no borrowings against these facilities.

Our senior notes and the unsecured senior revolving credit facility restrict, without prior consent, our borrowings, capital leases, and the sale of certain assets. In addition, we have agreed to maintain certain financial performance ratios, which include a maximum leverage ratio covenant, which is measured by the ratio of debt to trailing four quarter adjusted EBITDA (as defined in the credit agreement) and is required to be less than 3.5:1, except that we may elect, under certain conditions, to increase the maximum Leverage Ratio to 4:1 for four consecutive fiscal quarter end dates. The covenants also require a minimum interest coverage ratio, which is measured by the ratio of trailing four quarter EBITDA to trailing four quarter interest expense (as defined in the credit agreement) and is required to be greater than 4:1. Adjusted EBITDA is generally defined in the credit agreement as EBITDA adjusted by certain items which include non-cash share-based compensation, non-recurring restructuring costs, legacy pension expenses and extraordinary items. At May 28, 2016 and May 30, 2015, the company was in compliance with all of these restrictions and performance ratios.

Annual maturities of long-term debt for the five fiscal years subsequent to May 28, 2016, are as follows:

(In millions)		
2017	$	—
2018	$	149.9
2019	$	—
2020	$	22.0
2021	$	50.0
Thereafter	$	—

6. Operating Leases

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

Future minimum rental payments required under operating leases that have non-cancelable lease terms as of May 28, 2016, are as follows:

(In millions)		
2017	$	38.9
2018	$	37.9
2019	$	34.8
2020	$	31.0
2021	$	28.2
Thereafter	$	147.2

Total rental expense charged to operations was $45.6 million, $40.2 million, and $25.6 million, in fiscal 2016, 2015, and 2014, respectively. Substantially all such rental expense represented the minimum rental payments under operating leases.

7. Employee Benefit Plans

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

Pension Plans and Post-Retirement Medical Insurance

The company offers certain employees retirement benefits under domestic defined benefit plans. The company provides healthcare benefits to employees who retired from service on or before a qualifying date in 1998. As of the qualifying date, the company discontinued offering post-retirement medical to future retirees. Benefits to qualifying retirees under this plan are based on the employee's years of service and age at the date of retirement. In addition to the domestic pension and retiree healthcare plan, one of the company's wholly owned foreign subsidiaries has a defined-benefit pension plan based upon an average final pay benefit calculation. The measurement date for the company's principal domestic and international pension plans, as well as its post-retirement medical plan, is the last day of the fiscal year.

During fiscal 2014, the company settled the remaining obligations associated with its primary domestic defined benefit pension plans. Plan participants received vested benefits from the plan assets by electing either a lump sum distribution, roll-over contribution to other 401(k) or individual retirement plans, or an annuity contract with a qualifying third-party provider. As a result of the settlement, the company was relieved of any further obligation. Pension settlement charges of $158.2 million, before tax, were recorded during fiscal year 2014. The settlement expenses included the pre-tax reclassifications of actuarial gains and losses from accumulated other comprehensive loss of $137.7 million, and cash contributions to the plan of $48.8 million, net of the outstanding pension plan liability prior to settlement. Cost of goods sold included $49.3 million of the settlement expense, while $108.9 million of the expense was included in operating expenses. After the settlement, the remaining pension assets of $0.9 million were transferred to the company's defined contribution 401(k) plan. The primary domestic defined-benefit plan included benefits determined by a cash balance calculation. Benefits under this plan were based upon an employee's years of service and earnings.

Benefit Obligations and Funded Status

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

(In millions)	Pension Benefits 2016 Domestic	Pension Benefits 2016 International	Pension Benefits 2015 Domestic	Pension Benefits 2015 International	Post-Retirement Benefits 2016	Post-Retirement Benefits 2015
Change in benefit obligation:						
Benefit obligation at beginning of year	$ 1.1	$ 112.0	$ 1.1	$ 105.4	$ 7.7	$ 7.5
Interest cost	—	3.8	—	4.3	0.2	0.2
Foreign exchange impact	—	(4.6)	—	(9.8)	—	—
Actuarial (gain)/loss	—	(4.4)	—	15.0	(1.3)	0.8
Benefits paid	(0.1)	(2.4)	—	(2.9)	(0.7)	(0.8)
Benefit obligation at end of year	$ 1.0	$ 104.4	$ 1.1	$ 112.0	$ 5.9	$ 7.7
Change in plan assets:						
Fair value of plan assets at beginning of year	$ —	$ 92.0	$ —	$ 94.8	$ —	$ —
Actual return on plan assets	—	(1.3)	—	8.0	—	—
Foreign exchange impact	—	(3.7)	—	(8.5)	—	—
Employer contributions	0.1	0.4	—	0.6	0.7	0.8
Benefits paid	(0.1)	(2.4)	—	(2.9)	(0.7)	(0.8)
Fair value of plan assets at end of year	$ —	$ 85.0	$ —	$ 92.0	$ —	$ —
Funded status:						
Under funded status at end of year	$ (1.0)	$ (19.4)	$ (1.1)	$ (20.0)	$ (5.9)	$ (7.7)
Components of the amounts recognized in the Consolidated Balance Sheets:						
Current liabilities	$ (0.1)	$ —	$ (0.1)	$ —	$ (0.7)	$ (0.9)
Non-current liabilities	$ (0.9)	$ (19.4)	$ (1.0)	$ (20.0)	$ (5.2)	$ (6.8)
Components of the amounts recognized in accumulated other comprehensive loss before the effect of income taxes:						
Unrecognized net actuarial loss (gain)	$ 0.3	$ 39.3	$ 0.3	$ 41.6	$ (0.2)	$ 1.1
Unrecognized prior service cost (credit)	—	—	—	—	—	—
Accumulated other comprehensive loss	$ 0.3	$ 39.3	$ 0.3	$ 41.6	$ (0.2)	$ 1.1

The accumulated benefit obligation for the company's domestic pension benefit plans totaled $1.0 million as of the end of fiscal 2016 and $1.1 million as of the end of fiscal 2015. For its international plans, the accumulated benefit obligation totaled $100.8 million and $108.9 million as of fiscal 2016 and fiscal 2015, respectively.

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

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

(In millions)	Pension Benefits 2016	Pension Benefits 2015	Pension Benefits 2014	Post-Retirement Benefits 2016	Post-Retirement Benefits 2015	Post-Retirement Benefits 2014
Domestic:						
Interest cost	$ —	$ —	$ 5.2	$ 0.2	$ 0.2	$ 0.3
Expected return on plan assets	—	—	(3.6)	—	—	—
Net amortization	—	—	4.7	—	—	—
Settlement Loss	—	—	158.2	—	—	—
Net periodic benefit cost	$ —	$ —	$ 164.5	$ 0.2	$ 0.2	$ 0.3
International:						
Interest cost	$ 3.8	$ 4.3	$ 4.2			
Expected return on plan assets	(5.4)	(5.5)	(5.2)			
Net amortization	2.8	1.8	1.8			
Net periodic benefit cost	$ 1.2	$ 0.6	$ 0.8			

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

(In millions)	Pension Benefits 2016	Pension Benefits 2015	Post-Retirement Benefits 2016	Post-Retirement Benefits 2015
Domestic:				
Net actuarial (gain) loss	$ —	$ —	$ (1.3)	$ 0.8
Net amortization	—	—	—	—
Total recognized in other comprehensive (income) loss	$ —	$ —	$ (1.3)	$ 0.8
International:				
Net actuarial loss	$ 2.2	$ 11.8		
Net amortization	(2.8)	(1.8)		
Total recognized in other comprehensive (income) loss	$ (0.6)	$ 10.0		

The net actuarial loss, included in accumulated other comprehensive loss (pretax), expected to be recognized in net periodic benefit cost during fiscal 2017 is $2.5 million.

Actuarial Assumptions

The weighted-average actuarial assumptions used to determine the benefit obligation amounts and the net periodic benefit cost for the company's pension and post-retirement plans are as follows:

The weighted-average used in the determination of net periodic benefit cost:

	2016		2015		2014	
(Percentages)	Domestic	International	Domestic	International	Domestic	International
Discount rate	3.41	3.50	3.44	4.40	3.43	4.40
Compensation increase rate	n/a	3.20	n/a	3.35	n/a	3.50
Expected return on plan assets	n/a	6.10	n/a	6.10	n/a	6.00
The weighted-average used in the determination of the projected benefit obligations:						
Discount rate	3.51	3.43	3.41	3.50	3.44	4.40
Compensation increase rate	n/a	2.95	n/a	3.20	n/a	3.35

Effective May 28, 2016, the company changed the method it uses to estimate the interest component of net periodic benefit cost for pension and other postretirement benefits. Historically, the company has estimated the interest cost component utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. The company has elected to utilize a full yield curve approach in the estimation of interest cost by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The company has made this change to provide a more precise measurement of interest cost by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. The company accounted for this change as a change in accounting estimate and accordingly will account for it prospectively. The company estimates the impact of this change on the consolidated earnings for fiscal 2017 will be a reduction of the interest cost component of net periodic benefit cost of approximately $0.4 million. For fiscal 2016, the use of the full yield curve approach did not impact how the company measured the total benefit obligations at year end or the annual net periodic benefit cost as any change in the interest cost component is completely offset by the actuarial gain or loss measured at year end, which is immediately recognized in the income statement. Accordingly, this change in estimate did not impact the Consolidated Statement of Comprehensive Income for the fiscal year ended May 28, 2016.

In calculating post-retirement benefit obligations for fiscal 2016, a 7.9 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2016, decreasing gradually to 4.3 percent by 2038 and remaining at that level thereafter. For purposes of calculating post-retirement benefit costs, a 7.1 percent annual rate of increase in the per capita cost of covered healthcare benefits was assumed for 2016, decreasing gradually to 4.5 percent by 2029 and remaining at that level thereafter.

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

(In millions)	1 Percent Increase	1 Percent Decrease
Effect on total fiscal 2016 service and interest cost components	$ —	$ —
Effect on post-retirement benefit obligation at May 28, 2016	$ 0.2	$ (0.2)

Plan Assets and Investment Strategies

The assets related to the company's primary domestic employee benefit plans were liquidated in connection with the plan termination that occurred during fiscal 2014. Accordingly, plan assets for the primary domestic employee benefit plans were zero as of the end of fiscal 2014.

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

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

The target asset allocation at the end of fiscal 2016 and asset categories for the company's primary international pension plan for fiscal 2016 and 2015 is as follows:

Asset Category	Targeted Asset Allocation Percentage	Percentage of Plan Assets at Year End 2016	Percentage of Plan Assets at Year End 2015
Equities	—	—	2
Fixed Income	20	24	23
Common collective trusts	80	76	75
Total		100	100

(In millions) Asset Category	International Plan as of May 31, 2016 Level 1	Level 2	Total
Cash and cash equivalents	$ 0.2	$ —	$ 0.2
Foreign government obligations	—	20.5	20.5
Common collective trusts-balanced	—	64.3	64.3
Total	$ 0.2	$ 84.8	$ 85.0

(In millions) Asset Category	International Plan as of May 31, 2015 Level 1	Level 2	Total
Cash and cash equivalents	$ 1.8		$ 1.8
Foreign government obligations	—	21.3	21.3
Common collective trusts-balanced		68.9	68.9
Total	$ 1.8	$ 90.2	$ 92.0

Cash Flows

The company is reviewing whether any additional voluntary pension plan contributions will be made in the next year. Actual contributions will be dependent upon investment returns, changes in pension obligations, and other economic and regulatory factors. During fiscal 2016, the company made total cash contributions of $1.2 million to its benefit plans. In fiscal 2015, the company made total cash contributions of $1.4 million to its benefit plans.

The following represents a summary of the benefits expected to be paid by the plans in future fiscal years. These expected benefits were estimated based on the same actuarial valuation assumptions used to determine benefit obligations at May 28, 2016.

(In millions)	Pension Benefits Domestic	Pension Benefits International	Post-Retirement Benefits
2017	$ 0.1	$ 2.5	$ 0.7
2018	$ 0.1	$ 2.8	$ 0.7
2019	$ 0.1	$ 2.6	$ 0.7
2020	$ 0.1	$ 2.8	$ 0.6
2021	$ 0.1	$ 3.5	$ 0.6
2022-2026	$ 0.3	$ 18.7	$ 2.1

Profit Sharing, 401(k) Plan, and Core Contribution

Substantially all of the company's domestic employees are eligible to participate in a defined contribution retirement plan, primarily the Herman Miller, Inc. profit sharing and 401(k) plan. Employees under the Herman Miller, Inc. profit sharing plan are eligible to begin participating on their date of hire. The Profit Sharing plan provides for discretionary contributions for eligible participants, payable in the company's common stock, of not more than 6 percent of employees' wages based on the company's financial performance. Under the Herman Miller, Inc. 401(k) plan the company matches 100 percent of employee contributions to their 401(k) accounts up to 3 percent of their pay. A core contribution of 4 percent is also included for most participants of the plan. The company's other defined contribution retirement plans may provide for matching contributions, non-elective contributions and discretionary contributions as declared by management.

The cost of the Herman Miller, Inc. profit sharing contribution during fiscal 2016, 2015, and 2014 was $10.9 million, $4.8 million and $6.4 million, respectively. The expense recorded for the company's 401(k) matching contributions and core contributions was approximately $21.9 million, $20.8 million, and $20.3 million in fiscal years 2016, 2015 and 2014, respectively.

8. Common Stock and Per Share Information

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

(In millions, except shares)	2016	2015	2014
Numerator:			
Numerator for both basic and diluted EPS, net earnings (loss)	$ 136.7	$ 97.5	$ (22.1)
Denominator:			
Denominator for basic EPS, weighted-average common shares outstanding	59,844,540	59,475,297	58,955,487
Potentially dilutive shares resulting from stock plans	684,729	649,069	—
Denominator for diluted EPS	60,529,269	60,124,366	58,955,487

Equity awards of 528,676 shares, 715,685 shares and 2,779,782 shares of common stock were excluded from the denominator for the computation of diluted earnings per share for the fiscal years ended May 28, 2016, May 30, 2015, and May 31, 2014, respectively, because they were anti-dilutive. The company has certain share-based payment awards that meet the definition of participating securities. The company has evaluated the impact of all participating securities under the two-class method, noting there was no impact on EPS.

Common Stock

The company has a share repurchase plan authorized by the Board of Directors on September 28, 2007, which provided share repurchase authorization of $300.0 million with no specified expiration date. During fiscal year 2016, 2015, and 2014, shares repurchased and retired totaled 482,040, 121,488 and 408,391 shares respectively.

9. Stock-Based Compensation

The company utilizes equity-based compensation incentives as a component of its employee and non-employee director and officer compensation philosophy. Currently, these incentives consist principally of stock options, restricted stock, restricted stock units and performance share units. The company also offers a stock purchase plan for its domestic and certain international employees. The company issues shares in connection with its share-based compensation plans from authorized, but unissued, shares. At May 28, 2016 there were 3,991,307 shares authorized under the various stock-based compensation plans.

Valuation and Expense Information

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

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

The company classifies pre-tax stock-based compensation expense primarily within “Operating expenses” in the Consolidated Statements of Comprehensive Income. Pre-tax compensation expense and the related income tax benefit for all types of stock-based programs was as follows for the periods indicated:

(In millions)	May 28, 2016	May 30, 2015	May 31, 2014
Employee stock purchase program	$ 0.3	$ 0.3	$ 0.3
Stock option plans	1.9	2.6	2.3
Restricted stock grants	—	0.1	0.2
Restricted stock units	3.2	3.7	5.2
Performance share units	6.5	3.3	3.0
Total	$ 11.9	$ 10.0	$ 11.0
Tax benefit	$ 4.3	$ 3.6	$ 4.0

As of May 28, 2016, total pre-tax stock-based compensation cost not yet recognized related to non-vested awards was approximately $9.7 million. The weighted-average period over which this amount is expected to be recognized is 1.35 years.

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

	2016	2015	2014
Risk-free interest rates (1)	1.51%	1.46%	1.62%
Expected term of options (2)	4.0 years	4.0 years	5.5 years
Expected volatility (3)	33%	36%	46%
Dividend yield (4)	2.03%	1.85%	1.74%
Weighted-average grant-date fair value of stock options:			
Granted with exercise prices equal to the fair market value of the stock on the date of grant	6.73	7.74	10.68

(1) Represents the U.S. Treasury yield over the same period as the expected option term.

(2) Represents the period of time that options granted are expected to be outstanding. Based on analysis of historical option exercise activity, the company has determined that all employee groups exhibit similar exercise and post-vesting termination behavior.

(3) Amount is determined based on analysis of historical price volatility of the company's common stock over a period equal to the expected term of the options.

(4) Represents the company's estimated cash dividend yield over the expected term of options.

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

Employee Stock Purchase Program

Under the terms of the company's Employee Stock Purchase Plan, 4 million shares of authorized common stock were reserved for purchase by plan participants at 85 percent of the market price. Shares of common stock purchased under the employee stock purchase plan were 70,768, 62,467 and 63,753 for the fiscal years ended 2016, 2015 and 2014 respectively.

Stock Option Plans

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

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

	Shares Under Option		Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value (In millions)
Outstanding at May 30, 2015	1,302,623	$	26.05	4.0	$	4.7
Granted at market	91,070	$	29.03			
Exercised	(288,470)	$	23.15			
Forfeited or expired	(183,843)	$	33.33			
Outstanding at May 28, 2016	921,380	$	25.80	4.2		5.5
Ending vested + expected to vest	921,380	$	25.80	4.2	$	5.5
Exercisable at end of period	764,060	$	25.06	3.3	$	5.1

The total pre-tax intrinsic value of options exercised during fiscal 2016, 2015 and 2014 was $2.3 million, $2.4 million, and $6.2 million, respectively. The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the company's closing stock price as of the end of the period presented, which would have been received by the option holders had all option holders exercised in-the-money options as of that date. Total cash received during fiscal 2016 from the exercise of stock options was $5.0 million.

Restricted Stock Grants

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

	2016		
	Shares		Weighted Average Grant-Date Fair Value
Outstanding at May 30, 2015	50,323	$	20.80
Granted	—	$	—
Vested	(28,500)	$	20.37
Forfeited	(1,000)	$	21.71
Outstanding at May 28, 2016	20,823	$	21.35

The weighted-average remaining recognition period of the outstanding restricted stock grants at May 28, 2016, was 0.55 years. The fair value of the shares that vested during the twelve months ended May 28, 2016, was $0.8 million. There were no restricted stock grants granted during fiscal 2016, 2015 or 2014.

Restricted Stock Units

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

The following is a summary of restricted stock unit transactions for the fiscal years indicated:

	Share Units	Weighted Average Grant-Date Fair Value	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)
Outstanding at May 30, 2015	505,472	$ 24.21	$ 13.5	1.2
Granted	110,176	$ 29.03		
Forfeited	(17,321)	$ 27.09		
Released	(220,466)	$ 19.97		
Outstanding at May 28, 2016	377,861	$ 27.83	$ 12.0	1.4
Ending vested + expected to vest	377,861	27.83	$ 10.8	1.4

The weighted-average remaining recognition period of the outstanding restricted stock units at May 28, 2016, was 1.09 years. The fair value of the share units that vested during the twelve months ended May 28, 2016, was $6.4 million. The weighted average grant-date fair value of restricted stock units granted during 2016, 2015, and 2014 was $29.03, $30.38, and $28.55 respectively.

Performance Share Units

The company grants performance share units to certain key employees. The number of units initially awarded was based on the value of a portion of the participant's long-term incentive compensation, divided by the fair value of the company's common stock on the date of grant. Each unit represents one equivalent share of the company's common stock. The number of common shares ultimately issued in connection with these performance share units is determined based on the company's financial performance over the related three-year service period or the company's financial performance based on certain total shareholder return results as compared to a selected group of peer companies. Compensation expense is determined based on the grant-date fair value and the number of common shares projected to be issued, and is recognized over the requisite service period.

The following is a summary of performance share unit transactions for the fiscal years indicated:

	Share Units	Weighted Average Grant-Date Fair Value	Aggregate Intrinsic Value in Millions	Weighted-Average Remaining Contractual Term (Years)
Outstanding at May 30, 2015	356,906	$ 29.17	$ 9.9	1.3
Granted	154,621	$ 30.81		
Forfeited	(21,988)	$ 20.64		
Released	(55,825)	$ 17.10		
Outstanding at May 28, 2016	433,714	$ 31.74	$ 13.7	1.2
Ending vested + expected to vest	433,714	$ 31.74	$ 13.7	1.2

The weighted-average remaining recognition period of the outstanding performance share units at May 28, 2016, was 0.8 years. The fair value for shares that vested during the twelve months ended May 28, 2016, was $1.6 million. The weighted average grant-date fair value of performance share units granted during 2016, 2015, and 2014 was $30.81, $32.71, and $31.66 respectively.

Herman Miller Consumer Holding Stock (HMCH) Option Plan

Certain employees were granted options to purchase stock of HMCH at a price not less than the market price of HMCH common stock on the date of grant. For the grants of options under the award program, options are potentially exercisable between one year andfive years from date of grant and expire at the end of the window period that follows the fifth anniversary of the grant date. Vesting is based on the performance of HMCH over a period of five years. These options have been classified as liability awards as the holders have the right to put the underlying shares to the company immediately upon exercise. Given this, the awards are measured at fair value at the end of each reporting period and compensation expense is adjusted accordingly to reflect the fair value over the requisite service period. The company estimates the issuance date fair value of HMCH stock options on the date of grant using the Black-Scholes model. The expense for these awards was a benefit of $0.3 million during fiscal 2016 and the related liability for these awards was $0.8 million as of the end of fiscal 2016. The liability for the HMCH stock options is recorded within the Consolidated Balance Sheets within the "Other liabilities" line item.

The following weighted-average assumptions were used to value the liability associated with HMCH stock options as of May 28, 2016 and May 30, 2015.

		2016	2015
Risk-free interest rates (1)		1.07%	0.99%
Expected term of options (2)		3.1 years	3.2 years
Expected volatility (3)		35%	35%
Dividend yield		not applicable	not applicable
Strike price	$	24.39	24.39
Per share value (4)	$	6.52	8.71

(1) Represents the U.S. Treasury yield over the same period as the expected option term.
(2) Represents the period of time that options granted are expected to be outstanding.
(3) Amount is determined based on analysis of historical price volatility of the common stock of peer companies over a period equal to the expected term of the options.
(4) Based on the Black-Scholes formula.

	Shares Under Option		Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term (Years)		Aggregate Intrinsic Value (In millions)
Outstanding at May 30, 2015	504,669	$	23.92	4.2	$	2.1
Granted	—	$	—			
Exercised	(4,293)	$	6.12			
Forfeited	—	$	—			
Outstanding at May 28, 2016	500,376	$	24.07	3.2	$	0.4
Exercisable at end of period	9,290	$	7.10	3.2		0.2

The total pre-tax intrinsic value of HMCH options exercised during fiscal 2016 was $0.1 million. The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the HMCH market price, less the strike price, as of the end of the period presented, which would have been received by the option holders had all option holders exercised in-the-money options as of that date.

Deferred Compensation Plan

The Herman Miller, Inc. Executive Equalization Retirement Plan is a supplemental deferred compensation plan and was made available for salary deferrals and company contributions beginning in January 2008. The plan is available to a select group of management or highly compensated employees who are selected for participation by the Executive Compensation Committee of the Board of Directors. The plan allows participants to defer up to 50 percent of their base salary and up to 100 percent of their incentive cash bonus. Company contributions to the plan “mirror” the amounts the company would have contributed to the various qualified retirement plans had the employee's compensation not been above the IRS statutory ceiling ($265,000 in 2016). The company does not guarantee a rate of return for these funds. Instead, participants make investment elections for their deferrals and company contributions. Investment options are the same as those available under the Herman Miller Profit Sharing and 401(k) Plan, except for company stock, which is not an investment option under this plan.

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

Director Fees

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

	2016	2015	2014
Shares of common stock	21,988	13,752	12,358
Shares through the deferred compensation program	3,118	—	2,317

10. Income Taxes

The components of earnings (loss) before income taxes are as follows:

(In millions)	2016	2015	2014
Domestic	$ 154.9	$ 142.5	$ (45.1)
Foreign	41.7	2.7	1.7
Total	$ 196.6	$ 145.2	$ (43.4)

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

(In millions)	2016	2015	2014
Current: Domestic - Federal	$ 36.4	$ 43.6	$ 22.2
Domestic - State	6.4	6.3	4.6
Foreign	6.3	6.1	4.8
	49.1	56.0	31.6
Deferred: Domestic - Federal	7.5	(5.9)	(43.6)
Domestic - State	0.2	(0.6)	(5.6)
Foreign	2.7	(2.3)	(3.6)
	10.4	(8.8)	(52.8)
Total income tax provision	$ 59.5	$ 47.2	$ (21.2)

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

(In millions)	2016	2015	2014
Income taxes computed at the United States Statutory rate of 35%	$ 68.8	$ 50.8	$ (15.2)
Increase (decrease) in taxes resulting from:			
Change in unrecognized tax benefits	0.2	—	0.4
Foreign statutory rate differences	(4.3)	(1.0)	(0.9)
Manufacturing deduction under the American Jobs Creation Act of 2004	(4.8)	(4.8)	(3.9)
State taxes	5.2	4.2	(0.9)
Tax on undistributed foreign earnings	—	(3.9)	—
Sale of manufacturing facility in the United Kingdom	(1.6)	—	—
Other, net	(4.0)	1.9	(0.7)
Income tax expense (benefit)	$ 59.5	$ 47.2	$ (21.2)
Effective tax rate	30.3%	32.6%	48.9%

The tax effects and types of temporary differences that give rise to significant components of the deferred tax assets and liabilities at May 28, 2016 and May 30, 2015, are as follows:

(In millions)	2016	2015
Deferred tax assets:		
Compensation-related accruals	$ 23.2	$ 21.9
Accrued pension and post-retirement benefit obligations	9.2	11.0
Deferred revenue	5.6	2.9
Inventory related	3.8	6.4
Reserves for uncollectible accounts and notes receivable	1.2	1.4
Other reserves and accruals	3.0	3.6
Warranty	15.7	14.0
State and local tax net operating loss carryforwards and credits	5.7	5.7
Federal net operating loss carryforward	7.1	12.2
Foreign tax net operating loss carryforwards and credits	14.6	10.0
Undistributed foreign earnings	—	4.5
Other	4.7	4.4
Subtotal	93.8	98.0
Valuation allowance	(10.6)	(11.1)
Total	$ 83.2	$ 86.9
Deferred tax liabilities:		
Book basis in property in excess of tax basis	$ (24.8)	$ (16.7)
Intangible assets	(47.4)	(44.5)
Other	(2.2)	(3.6)
Total	$ (74.4)	$ (64.8)

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

At May 28, 2016, the company had state and local tax NOL carry-forwards of $70.9 million, the state tax benefit of which is $5.2 million, which have various expiration periods from one to twenty-one years. The company also had state credits with a state tax benefit of $0.5 million which expires in 4 to six years. For financial statement purposes, the NOL carry-forwards and state tax credits have been recognized as deferred tax assets, subject to a valuation allowance of $2.1 million.

At May 28, 2016, the company had federal NOL carry-forwards of $20.4 million, the tax benefit of which is $7.1 million, which expire in 12 to 13 years. For financial statement purposes, the NOL carry-forwards have been recognized as deferred tax assets.

At May 28, 2016, the company had federal deferred assets of $1.5 million, the tax benefit of which is $0.5 million, which is related to investments in various foreign joint ventures. For financial statement purposes, the assets have been recognized as deferred tax assets, subject to a valuation allowance of $0.5 million.

At May 28, 2016, the company had foreign net operating loss carry-forwards of $49.2 million, the tax benefit of which is $10.9 million, which have expiration periods from seven years to an unlimited term. The company also had foreign tax credits with a tax benefit of $3.7 million which expire in one to eleven years. For financial statement purposes, NOL carry-forwards and foreign tax credits have been recognized as deferred tax assets, subject to a valuation allowance of $7.5 million.

At May 28, 2016, the company had foreign deferred assets of $2.7 million, the tax benefit of which is $0.5 million, which is related to various deferred taxes in Hong Kong and buildings in the United Kingdom. For financial statement purposes, the assets have been recognized as deferred tax assets, subject to a valuation allowance of $0.5 million.

The company has not provided for United States income taxes on undistributed earnings of foreign subsidiaries totaling approximately $117.2 million. Recording deferred income taxes on these undistributed earnings is not required, because these earnings have been deemed to be indefinitely reinvested. These amounts would be subject to possible U.S. taxation only if remitted as dividends. The determination of the hypothetical amount of unrecognized deferred U.S. taxes on undistributed earnings of foreign entities is not practicable.

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

(In millions)		
Balance at May 31, 2014	$	1.8
Increases related to current year income tax positions		0.4
Increases related to prior year income tax positions		0.1
Decreases related to prior year income tax positions		(0.4)
Decreases related to lapse of applicable statute of limitations		(0.1)
Decreases related to settlements		—
Balance at May 30, 2015		1.8
Increases related to current year income tax positions		0.4
Increases related to prior year income tax positions		0.1
Decreases related to prior year income tax positions		(0.1)
Decreases related to lapse of applicable statute of limitations		(0.1)
Decreases related to settlements		(0.4)
Balance at May 28, 2016	$	1.7

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

The company recognizes interest and penalties related to unrecognized tax benefits through "Income tax expense (benefit)" in its Consolidated Statements of Comprehensive Income. Interest and penalties and the related liability, which are excluded from the table above, were as follows for the periods indicated:

(In millions)	May 28, 2016		May 30, 2015		May 31, 2014	
Interest and penalty expense (income)	$	(0.1)	$	0.4	$	0.2
Liability for interest and penalties	$	0.7	$	0.9		

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

During the year, the company has closed the audit of fiscal year 2015 with the Internal Revenue Service under the Compliance Assurance Process (CAP). For the majority of the remaining tax jurisdictions, the company is no longer subject to state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2013.

11. Fair Value of Financial Instruments

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

(In millions)	May 28, 2016	May 30, 2015
Carrying value	$ 221.9	$ 289.8
Fair value	$ 241.7	$ 315.1

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

Available-for-sale securities — The company's available-for-sale marketable securities primarily include exchange traded and fixed income mutual funds, mortgage-backed debt securities, government obligations and corporate debt securities and are recorded at fair value using quoted prices for similar securities. During the third quarter of fiscal 2016, the company adjusted the investment portfolio from individual investments to mutual funds to more broadly diversify the asset base.

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

Deferred compensation plan assets — The company's deferred compensation plan assets primarily include domestic equity large cap and lifestyle mutual funds and are valued using quoted prices for similar securities.

The following tables set forth financial assets and liabilities measured at fair value in the Consolidated Balance Sheets and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of May 28, 2016 and May 30, 2015:

(In millions)	Fair Value Measurements			
	May 28, 2016		May 30, 2015	
Financial Assets	Quoted Prices With Other Observable Inputs (Level 2)	Management Estimates (Level 3)	Quoted Prices With Other Observable Inputs (Level 2)	Management Estimates (Level 3)
Available-for-sale securities:				
Mutual funds - fixed income	$ 6.4	$ —	$ —	$ —
Mutual funds - equity	0.7	—	—	—
Government obligations	0.4	—	4.4	—
Corporate debt securities	—	—	0.6	—
Asset-backed securities	—	—	0.2	—
Mortgage-backed securities	—	—	0.5	—
Foreign currency forward contracts	0.5	—	0.7	—
Deferred compensation plan	7.9	—	7.9	—
Total	$ 15.9	$ —	$ 14.3	$ —
Financial Liabilities				
Foreign currency forward contracts	$ 0.8	$ —	$ 0.2	$ —
Contingent consideration	—	2.7	—	2.6
Total	$ 0.8	$ 2.7	$ 0.2	$ 2.6

The table below presents a reconciliation for liabilities measured at fair value using significant unobservable inputs (Level 3) (in millions):

(In millions) Contingent Consideration	May 28, 2016	May 30, 2015
Beginning balance	$ 2.6	$ 3.7
Net realized losses	—	1.1
Foreign currency translation adjustments	(0.1)	(0.4)
Settlements	(2.5)	(1.8)
Purchases or additions	2.7	—
Ending balance	$ 2.7	$ 2.6

The contingent consideration liabilities represent future payment obligations that relate to business and product line acquisitions. These payments are based on the future performance of the acquired businesses. The contingent consideration liabilities are valued using estimates based on discount rates that reflect the risk involved and the projected sales and earnings of the acquired businesses. The estimates are updated and the liabilities are adjusted to fair value on a quarterly basis.

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

	May 28, 2016			
(In millions)	Cost	Unrealized Gain	Unrealized Loss	Market Value
Mutual funds - fixed income	$ 6.4	$ —	$ —	$ 6.4
Mutual funds - equity	0.7	—	—	0.7
Government obligations	0.4	—	—	0.4
Total	$ 7.5	$ —	$ —	$ 7.5

	May 30, 2015			
(In millions)	Cost	Unrealized Gain	Unrealized Loss	Market Value
Asset-backed securities	$ 0.2	$ —	$ —	$ 0.2
Corporate debt securities	0.6	—	—	0.6
Government obligations	4.4	—	—	4.4
Mortgage-backed securities	0.5	—	—	0.5
Total	$ 5.7	$ —	$ —	$ 5.7

Maturities of debt securities included in marketable securities as of May 28, 2016, are as follows:

(In millions)	Cost	Market Value
Due within one year	$ 0.4	$ 0.4
Total	$ 0.4	$ 0.4

12. Supplemental Disclosures of Cash Flow Information

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

(In millions)	2016	2015	2014
Depreciation expense	$ 47.0	$ 44.2	$ 37.8
Amortization expense	6.0	5.6	4.6
Provision for losses on accounts receivable and notes receivable	2.2	1.8	1.0
(Gain) Loss on sales of property and dealers	(5.8)	—	(1.7)
Deferred income tax expense (benefit)	10.4	(8.8)	(52.8)
Pension expense	1.4	0.8	115.4
Restructuring and impairment expenses	—	12.7	26.5
Stock-based compensation	11.9	10.0	11.0
Excess tax benefits from stock-based compensation	(1.4)	(0.7)	(1.1)
Other changes in long-term liabilities	6.7	(1.2)	(8.5)
Other	0.5	1.7	1.2
Changes in current assets and liabilities:			
Accounts receivable	(30.5)	7.8	(26.7)
Inventories	(6.0)	(9.0)	(2.2)
Prepaid expenses and other	(11.7)	(2.5)	(3.2)
Accounts payable	8.7	1.1	2.6
Accrued liabilities	33.5	6.1	8.3
Total changes in current assets and liabilities	(6.0)	3.5	(21.2)
Total adjustments	$ 72.9	$ 69.6	$ 112.2

13. Warranties, Guarantees, and Contingencies

Product Warranties

The company provides coverage to the end-user for parts and labor on products sold under its warranty policy and for other product-related matters. The standard length of warranty is 12 years. However, this varies depending on the product classification. The company does not sell or otherwise issue warranties or warranty extensions as stand-alone products. Reserves have been established for various costs associated with the company's warranty program. General warranty reserves are based on historical claims experience and other currently available information and are periodically adjusted for business levels and other factors. Specific reserves are established once an issue is identified with the amounts for such reserves based on the estimated cost of correction. The beginning balances in the table below have been adjusted to reflect the immaterial error correction that is described in Note 1 to the Consolidated Financial Statements.

Changes in the warranty reserve for the stated periods were as follows:

(In millions)	2016	2015	2014
Accrual balance, beginning	$ 39.3	$ 37.7	$ 37.3
Accrual for warranty matters	25.5	25.0	20.2
Settlements	(20.9)	(23.4)	(19.8)
Accrual balance, ending	$ 43.9	$ 39.3	$ 37.7

Other Guarantees

The company is periodically required to provide performance bonds in order to conduct business with certain customers. These arrangements are common and generally have terms ranging between one and three years. The bonds are required to provide assurances to customers that the products and services they have purchased will be installed and/or provided properly and without damage to their facilities. The performance bonds are provided by various bonding agencies and the company is ultimately liable for claims that may occur against them. As of May 28, 2016, the company had a maximum financial exposure related to performance bonds of approximately $8.2 million. The company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not significantly affect the company's financial statements. Accordingly, no liability has been recorded as of May 28, 2016 and May 30, 2015.

The company periodically enters into agreements in the normal course of business that may include indemnification clauses regarding patent or trademark infringement and service losses. Service losses represent all direct or consequential loss, liability, damages, costs, and expenses incurred by the customer or others resulting from services rendered by the company, the dealer, or certain sub-contractors, due to a proven negligent act. The company has no history of claims, nor is it aware of circumstances that would require it to perform under these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not significantly affect the company's financial statements. Accordingly, no liability has been recorded as of May 28, 2016 and May 30, 2015.

The company has entered into standby letter of credit arrangements for the purpose of protecting various insurance companies and lessors against default on insurance premium and lease payments. As of May 28, 2016, the company had a maximum financial exposure from these standby letters of credit of approximately $8.7 million, all of which is considered usage against the company's revolving credit facility. The company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not significantly affect the company's financial statements. Accordingly, no liability has been recorded as of May 28, 2016 and May 30, 2015.

Contingencies

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

As of the end of fiscal 2016, outstanding commitments for future purchase obligations approximated $42.2 million.

14. Operating Segments

The company's reportable segments consist of North American Furniture Solutions, ELA ("EMEA, Latin America, and Asia Pacific") Furniture Solutions, Specialty, and Consumer. The North American Furniture Solutions reportable segment includes the operations associated with the design, manufacture, and sale of furniture products for work-related settings, including office, education, and healthcare environments, throughout the United States and Canada. ELA Furniture Solutions includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings, in the EMEA, Latin America, and Asia-Pacific geographic regions. Specialty includes the operations associated with the design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, and Herman Miller Collection products. The Consumer segment includes the operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as direct to consumer sales through eCommerce and DWR studios. The company also reports a “Corporate” category consisting primarily of unallocated corporate expenses including restructuring, impairment, acquisition-related costs, and other unallocated corporate costs.

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

(In millions)	2016	2015	2014
Net Sales:			
North American Furniture Solutions	$ 1,331.8	$ 1,241.9	$ 1,216.3
ELA Furniture Solutions	412.6	409.9	392.2
Specialty	231.8	219.9	205.8
Consumer	288.7	270.5	67.7
Corporate	—	—	—
Total	$ 2,264.9	$ 2,142.2	$ 1,882.0
Depreciation and Amortization:			
North American Furniture Solutions	$ 27.9	$ 26.5	$ 26.8
ELA Furniture Solutions	8.5	8.2	7.6
Specialty	7.4	7.4	6.8
Consumer	8.6	7.3	1.2
Corporate	0.6	0.4	—
Total	$ 53.0	$ 49.8	$ 42.4
Operating Earnings (Losses):			
North American Furniture Solutions	$ 152.0	$ 125.2	$ (27.0)
ELA Furniture Solutions	35.3	25.9	23.1
Specialty	16.4	13.5	(5.3)
Consumer	8.1	14.7	9.9
Corporate	(0.3)	(15.9)	(26.4)
Total	$ 211.5	$ 163.4	$ (25.7)
Capital Expenditures:			
North American Furniture Solutions	$ 56.8	$ 31.7	$ 28.9
ELA Furniture Solutions	15.0	20.3	6.4
Specialty	3.1	3.7	5.5
Consumer	10.2	7.9	—
Corporate	—	—	—
Total	$ 85.1	$ 63.6	$ 40.8
Total Assets:			
North American Furniture Solutions	$ 531.7	$ 504.5	$ 461.5
ELA Furniture Solutions	218.4	235.4	244.8
Specialty	147.3	151.6	157.7
Consumer	245.3	231.8	18.8
Corporate	92.5	69.4	112.6
Total	$ 1,235.2	$ 1,192.7	$ 995.4
Goodwill:			
North American Furniture Solutions	$ 135.8	$ 135.8	$ 135.8
ELA Furniture Solutions	40.9	41.9	42.6
Specialty	49.8	49.8	49.8
Consumer	78.8	75.6	—
Corporate	—	—	—
Total	$ 305.3	$ 303.1	$ 228.2

The accounting policies of the reportable operating segments are the same as those of the company. Additionally, the company employs a methodology for allocating corporate costs and assets with the underlying objective of this methodology being to allocate corporate costs according to the relative usage of the underlying resources and to allocate corporate assets according to the relative expected benefit. The majority of the allocations for corporate expenses are based on relative net sales. However, certain corporate costs, generally considered the result of isolated business decisions, are not subject to allocation and are evaluated separately from the rest of the regular ongoing business operations. For example, restructuring and impairment expenses that are reflected in operating earnings are allocated to the "Corporate" category. In addition, cash and cash equivalents and marketable securities are allocated to the "Corporate" category as the company views these as corporate assets.

The restructuring and asset impairment charges of $12.7 million and $26.5 million in fiscal 2015 and fiscal 2014, respectively, are discussed in Note 17 of the Consolidated Financial Statements and were allocated to the "Corporate" category.

The company's product offerings consist primarily of office furniture systems, seating, freestanding furniture, storage and casegoods. These product offerings are marketed, distributed, and managed primarily as a group of similar products on an overall portfolio basis. The following is a summary of net sales estimated by product category for the respective fiscal years indicated.

(In millions)	2016	2015	2014
Net Sales:			
Systems	$ 656.8	$ 563.4	$ 571.6
Seating	855.5	805.5	658.2
Freestanding and storage	456.9	484.1	386.4
Other (1)	295.7	289.2	265.8
Total	$ 2,264.9	$ 2,142.2	$ 1,882.0

(1) "Other" primarily consists of textiles or uncategorized product sales and service sales.

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

(In millions)	2016	2015	2014
Net Sales:			
United States	$ 1,757.0	$ 1,640.6	$ 1,406.3
International	507.9	501.6	475.7
Total	$ 2,264.9	$ 2,142.2	$ 1,882.0

(In millions)	2016	2015	2014
Long-lived assets:			
United States	$ 254.8	$ 224.2	$ 177.0
International	48.1	53.8	35.4
Total	$ 302.9	$ 278.0	$ 212.4

The company estimates that no single dealer accounted for more than 5 percent of the company's net sales in the fiscal year ended May 28, 2016. The company estimates that the largest single end-user customer, the U.S. federal government, accounted for $88 million, $97 million, and $102 million of the company's net sales in fiscal 2016, 2015, and 2014, respectively. This represents approximately 4 percent, 5 percent and 5 percent of the company's net sales in fiscal 2016, 2015, and 2014, respectively.

Approximately 15.6 percent of the company's employees are covered by collective bargaining agreements, most of whom are employees of its Nemschoff, Herman Miller Ningbo, and Herman Miller Dongguan subsidiaries.

15. Accumulated Other Comprehensive Loss

The following table provides an analysis of the changes in accumulated other comprehensive loss for the years ended May 28, 2016, May 30, 2015 and May 31, 2014:

	Year Ended		
(In millions)	May 28, 2016	May 30, 2015	May 31, 2014
Cumulative translation adjustments at beginning of period	$ (20.8)	$ (11.1)	$ (14.0)
Translation adjustments (net of tax of ($0.3), $0.3 and $ -)	(8.8)	(9.7)	2.9
Balance at end of period	(29.6)	(20.8)	(11.1)
Pension and other post-retirement benefit plans at beginning of period	(35.4)	(26.8)	(110.3)
Adjustments to pension and other post-retirement benefit plans (net of tax of ($0.7), $2.6 and $ -)	(2.0)	(10.0)	(3.1)
Reclassification to earnings - cost of sales (net of tax of $ - , $ - , ($15.8))	—	—	27.6
Reclassification to earnings - operating expenses (net of tax of ($0.7), ($0.4), ($35.1))	2.5	1.4	59.0
Balance at end of period	(34.9)	(35.4)	(26.8)
Total accumulated other comprehensive loss	$ (64.5)	$ (56.2)	$ (37.9)

16. Redeemable Noncontrolling Interests

Redeemable noncontrolling interests are reported on the Consolidated Balance Sheets in mezzanine equity in “Redeemable noncontrolling interests.” The company recognizes changes to the redemption value of redeemable noncontrolling interests as they occur and adjusts the carrying value to equal the redemption value at the end of each reporting period accordingly. The redemption amounts have been estimated based on the fair value of the subsidiary, determined based on a weighting of the discounted cash flow and market methods. This represents a level 3 fair value measurement.

Changes in the company’s Redeemable noncontrolling interests for the years ended May 28, 2016 and May 30, 2015 are as follows:

	Year Ended	
(In millions)	May 28, 2016	May 30, 2015
Balance at beginning of period	$ 30.4	$ —
Increase due to business combinations	—	25.7
Net income attributable to redeemable noncontrolling interests	0.5	0.5
Exercised options	—	0.7
Redemption value adjustment	(4.0)	3.3
Other adjustments	0.1	0.2
Balance at end of period	$ 27.0	$ 30.4

17. Restructuring and Impairment Activities

2015 Restructuring and Impairment Charges

The company recognized asset impairment expense totaling $10.8 million associated with the POSH trade name for the fiscal year 2015. Although profitability associated with the POSH trade name increased as compared to the prior year, forecasts developed during the fourth quarter of fiscal 2015 indicated that future revenue and profitability no longer supported the value of the trade name intangible asset.

The company also recognized restructuring expenses of $1.9 million during the third quarter of fiscal 2015 related to targeted workforce reductions within the North American segment. These actions resulted in the recognition of restructuring expenses related to severance and outplacement costs.

2014 Restructuring and Impairment Charges

The company recognized asset impairment expense totaling $21.4 million associated with the Nemschoff and POSH trade names for the fiscal year 2014. The company also recognized restructuring expense of $1.1 million during the third quarter of fiscal 2014. This restructuring was related to actions taken to improve the efficiency of the North American sales and distribution channel and Geiger manufacturing operations. These actions focused primarily on targeted workforce reductions.

Due to the acquisition of a manufacturing and distribution operation in Dongguan, China in the second quarter of 2014, the company decided not to pursue the construction of a new manufacturing and distribution facility on property that it previously acquired in Ningbo, China. In connection with this decision, the company evaluated the fair value of this property and recorded an asset impairment of $4.0 million during the second quarter of fiscal 2014. This impairment charge was recorded to the "Restructuring and impairment expenses" line item within the Consolidated Statements of Comprehensive Income. The impairment charge is included within the "Corporate" category within the segment reporting.

These charges have been reflected separately as "Restructuring and impairment expenses" in the Consolidated Statements of Comprehensive Income and are included in the "Corporate" category within the segment reporting within Note 14 .

18. Subsequent Event

On June 3, 2016, the company entered into a strategic partnership with Naughtone Holdings Limited, a leader in soft seating products, stools, occasional and meeting tables. As part of this arrangement, the company acquired a noncontrolling equity interest in Naughtone Holdings Limited for £8 million ($11.6 million) in cash consideration.

19. Quarterly Financial Data (Unaudited)

Set forth below is a summary of the quarterly operating results on a consolidated basis for the years ended May 28, 2016, May 30, 2015, and May 31, 2014.

(In millions, except per share data)		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016	Net sales	$ 565.4	$ 580.4	$ 536.5	$ 582.6
	Gross margin	216.8	224.4	207.8	225.2
	Net earnings attributable to Herman Miller, Inc. (1)	33.5	34.7	27.9	40.7
	Earnings per share-basic	0.56	0.58	0.46	0.68
	Earnings per share-diluted	0.56	0.57	0.46	0.67
2015	Net sales	$ 509.7	$ 565.4	$ 516.4	$ 550.7
	Gross Margin	185.6	205.7	190.5	209.6
	Net earnings attributable to Herman Miller, Inc. (1)	25.2	27.8	21.0	23.4
	Earnings per share-basic	0.43	0.47	0.35	0.39
	Earnings per share-diluted	0.42	0.46	0.35	0.39
2014	Net sales	$ 468.1	$ 470.5	$ 455.9	$ 487.5
	Gross margin (1)	170.0	118.9	162.9	179.1
	Net earnings (loss) attributable to Herman Miller, Inc.	22.5	(80.6)	19.4	16.6
	Earnings (loss) per share-basic (1)	0.38	(1.37)	0.33	0.28
	Earnings (loss) per share-diluted (1)	0.38	(1.37)	0.33	0.28

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

Management's Report on Internal Control over Financial Reporting

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

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

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of May 28, 2016, based on the original framework in *Internal Control — Integrated Framework (2013 Framework)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes the company's internal control over financial reporting was effective as of May 28, 2016.

Ernst & Young LLP has issued an attestation report on the effectiveness of our internal control over financial reporting, which is included herein.

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

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

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

We have audited Herman Miller, Inc.'s internal control over financial reporting as of May 28, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Herman Miller, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Herman Miller, Inc. maintained, in all material respects, effective internal control over financial reporting as of May 28, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the fiscal 2016 consolidated financial statements of Herman Miller, Inc., and our report dated July 26, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Grand Rapids, Michigan
July 26, 2016

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Herman Miller, Inc. as of May 28, 2016 and May 30, 2015, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended May 28, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Herman Miller, Inc. at May 28, 2016 and May 30, 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended May 28, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Herman Miller, Inc.'s internal control over financial reporting as of May 28, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated July 26, 2016 expressed unqualified opinion thereon.

/s/ Ernst & Young LLP
Grand Rapids, Michigan
July 26, 2016

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

None

Item 9A CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures. Under the supervision and with the participation of management, the company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of May 28, 2016 and have concluded that as of that date, the company's disclosure controls and procedures were effective.

(b) Management's Annual Report on Internal Control Over Financial Reporting and Attestation Report of the Independent Registered Public Accounting Firm. Refer to Item 8 for “Management's Report on Internal Control Over Financial Reporting.” The effectiveness of the company's internal control over financial reporting has been audited by Ernst and Young LLP, an independent registered accounting firm, as stated in its report included in Item 8.

(c) Changes in Internal Control Over Financial Reporting. There were no changes in the company's internal control over financial reporting during the fourth quarter ended May 28, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B OTHER INFORMATION

None

PART III

Item 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors, Executive Officers, Promoters and Control Persons

Information relating to directors and director nominees of the registrant is contained under the caption “Director and Executive Officer Information” in the company's definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders, and the information within that section is incorporated by reference. Information relating to Executive Officers of the company is included in Part I hereof entitled “Executive Officers of the Registrant.”

Compliance with Section 16(a) of the Exchange Act

Information relating to compliance with Section 16(a) of the Exchange Act is contained under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in the company's definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders, and the information within that section is incorporated by reference.

Code of Ethics

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

Corporate Governance

Information relating to the identification of the audit committee, audit committee financial expert, and director nomination procedures of the registrant is contained under the captions “Board Committees” and “Corporate Governance and Board Matters — Director Nominations” in the company's definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders, and the information within these sections is incorporated by reference.

Item 11 EXECUTIVE COMPENSATION

Information relating to management remuneration is contained under the captions “Compensation Discussion and Analysis,” “Summary Compensation Table,” “Grants of Plan-Based Awards,” “Outstanding Equity Awards at Fiscal Year-End,” “Option Exercises and Stock Vested,” “Pension Benefits,” “Nonqualified Deferred Compensation,” “Potential Payments Upon Termination, Death, Disability, Retirement or Change in Control,” “Director Compensation,” “Director Compensation Table,” and “Compensation Committee Interlocks and Insider Participation” in the company's definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders, and the information within these sections is incorporated by reference. The information under the caption “Compensation Committee Report” is incorporated by reference, however, such information is not deemed filed with the Commission.

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

The sections entitled “Voting Securities and Principal Stockholders,” “Director and Executive Officer Information,” and “Equity Compensation Plan Information” in the definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders, and the information within these sections is incorporated by reference.

Item 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information concerning certain relationships and related transactions contained under the captions “Related Person Transactions,” and “Corporate Governance and Board Matters — Determination of Independence of Board Members” in the definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders and the information within these sections is incorporated by reference.

Item 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning the payments to our principal accountants and the services provided by our principal accounting firm set forth under the caption “Disclosure of Fees Paid to Independent Auditors” in the Definitive Proxy Statement, relating to the company's 2016 Annual Meeting of Stockholders, and the information within that section is incorporated by reference.

PART IV

Item 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

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

1. Financial Statements

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

2. Financial Statement Schedule

The following financial statement schedule and related Report of Independent Public Accountants on the Financial Statement Schedule are included in this Form 10-K on the pages noted:

All other schedules required by Form 10-K Annual Report have been omitted because they were not applicable, included in the Notes to the Consolidated Financial Statements, or otherwise not required under instructions contained in Regulation S-X.

3. Exhibits

Reference is made to the Exhibit Index which is included on pages 89-90.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HERMAN MILLER, INC.

/s/ Jeffrey M. Stutz

By Jeffrey M. Stutz
Chief Financial Officer (Principal Accounting Officer and Duly Authorized Signatory for Registrant)

Date: July 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on, July 26, 2016 by the following persons on behalf of the Registrant in the capacities indicated. Each Director of the Registrant, whose signature appears below, hereby appoints Brian C. Walker as his attorney-in-fact, to sign in his or her name and on his or her behalf, as a Director of the Registrant, and to file with the Commission any and all amendments to this Report on Form 10-K.

/s/ Michael A. Volkema
Michael A. Volkema
(Chairman of the Board)

/s/ Lisa Kro
Lisa Kro
(Director)

/s/ David O. Ulrich
David O. Ulrich
(Director)

/s/ Mary Vermeer Andringa
Mary Vermeer Andringa
(Director)

/s/ Dorothy A. Terrell
Dorothy A. Terrell
(Director)

/s/ John R. Hoke III
John R. Hoke III
(Director)

/s/ David A. Brandon
David A. Brandon
(Director)

/s/ J. Barry Griswell
J. Barry Griswell
(Director)

/s/ Douglas D. French
Douglas D. French
(Director)

/s/ Brian C. Walker
Brian C. Walker
(President, Chief Executive Officer, and Director)

/s/ Heidi Manheimer
Heidi Manheimer
(Director)

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
(Chief Financial Officer and Principal Accounting Officer)

/s/ Brenda Freeman
Brenda Freeman
(Director)

Report of Independent Registered Public Accounting Firm

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

We have audited the consolidated financial statements of Herman Miller, Inc. as of May 28, 2016 and May 30, 2015, and for each of the three years in the period ended May 28, 2016, and have issued our report thereon dated July 26, 2016 (included elsewhere in this Form 10K). Our audits also included the financial statement schedule listed in Item 15(a) of this Form 10-K. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this schedule based on our audits.

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

/s/ Ernst & Young LLP
Grand Rapids, Michigan
July 26, 2016

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(In millions)

Column A		Column B		Column C		Column D		Column E
Description		Balance at beginning of period		Charges to expenses or net sales		Deductions [3]		Balance at end of period
Year ended May 28, 2016:								
Accounts receivable allowances — uncollectible accounts[1]	$	2.4	$	2.3	$	(1.3)	$	3.4
Accounts receivable allowances — credit memo[2]	$	0.4	$	—	$	—	$	0.4
Allowance for possible losses on notes receivable	$	1.0	$	(0.1)	$	—	$	0.9
Valuation allowance for deferred tax asset	$	11.1	$	(1.5)	$	1.0	$	10.6
Year ended May 30, 2015:								
Accounts receivable allowances — uncollectible accounts[1]	$	3.4	$	0.9	$	(1.9)	$	2.4
Accounts receivable allowances — credit memo[2]	$	0.6	$	—	$	(0.2)	$	0.4
Allowance for possible losses on notes receivable	$	0.1	$	0.9	$	—	$	1.0
Valuation allowance for deferred tax asset	$	8.5	$	(0.6)	$	3.2	$	11.1
Year ended May 31, 2014:								
Accounts receivable allowances — uncollectible accounts[1]	$	3.9	$	1.0	$	(1.5)	$	3.4
Accounts receivable allowances — credit memo [2]	$	0.5	$	0.1	$	—	$	0.6
Allowance for possible losses on notes receivable	$	0.2	$	—	$	(0.1)	$	0.1
Valuation allowance for deferred tax asset	$	9.9	$	(1.8)	$	0.4	$	8.5

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

EXHIBIT INDEX

(3) Articles of Incorporation and Bylaws

(a) Restated Articles of Incorporation, dated October 4, 2013, is incorporated by reference from Exhibit 3(a) of Registrant's 2014 Form 10-K Annual Report.

(b) Amended and Restated Bylaws, dated July 13, 2015, is incorporated by reference from Exhibit 3 of the Registrant's Form 8-K dated July 17, 2015.

(4) Instruments Defining the Rights of Security Holders

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

(b) Other instruments which define the rights of holders of long-term debt individually represent debt of less than 10% of total assets. In accordance with item 601(b)(4)(iii)(A) of regulation S-K, the Registrant agrees to furnish to the Commission copies of such agreements upon request.

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

(d) Third Amended and Restated Credit agreement dated as of July 21, 2014 among Herman Miller, Inc. and various lenders is incorporated by reference from 10.1 of the Registrant's Form 8-K dated July 22, 2014.

(10) Material Contracts

(a) Herman Miller, Inc. 2011 Long-Term Incentive Plan is incorporated by reference from Appendix I of the Registrant's Definitive Proxy Statement dated August 26, 2014, as amended, filed with the Commission as of August 26, 2014. (1)

(b) Herman Miller, Inc. Nonemployee Officer and Director Deferred Compensation Plan (1)

(c) Form of Change in Control Agreement of the Registrant, is incorporated by reference from Exhibit 10.1 of the Registrant's Form 10-K dated July 26, 2011.

(d) Herman Miller, Inc. Executive Equalization Retirement Plan is incorporated by reference from Exhibit 10 (d) of the Registrant's Form 10-K dated July 28, 2015. (1)

(e) Herman Miller, Inc. Executive Incentive Cash Bonus Plan dated April 24, 2006 is incorporated by reference from Exhibit 10.5 of the Registrant's Form 10-Q Quarterly Report for the quarter ended September 3, 2011. (1)

(f) Form of Herman Miller, Inc., Long-Term Incentive Plan Stock Option Agreement. (1)

(g) Form of Herman Miller, Inc., Long-Term Incentive Restricted Stock Unit Award. (1)

(h) Form of Herman Miller, Inc., Long-Term Incentive Performance Stock Unit EBITDA Award is incorporated by reference from Exhibit 99.3 of the Registrant's Form 8-K dated July 23, 2012.(1)

(i) Second Amendment to the Herman Miller, Inc. 2011 Long-Term Incentive Plan. (1)

(j) Form of Herman Miller, Inc. 2011 Long-Term Incentive Plan Performance Share Unit Award. (1)

(k) Employment Agreement between John Edelman and Design Within Reach is incorporated by reference from Exhibit 10(b) of the Registrant's Form 10-Q dated October 8, 2014. [1]

(l) Employment Agreement between John McPhee and Design Within Reach is incorporated by reference from Exhibit 10(c) of the Registrant's Form 10-Q dated October 8, 2014. [1]

(m) Stockholders' Agreement between HM Springboard, Inc., Herman Miller, Inc., John Edelman, and John McPhee is incorporated by reference from Exhibit 10(d) of the Registrant's Form 10-Q dated October 8, 2014. [1][3]

(n) HM Springboard, Inc. Stock Option Plan is incorporated by reference from Exhibit 10(e) of the Registrant's Form 10-Q dated October 8, 2014. [1][3]

(o) Third Amendment to the Herman Miller, Inc. 2011 Long-Term Incentive Plan. [1]

(p) Form of Herman Miller, Inc. 2011 Long-Term Incentive Plan Conditional Stock Option Award is incorporated by reference from Exhibit 10 (p) of the Registrant's Form 10-K dated July 28, 2015. [1]

(q) Trust Under the Herman Miller, Inc. Nonemployee Officer and Director Compensation Plan. [1]

(21) Subsidiaries

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

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

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

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

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

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

101.INS XBRL Instance Document[2]

101.SCH XBRL Taxonomy Extension Schema Document[2]

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document[2]

101.LAB XBRL Taxonomy Extension Label Linkbase Document[2]

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document[2]

101.DEF XBRL Taxonomy Extension Definition Linkbase Document[2]

[1] Denotes compensatory plan or arrangement.

[2] In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 shall be deemed “furnished” and not “filed” under sections 11 or 12 of the Securities Act of 1933 and/or under section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

[3] Subsequent to the agreement, the legal name of the company was changed from HM Springboard, Inc. to Herman Miller Consumer Holdings, Inc.

2016