



3rd Quarter Financial Results
October 17, 2012

Forward Looking Statements

This presentation contains "forward-looking" statements that refer to future events and expectations. These statements address future plans, outlook, objectives and financial performance including expectations for future sales growth and earnings per diluted share (non-GAAP) for the fourth quarter of fiscal 2012 and for fiscal 2012. In addition, forward looking statements may be identified by words such as "anticipate," "believe," "could," "confident," "estimate," "expect," "forecast," "hope," "intend," "likely," "may," "plan," "possible," "potential," "predict," "project," "should," "will," "would" and variations of such words and similar expressions. Forward-looking statements involve known and unknown risks, which may cause the Corporation's actual future results to differ materially from expected results. These risks include, without limitation: the Corporation's ability to realize financial benefits from its (a) price increases, (b) cost containment and business simplification initiatives, (c) investments in strategic acquisitions, new products and brand building, (d) investments in distribution and rapid continuous improvement, (e) ability to maintain its effective tax rate, (f) repurchases of common stock and (g) consolidation and logistical realignment initiatives; uncertainty related to the availability of cash and credit, and the terms and interest rates on which credit would be available, to fund operations and future growth; lower than expected demand for the Corporation's products due to uncertain political and economic conditions; slow or negative growth rates in global and domestic economies and the protracted decline in the domestic housing market; lower industry growth than expected; major disruptions at key facilities or in the supply of any key raw materials, components or finished goods; competitive pricing pressure from foreign and domestic competitors; higher than expected costs and lower than expected supplies of materials; higher costs for energy and fuel; changes in the mix of products sold and of customers purchasing; relationships with distribution channel partners, including the financial viability of distributors and dealers; restrictions imposed by the terms of the Corporation's revolving credit facility and note purchase agreement; currency fluctuations and other factors described in the Corporation's annual and quarterly reports filed with the Securities and Exchange Commission on Forms 10-K and 10-Q. The Corporation undertakes no obligation to update, amend or clarify forward-looking statements.



- 3rd Quarter Assessment
- Review of 3rd Quarter Financials
- Outlook
- Q&A

Income Statement	3Q12	3Q11	\$ Change	% Change % Pt Change	Comments
Net Sales	550.9	504.2	46.6	9.2%	
Non-GAAP Gross Profit (excluding restructuring & impairment and transition costs)	191.5	179.7	11.9	6.6%	Decrease in margin mainly due to unfavorable mix, seasonal ramp up inefficiencies and impact of acquisitions offset partially by better price realization and lower material costs.
% of Net Sales	34.8%	35.6%		-0.8% pts	
Restructuring and Impairment	-	0.2	(0.2)		3Q11 includes accelerated depreciation related to consolidation of office furniture production.
Transition Costs	0.2	0.1	0.1		3Q12 and 3Q11 include transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities.
GAAP Gross Profit	191.3	179.4	11.9	6.7%	
% of Net Sales	34.7%	35.6%		-0.9% pts	
Freight & Distribution	49.4	46.0	3.4	7.4%	Increased volume, higher fuel costs and mix of customers partially offset by network realignment
% of Net Sales	9.0%	9.1%		-0.1% pts	
Non-GAAP Other SG&A (excluding F&D and restructuring & transition costs)	99.6	92.7	6.9	7.5%	Dollar increase due to investments in growth initiatives and impact of acquisitions.
% of Net Sales	18.1%	18.4%		-0.3% pts	
Restructuring and Impairment	0.2	0.3	(0.1)		NM 3Q12 & 3Q11 include restructuring costs related to consolidation of office furniture facilities.
Transition Costs	0.4	-	0.4	N/A	3Q12 includes transition costs related to consolidation of office furniture facilities.
GAAP SG&A	149.6	138.9	10.6	7.7%	
% of Net Sales	27.2%	27.6%		-0.4% pts	
Operating Income	41.7	40.4	1.3	3.2%	Excluding restructuring and transition costs non-GAAP OI is \$42.5M compared to \$41.0M in prior year.
% of Net Sales	7.6%	8.0%		-0.4% pts	
Interest Expense (Net)	2.5	2.3	0.2	6.8%	
Income tax rate	38.0%	34.6%		3.4% pts	Increase in tax rate due to R&D tax credit not extended for 2012 and other permanent differences.
Net Income attributable to HNI Corporation	24.5	24.9	(0.5)	-1.8%	
% of Net Sales	4.4%	4.9%		-0.5% pts	
EPS (diluted) - GAAP	\$ 0.53	\$ 0.55	\$ (0.02)	-3.6%	
EPS Cont Ops (diluted) - Non-GAAP	\$ 0.55	\$ 0.55	\$ -	0.0%	
Shares (diluted)	45.8	45.6	0.2	0.4%	Repurchased 528,000 shares for \$13.4M YTD 2012; Repurchased 323,965 shares for \$10.0M YTD 2011.



3rd Quarter Results – Segments

Segment Breakdown	3Q12	3Q11	\$ Change	% Change % Pt Change	Comments
Sales					
Office Furniture	467.8	421.9	45.9	10.9%	Acquisitions accounted for \$42.6M of increase; 10.1% . Organic growth of \$3.3M; 0.8% . Supplies driven channel up 0.9%; all other up 0.7% . New Construction Channel up 23.0%; Remodel/Retrofit down 10.2% .
Hearth Products	83.1	82.3	0.7	0.9%	
Total	550.9	504.2	46.6	9.2%	
Operating Profit					
Office Furniture	38.4	41.5	(3.1)	-7.4%	Excluding restructuring and transition costs non-GAAP operating profit is \$39.2M vs \$42.0M prior year.
Office Furn Oper Margin	8.2%	9.8%		-1.6% pts	Margin negatively impacted by unfavorable mix, seasonal ramp up inefficiencies and investments in growth initiatives offset partially by better price realization and lower material costs.
Hearth Products	9.1	6.9	2.2	32.0%	
Hearth Oper Margin	10.9%	8.3%		2.6% pts	Margin positively impacted by better price realization and lower input costs offset partially by investments in selling and growth initiatives.
Unalloc Corp Exp	(8.3)	(10.5)	(2.2)		Decrease due to lower group medical cost, decreased incentive based compensation and timing of expenses.
Income Before Taxes	39.2	37.9	1.3	3.6%	

4th Quarter

Net Sales – Consolidated	Up 2-6%
Office Furniture Sales	Up 3-7% (Flat to up 4% organically)
Hearth Sales	Flat to up 3%
Interest Expense	\$2.6 million
Effective Tax Rate	37%
Non-GAAP Earnings Per Diluted Share ¹	\$0.41 to \$0.46

Fiscal Year 2012

Non-GAAP Earnings per Diluted Share ¹	\$1.13 - \$1.19
--	-----------------

¹ Excludes restructuring and transition costs

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures. A "non-GAAP financial measure" is a numerical measure of a company's financial performance that excludes or includes amounts different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. We have provided a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures used within this presentation are: gross profit, operating income, operating profit and net income per diluted share (i.e., EPS), excluding restructuring and impairment charges and transition costs. Non-GAAP EPS is calculated using the Corporation's overall effective tax rate for the period. We present these measures because management uses this information to monitor and evaluate financial results and trends. Management believes this information is also useful for investors. This earnings release also contains a forward-looking estimate of non-GAAP earnings per diluted share for the fourth quarter and the full fiscal year. We provide such non-GAAP measures to investors on a prospective basis for the same reasons we provide them to investors on a historical basis. We are unable to provide a reconciliation of our forward-looking estimate of non-GAAP earnings per diluted share to a forward-looking estimate of GAAP earnings per diluted share because certain information needed to make a reasonable forward-looking estimate of GAAP earnings per diluted share for the full fiscal year is difficult to predict and estimate and is often dependent on future events which may be uncertain or outside of our control. These may include unanticipated charges related to asset impairments (fixed assets, intangibles or goodwill), unanticipated acquisition related costs and other unanticipated non-recurring items not reflective of ongoing operations.





Non-GAAP Reconciliation

Third Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

	Three Months Ended 09/29/2012			Three Months Ended 10/01/2011		
	Gross Profit	Operating Income	EPS	Gross Profit	Operating Income	EPS
Dollars in millions except per share data						
As reported (GAAP)	\$191.3	\$41.7	\$0.53	\$179.4	\$40.4	\$0.55
% of Net Sales	34.7%	7.6%		35.6%	8.0%	
Restructuring and impairment	-	\$0.2	\$0.00	\$0.2	\$0.4	\$0.00
Transition costs	\$0.2	\$0.6	\$0.01	\$0.1	\$0.1	\$0.00
Results (non-GAAP)	\$191.5	\$42.5	\$0.55	\$179.7	\$41.0	\$0.55
% of Net Sales	34.8%	7.7%		35.6%	8.1%	



Additional Non-GAAP Reconciliations

Third Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

	Office Furniture			Hearth Products		
	Three Months Ended		Percent Change	Three Months Ended		Percent Change
	<u>09/29/2012</u>	<u>10/01/2011</u>		<u>09/29/2012</u>	<u>10/01/2011</u>	
Dollars in millions						
Operating profit as reported (GAAP)	\$38.4	\$41.5	-7.4%	\$9.1	\$6.9	32.0%
% of Net Sales	8.2%	9.8%		10.9%	8.3%	
Restructuring and impairment	\$0.2	\$0.4		-	-	
Transition costs	\$0.6	\$0.1		-	-	
Operating profit (non-GAAP)	\$39.2	\$42.0	-6.7%	\$9.1	\$6.9	32.0%
% of Net Sales	8.4%	10.0%		10.9%	8.3%	