HNI

2nd Quarter Financial Results

July 20, 2011

Forward Looking Statements

Statements in this release that are not strictly historical, including statements as to plans, outlook, objectives and future financial performance, are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, expectations for (i) sales growth to be between 6 and 9 percent for the third quarter of fiscal 2011 and (ii) non-GAAP earnings per diluted share (excluding restructuring charges and transition costs) to be in the range of $0.37 to $0.43 for the third quarter of fiscal 2011 and $0.90 to $1.00 for fiscal 2011. In addition, 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 identify forward-looking statements. Forward-looking statements involve known and unknown risks, which may cause the Corporation's actual results in the future 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 for the entire Corporation, (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, including the recent credit crisis, 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; uncertainty related to disruptions of business by terrorism, military action, epidemic, acts of God or other Force Majeure events; competitive pricing pressure from foreign and domestic competitors; higher than expected costs and lower than expected supplies of materials (including steel and petroleum based materials); higher than expected 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, whether as a result of new information, future events or otherwise, except as required by applicable law.

Conference Call Agenda

- 2nd Quarter Assessment
- Review of 2nd Quarter Financials
- Outlook
- Q&A

2nd Quarter Results

Income Statement	2Q11	2Q10	$ Change	% Change % Pt Change	Comments
Net Sales	432.8	398.2	34.6	8.7%	
Non-GAAP Gross Profit (excluding restructuring, impairment and transition costs)	146.9	142.4	4.5	3.2%	Decrease in margin mainly due to lower price realization, increased material costs and unfavorable mix in the office furniture segment offset partially by higher volume.
% of Net Sales	*33.9%*	*35.8%*		*-1.9% pts*	
Restructuring and Impairment	-	0.9	(0.9)		2Q10 includes accelerated depreciation related to closure of office furniture facilities.
Transition Costs	-	0.3	(0.3)		2Q10 includes transition costs not classified as restructuring costs related to transitioning production to other office furniture facilities.
GAAP Gross Profit	146.9	141.3	5.6	4.0%	
% of Net Sales	*33.9%*	*35.5%*		*-1.6% pts*	
Freight & Distribution	41.4	36.8	4.5	12.3%	Increased volume, higher fuel costs and mix of customers.
% of Net Sales	*9.6%*	*9.3%*		*0.3% pts*	
Non-GAAP Other SG&A (excluding F&D and restructuring and transition costs)	94.8	91.2	3.6	4.0%	Dollar increase due to investments in strategic growth initiatives, volume related expenses and increased incentive-based compensation.
% of Net Sales	*21.9%*	*22.9%*		*-1% pts*	
Restructuring and Impairment	0.5	1.2	(0.8)	-62.5%	2Q11 includes restructuring costs related to closure of previously announced office furniture facilities ($0.4M) and restructuring costs related to consolidation of Hearth production ($0.1M); 2Q10 includes restructuring costs related to the closure of office furniture facilities.
GAAP SG&A	136.7	129.3	7.4	5.7%	
% of Net Sales	*31.6%*	*32.5%*		*-0.9% pts*	
GAAP Operating Income from Cont Ops	10.3	12.0	(1.8)	-14.8%	Excluding restructuring and transition costs non-GAAP OI from Cont Ops is $10.7M compared to $14.4M in prior year
% of Net Sales	*2.4%*	*3.0%*		*-0.6% pts*	
Interest Expense (Net)	2.9	3.0	(0.0)	-1.4%	
Income tax rate	37.1%	38.7%		*-1.6% pts*	
Discontinued Ops (net of tax)	-	(0.8)	0.8		Includes Omni and HHT Building Materials business
Noncontrolling Interest	(0.1)	0.1	(0.1)		
Net Income - Parent Company	4.7	4.7	(0.0)	1.0%	
% of Net Sales	*1.1%*	*1.2%*		*-0.1% pts*	
EPS Cont Ops (diluted) - GAAP	$ 0.10	$ 0.12	$ (0.02)	-16.7%	
EPS Cont Ops (diluted) - Non-GAAP	$ 0.11	$ 0.15	$ (0.04)	-26.7%	
EPS (diluted) - GAAP	$ 0.10	$ 0.10	$ -	0.0%	
Shares (diluted)	45.7	46.0	(0.3)	-0.7%	Repurchased 323,965 shares for $10.0M YTD 2011

2nd Quarter Results – Segments

Segment Breakdown	2Q11	2Q10	$ Change	% Change % Pt Change	Comments
Sales					
Office Furniture	372.6	342.7	29.9	8.7%	Supplies driven channel down 5.3%; all other up 24.7%
Hearth Products	60.2	55.5	4.6	8.4%	New Construction Channel down 11.2%; Remodel/Retrofit up 32.1%
Total	432.8	398.2	34.6	8.7%	
Operating Profit					
Office Furniture	17.9	22.7	(4.9)	-21.4%	Excluding restructuring and transition costs non-GAAP operating profit is $18.3M vs $25.1M prior year
Office Furn Oper Margin	4.8%	6.6%		*-1.8% pts*	Margin negatively impacted by lower price realization, higher input costs, unfavorable mix and investments in strategic growth initiatives offset partially by higher volume and lower restructuring costs.
Hearth Products	(1.0)	(2.6)	1.7	63.9%	Excluding restructuring and transition costs non-GAAP operating loss ($0.9M) in current year
Hearth Oper Margin	-1.6%	-4.7%		*3.1% pts*	Margin positively impacted by increased volume and better price realization offset partially by higher inputcosts and incentive-based compensation.
Unalloc Corp Exp	(9.6)	(11.0)	(1.4)		
Income Before Taxes	7.3	9.1	(1.7)	-19.1%	

HNI

Financial Outlook

3rd Quarter

Net Sales – Consolidated	Up 6-9%
Office Furniture Sales	Up 5-7%
Hearth Sales	Up 13-15%
Interest Expense	$2.5 million
Effective Tax Rate	36%
Non-GAAP Earnings per Diluted Share	$0.37 - $0.43

Fiscal Year 2011

Non-GAAP Earnings per Diluted Share	$0.90 - $1.00

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures. A "non-GAAP financial measure" is defined as 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. Pursuant to the requirements of Regulation G, 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 earnings release are: gross profit, operating income, operating profit (loss) and net income (loss) per diluted share from continuing operations (i.e., EPS), excluding restructuring and impairment charges and transition costs. 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 third quarter and full fiscal year. We provide such non-GAAP measures to investors on a prospective basis for the same reasons (set forth above) that 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 third quarter and 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. Such events 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

Second Quarter – Non-GAAP Financial Measures – Continuing Operations

(Reconciled with most comparable GAAP financial measures)

	Three Months Ended 7/02/2011			Three Months Ended 7/03/2010		
	Gross	Operating		Gross	Operating	
Dollars in millions except per share data	Profit	Income	EPS	Profit	(Loss)	EPS
As reported (GAAP)	$146.9	$10.3	$0.10	$141.3	$12.0	$0.12
% of Net Sales	33.9%	2.4%		35.5%	3.0%	
Restructuring and impairment	-	$0.5	$0.01	$0.9	$2.1	$0.03
Transition costs	-	-	-	$0.3	$0.3	$0.00
Results (non-GAAP)	$146.9	$10.7	$0.11	$142.4	$14.4	$0.15
% of Net Sales	33.9%	2.5%		35.8%	3.6%	

Additional Non-GAAP Reconciliations

Second Quarter – Non-GAAP Financial Measures

(Reconciled with most comparable GAAP financial measures)

	Office Furniture			Hearth Products		
	Three Months Ended		Percent	Three Months Ended		Percent
Dollars in millions	7/2/2011	7/3/2010	Change	7/2/2011	7/3/2010	Change
Operating profit (loss) as reported (GAAP)	$17.9	$22.7	-21.4%	($1.0)	($2.6)	63.9%
% of Net Sales	4.8%	6.6%		-1.6%	-4.7%	
Restructuring and impairment	$0.4	$2.1		$0.1	-	
Transition costs	-	$0.3		-	-	
Operating profit (loss) (non-GAAP)	$18.3	$25.1	-27.1%	($0.9)	($2.6)	65.9%
% of Net Sales	4.9%	7.3%		-1.5%	-4.7%	