UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

/ X / QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 4, 2009.

OR

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

For the transition period from ____________________ to ____________________

Commission File Number: 1-14225

HNI Corporation
(Exact name of registrant as specified in its charter)

Iowa (State or other jurisdiction of incorporation or organization)	**42-0617510** (I.R.S. Employer Identification Number)
P. O. Box 1109, 408 East Second Street **Muscatine, Iowa 52761-0071** (Address of principal executive offices)	**52761-0071** (Zip Code)

Registrant's telephone number, including area code: **563/272-7400**

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 (232.405 of this chapter) during the preceding 12 months (or for such shorter prior that the registrant was required to submit and post such files). YES __X__ NO _____

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 "large accelerated filer," "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__

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	Outstanding at April 4, 2009
Common Shares, $1 Par Value	**44,880,734**

HNI Corporation and SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

PART I.   FINANCIAL INFORMATION

Item 1.   Financial Statements (Unaudited)

HNI Corporation and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	Apr. 4, 2009 (Unaudited)	Jan. 3, 2009
	(In thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 22,130	$ 39,538
Short-term investments	9,900	9,750
Receivables	183,943	238,327
Inventories (Note C)	85,176	84,290
Deferred income taxes	17,291	16,313
Prepaid expenses and other current assets	33,778	29,623
Total Current Assets	352,218	417,841
PROPERTY, PLANT, AND EQUIPMENT, at cost		
Land and land improvements	23,705	23,753
Buildings	279,746	277,898
Machinery and equipment	528,969	525,996
Construction in progress	12,437	21,738
	844,857	849,385
Less accumulated depreciation	545,753	533,779
Net Property, Plant, and Equipment	299,104	315,606
GOODWILL	268,392	268,392
OTHER ASSETS	158,220	163,790
Total Assets	$ 1,077,934	$ 1,165,629

See accompanying Notes to Condensed Consolidated Financial Statements.

HNI Corporation and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND EQUITY	Apr. 4, 2009 (Unaudited)	Jan. 3, 2009 (As Adjusted)
	(In thousands, except share and per share value data)	
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 248,312	$ 313,431
Note payable and current maturities of long-term debt and capital lease obligations	55,174	54,494
Current maturities of other long-term obligations	380	5,700
Total Current Liabilities	303,866	373,625
LONG-TERM DEBT	260,550	267,300
CAPITAL LEASE OBLIGATIONS	8	43
OTHER LONG-TERM LIABILITIES	50,648	50,399
DEFERRED INCOME TAXES	28,087	25,271
EQUITY		
Parent Company shareholders' equity:		
Capital Stock:		
Preferred, $1 par value, authorized 2,000,000 shares, no shares outstanding	-	-
Common, $1 par value, authorized 200,000,000 shares, outstanding -	44,881	44,324
April 4, 2009 – 44,880,734 shares;		
January 3, 2009 – 44,324,409 shares		
Additional paid-in capital	12,930	6,037
Retained earnings	378,843	400,379
Accumulated other comprehensive income	(2,064)	(1,907)
Total Parent Company shareholders' equity	434,590	448,833
Noncontrolling interest	185	158
Total Equity	434,775	448,991
Total Liabilities and Equity	$ 1,077,934	$ 1,165,629

See accompanying Notes to Condensed Consolidated Financial Statements.

HNI Corporation and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended	
	Apr. 4, 2009	Mar. 29, 2008 (As Adjusted)
	(In thousands, except share and per share data)	
Net sales	$ 405,666	$ 563,383
Cost of sales	280,931	379,345
Gross profit	124,735	184,038
Selling and administrative expenses	136,257	172,555
Restructuring and impairment	5,085	818
Operating income (loss)	(16,607	10,665
Interest income	135	463
Interest expense	3,198	3,877
Earnings (loss) before income taxes	(19,670	7,251
Income taxes	(7,802	3,180
Net income (loss)	(11,868	4,071
Less: Net income attributable to the noncontrolling interest	(18	(94)
Net income (loss) attributable to Parent Company	$ (11,886	$ 3,977
Net income (loss) attributable to Parent Company per common share – basic	$ (0.27	$ 0.09
Average number of common shares outstanding – basic	44,612,079	44,537,399
Net income (loss) attributable to Parent Company per common share – diluted	$ (0.27	$ 0.09
Average number of common shares outstanding – diluted	44,612,079	44,705,603
Cash dividends per common share	$ 0.215	$ 0.215

See accompanying Notes to Condensed Consolidated Financial Statements.

HNI Corporation and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended	
	Apr. 4, 2009	Mar. 29, 2008
	(In thousands)	
Net Cash Flows From (To) Operating Activities:		
Net income (loss)	$ (11,886)	$ 3,977
Noncash items included in net income:		
Depreciation and amortization	19,240	17,021
Other postretirement and post employment benefits	462	377
Stock-based compensation	709	285
Excess tax benefits from stock compensation	-	(11)
Deferred income taxes	1,712	159
(Gain)/Loss on sale, retirement and impairment of long-lived assets and intangibles	132	619
Stock issued to retirement plan	6,565	6,592
Other – net	(501)	837
Net increase (decrease) in operating assets and liabilities	(6,085)	(25,484)
Increase (decrease) in other liabilities	(4,719)	(2,398)
Net cash flows from (to) operating activities	5,629	1,974
Net Cash Flows From (To) Investing Activities:		
Capital expenditures	(4,026)	(17,624)
Proceeds from sale of property, plant and equipment	299	278
Capitalized software	(590)	-
Short-term investments – net	-	(250)
Purchase of long-term investments	(285)	(381)
Sales or maturities of long-term investments	3,550	2,275
Net cash flows from (to) investing activities	(1,052)	(15,702)
Net Cash Flows From (To) Financing Activities:		
Proceeds from sales of HNI Corporation common stock	-	1,402
Purchase of HNI Corporation common stock	-	(22,076)
Excess tax benefits from stock compensation	-	11
Proceeds from long-term debt	60,000	117,000
Payments of note and long-term debt and other financing	(72,336)	(76,599)
Dividends paid	(9,649)	(9,581)
Net cash flows from (to) financing activities	(21,985)	10,157
Net increase (decrease) in cash and cash equivalents	(17,408)	(3,571)
Cash and cash equivalents at beginning of period	39,538	33,881
Cash and cash equivalents at end of period	$ 22,130	$ 30,310

See accompanying Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
April 4, 2009

Note A. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The January 3, 2009 consolidated balance sheet included in this Form 10-Q was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended April 4, 2009 are not necessarily indicative of the results that may be expected for the year ending January 2, 2010. For further information, refer to the consolidated financial statements and footnotes included in HNI Corporation's (the "Corporation") annual report on Form 10-K for the year ended January 3, 2009.

Note B. Stock-Based Compensation

The Corporation accounts for stock-based compensation in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment." Accordingly, stock-based compensation expense is measured at grant date, based on the fair value of the award and is recognized as expense over the employee requisite service period. For the three months ended April 4, 2009, and March 29, 2008, the Corporation recognized $0.7 million and $0.3 million, respectively, of stock-based compensation expense for the cost of stock options and time-based restricted stock units issued under the HNI Corporation 2007 Stock-Based Compensation Plan and shares issued under the HNI Corporation 2002 Members' Stock Purchase Plan.

At April 4, 2009, there was $9.0 million of unrecognized compensation cost related to nonvested stock-based compensation awards, which the Corporation expects to recognize over a weighted-average remaining requisite service period of 1.5 years.

Note C. Inventories

The Corporation values its inventory at the lower of cost or market with approximately 85% valued by the last-in, first-out ("LIFO") method.

(In thousands)	Apr. 4, 2009 (Unaudited)	Jan. 3, 2009
Finished products	$ 60,990	$ 51,807
Materials and work in process	51,858	60,155
LIFO allowance	(27,672)	(27,672)
	$ 85,176	$ 84,290

Note D. Comprehensive Income and Shareholders' Equity

The following table reconciles net income to comprehensive income attributable to HNI Corporation:

(In thousands)	Three Months Ended Apr. 4, 2009	Three Months Ended Mar. 29, 2008
Net income (loss)	$ (11,868)	$ 4,071
Other comprehensive income, net of income tax as applicable:		
Foreign currency translation adjustments	(91)	795
Change in unrealized gains (losses) on marketable securities	(133)	(153)
Change in pension and postretirement liability	79	79
Change in derivative financial instruments	(12)	-
Comprehensive income (loss)	$ (12,025)	$ 4,792
Comprehensive (income) attributable to noncontrolling interest	(18)	(94)
Comprehensive income (loss) attributable to HNI Corporation	$ (12,043)	$ 4,698

The following table summarizes the components of accumulated other comprehensive loss and the changes in accumulated other comprehensive loss, net of tax as applicable for the three months ended April 4, 2009:

(in thousands)	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Marketable Securities	Pension Postretirement Liability	Derivative Financial Instruments	Accumulated Other Comprehensive Loss
Balance at January 3, 2009	$ 3,620	$ (134)	$ (3,455)	$ (1,938)	$ (1,907)
Year-to date change	(91)	(133)	79	(12)	(157)
Balance at April 4, 2009	$ 3,529	$ (267)	$ (3,376)	$ (1,950)	$ (2,064)

For the three months ended April 4, 2009, the Corporation did not repurchase any of its common stock. As of April 4, 2009, $163.6 million of the Corporation's Board of Directors' current repurchase authorization remained unspent.

Note E. Earnings Per Share

The following table reconciles the numerators and denominators used in the calculation of basic and diluted earnings per share ("EPS"):

	Three Months Ended	
(In thousands, except per share data)	Apr. 4, 2009	Mar. 29, 2008
Numerators:		
Numerator for both basic and diluted EPS attributable to Parent Company net income (loss)	$ (11,886)	$ 3,977
Denominators:		
Denominator for basic EPS weighted-average common shares outstanding	44,612	44,537
Potentially dilutive shares from stock-based compensation plans	-	169
Denominator for diluted EPS	44,612	44,706
Earnings per share – basic	$ (0.27)	$ 0.09
Earnings per share – diluted	$ (0.27)	$ 0.09

None of the outstanding stock options or restricted stock units were included in the computation of diluted EPS at April 4, 2009, as all would be anti-dilutive due to the current period loss. Certain exercisable and non-exercisable stock options totaling 774,983 were not included in the computation of diluted EPS at March 29, 2008, because their inclusion would have been anti-dilutive.

Note F. Restructuring Reserve and Plant Shutdowns

As a result of challenging market conditions and the Corporation's ongoing business simplification and cost reduction strategies, management made the decision to close an office furniture manufacturing facility located in South Gate, California and consolidate production into its Cedartown, Georgia and Muscatine, Iowa facilities. In connection with the shutdown of the South Gate facility, the Corporation recorded $3.0 million of severance costs for approximately 250 members during the quarter ended April 4, 2009. The closure and consolidation will be substantially complete by the end of 2009.

The Corporation's hearth product segment disposed and consolidated five retail and distribution locations during the quarter ended April 4, 2009. The Corporation recorded $2.1 million of severance and facility exit costs, including accelerated depreciation of $1.3 million, which were recorded as restructuring costs during the period.

The following is a summary of changes in restructuring accruals during the three months ended April 4, 2009. This summary does not include accelerated depreciation as this item was not accounted for through the restructuring accrual on the Consolidated Balance Sheets but is included as a component of "Restructuring and Impairment" in the Consolidated Statements of Income.

(In thousands)	Severance	Facility Exit Costs & Other	Total
Balance as of January 3, 2009	$ 155	$ 224	$ 379
Restructuring charges	3,118	629	3,747
Cash payments	(49)	(177)	(226)
Balance as of April 4, 2009	$ 3,224	$ 676	$ 3,900

Note G. Goodwill and Other Intangible Assets

The table below summarizes amortizable definite-lived intangible assets as of April 4, 2009 and January 3, 2009, which are reflected in the "Other Assets" line item in the Corporation's Condensed Consolidated Balance Sheets:

(In thousands)	Apr. 4, 2009	Jan. 3, 2009
Patents	$ 19,325	$ 19,325
Customer relationships and other	115,664	115,664
Less: accumulated amortization	58,372	56,098
	$ 76,617	$ 78,891

Aggregate amortization expense for the three months ended April 4, 2009 and March 29, 2008 was $2.3 million and $2.2 million, respectively. Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for each of the following five fiscal years is as follows:

(In millions)	2009	2010	2011	2012	2013
Amortization Expense	$ 9.1	$ 8.6	$ 7.4	$ 6.4	$ 5.9

As events such as potential acquisitions, dispositions or impairments occur in the future, these amounts may change.

The Corporation also owns trademarks and trade names with a net carrying amount of $60.6 million. The trademarks are deemed to have indefinite useful lives because they are expected to generate cash flows indefinitely.

The changes in the carrying amount of goodwill since January 3, 2009, are as follows by reporting segment:

(In thousands)	Office Furniture	Hearth Products	Total
Balance as of January 3, 2009	$ 101,339	$ 167,053	$ 268,392
Goodwill increase (decrease) during period	-	-	-
Balance as of April 4, 2009	$ 101,339	$ 167,053	$ 268,392

In accordance with SFAS No. 142 "Goodwill and Other Intangible Assets," the Corporation evaluates its goodwill for impairment on an annual basis during the fourth quarter, or whenever indicators of impairment exist. The Corporation estimates the fair value of its reporting units using various valuation techniques, with the primary technique being a discounted cash flow method. This method employs assumptions that are market participant based.

During the first quarter of fiscal 2009, the Corporation's results were negatively impacted by significant declines in customer demand, most notably in the hearth products segment. In consideration of the current economic situation and the current period operating loss, the Corporation considered whether there had been any significant changes in future projections of operating results and cash flows, or to any of the significant valuation assumptions underlying the most recent annual impairment analysis. As a result, management reviewed the valuation of the Hearth and Home Technologies reporting unit. The Corporation's analysis of this reporting unit concluded that the fair value exceeded the carrying value by approximately 10% and as such, no impairment charges during first quarter were necessary. For all other reporting units, the Corporation concluded that there was not a need for an interim assessment in accordance with criteria in paragraph 28 of FAS 142.

Due to the ongoing uncertainty in market conditions, which may continue to negatively impact the Corporation's operating results and overall market value, management will continue to monitor and evaluate the carrying value of goodwill and indefinite-lived trade names, particularly with respect to the Hearth and Home Technologies reporting unit.

Note H. Product Warranties

The Corporation issues certain warranty policies on its office furniture and hearth products that provide for repair or replacement of any covered product or component that fails during normal use because of a defect in design or workmanship.

A warranty reserve is determined by recording a specific reserve for known warranty issues and an additional reserve for unknown claims that are expected to be incurred based on historical claims experience. Actual claims incurred could differ from the original estimates, requiring adjustments to the reserve. Activity associated with warranty obligations was as follows during the period:

	Three Months Ended	
(In thousands)	Apr. 4, 2009	Mar. 29, 2008
Balance at beginning of period	$ 13,948	$ 12,123
Accruals for warranties issued during period	4,039	4,442
Adjustments related to pre-existing warranties	(180)	526
Settlements made during the period	(4,092)	(4,612)
Balance at end of period	$ 13,715	$ 12,479

Note I. Postretirement Health Care

In accordance with the interim disclosure requirements of revised SFAS No. 132, "Employers' Disclosures about Pensions and other Postretirement Benefits," the following table sets forth the components of net periodic benefit cost included in the Corporation's income statement for:

(In thousands)	Three Months Ended Apr. 4, 2009	Three Months Ended Mar. 29, 2008
Service cost	$ 97	$ 99
Interest cost	240	241
Expected return on plan assets	-	(90)
Amortization of transition obligation	127	127
Amortization of (gain)/loss	(2)	-
Net periodic benefit cost	$ 462	$ 377

Note J. Income Taxes

The provision for income taxes in the first quarter reflects an actual effective tax rate of 39.7 percent, compared to an estimated annual tax rate of 43.9 percent for the first quarter 2008 and actual tax rate for the full year 2008 of 34.2 percent. A discrete calculation was used to report the first quarter tax provision rather than an estimated annual tax rate as uncertainty in the full year outlook produces significant variability in the estimated annual effective tax rate.

Note K. Derivative Financial Instruments

The Corporation uses derivative financial instruments to reduce its exposure to adverse fluctuations in interest rates. In accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" and related amendments and interpretations, on the date a derivative is entered into, the Corporation designates the derivative as (i) a fair value hedge, (ii) a cash flow hedge, (iii) a hedge of a net investment in a foreign operation, or (iv) a risk management instrument not eligible for hedge accounting. The Corporation recognizes all derivatives on its consolidated balance sheet at fair value.

In June 2008, the Corporation entered into an interest rate swap agreement, designated as a cash flow hedge, for purposes of managing its benchmark interest rate fluctuation risk. Under the interest rate swap agreement, the Corporation pays a fixed rate of interest and receives a variable rate of interest equal to the one-month London Interbank Offered Rate ("LIBOR") as determined on the last day of each monthly settlement period on an aggregated notional principal amount of $50 million. The net amount paid or received upon monthly settlements is recorded as an adjustment to interest expense, while the change in fair value is recorded as a component of accumulated other comprehensive income in the equity section of the Corporation's consolidated balance sheet. The interest rate swap agreement matures on May 27, 2011.

The aggregate fair market value of the interest rate swap as of April 4, 2009 was a liability of $3.1 million, of which $1.5 million is included in current liabilities and $1.6 million is included in long-term liabilities in the Corporation's consolidated balance sheet as of April 4, 2009. For the three month period ended April 4, 2009, the Corporation recorded a deferred net loss of $419,000 in other comprehensive income, and reclassified $400,000 from other comprehensive income to current period earnings as interest expense in the consolidated statement of income. As of April 4, 2009, $943,000 of deferred net losses, net of tax, included in equity ("Accumulated other comprehensive income (loss)" in the Consolidated Balance sheet) related to this interest rate swap, are expected to be reclassified to current earnings ("Interest expense" in the Consolidated Statement of Income) over the next twelve months.

Note L. Fair Value Measurements

On December 30, 2007, the beginning of its 2008 fiscal year, the Corporation adopted SFAS No. 157 "Fair Value Measurements" ("SFAS No. 157") which provides enhanced guidance for using fair value to measure assets and liabilities for financial assets and liabilities. The standard also expands the amount of required disclosure regarding the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. The Corporation adopted the provisions of SFAS No. 157 with regard to its nonfinancial assets and liabilities on January 4, 2009 in accordance with Financial Accounting Standards Board Staff Position 157-2. The adoption of SFAS 157 did not have a material impact on its financial statements.

For recognition purposes, on a recurring basis the Corporation is required to measure at fair value its marketable securities, which are classified as available-for-sale, and its investment in target funds. The marketable securities were comprised of investments in money market funds. They are reported as noncurrent assets as they are not anticipated to be used for current operations. The target funds are reported as both current and noncurrent assets based on the portion that is anticipated to be used for current operations.

Assets measured at fair value during the three months ended April 4, 2009 were as follows:

(in thousands)	Fair value as of measurement date	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Marketable securities	$ 3,501	$ 3,501	$ -	$ -
Investment in target funds	$ 21,957	$ -	$ 21,957	$ -
Derivative financial instrument	$ (3,124)	$ -	$ (3,124)	$ -

Assets measured at fair value for the year ended January 3, 2009 were as follows:

(in thousands)	Fair value as of measurement date		Quoted prices in active markets for identical assets (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)	
Marketable securities	$	3,696	$	3,696	$	-	$	-
Investment in target funds	$	25,047	$	-	$	25,047	$	-
Derivative financial instrument	$	(3,106)	$	-	$	(3,106)	$	-

Note M. Commitments and Contingencies

The Corporation utilizes letters of credit in the amount of $20.9 million to back certain financing instruments, insurance policies and payment obligations. The letters of credit reflect fair value as a condition of their underlying purpose and are subject to competitively determined fees.

The Corporation has contingent liabilities, which have arisen in the course of its business, including pending litigation, environmental remediation, taxes, and other claims. It is the Corporation's opinion, after consultation with legal counsel, that liabilities, if any, resulting from these matters are not expected to have a material adverse effect on the Corporation's financial condition, although such matters could have a material effect on the Corporation's quarterly or annual operating results and cash flows when resolved in a future period.

Note N. New Accounting Standards

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 (Revised), "Business Combinations" ("SFAS 141(R)"), replacing SFAS No. 141, "Business Combinations". SFAS 141(R) retains the fundamental requirements of SFAS 141, broadens its scope by applying the acquisition method to all transactions and other events in which one entity obtains control over one or more other businesses, and requires, among other things, that assets acquired and liabilities assumed be measured at fair value as of the acquisition date, that liabilities related to contingent considerations be recognized at the acquisition date and remeasured at fair value in each subsequent reporting period, that acquisition-related costs be expensed as incurred, and that income be recognized if the fair value of the net assets acquired exceeds the fair value of the consideration transferred. The Corporation will apply the provisions of this statement prospectively to business combinations for which the acquisition date is on or after January 3, 2009 and can only assess the impact of the standard once an acquisition is consummated.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 requires that a noncontrolling interest in a subsidiary be reported as equity and the amount of consolidated net income specifically attributable to the noncontrolling interest be identified in the consolidated financial statements. It also requires consistency in the manner of reporting changes in the parent's ownership interest and requires fair value measurement of any noncontrolling equity investment retained in a deconsolidation. The Corporation adopted the provisions of SFAS 160 in the first quarter of 2009. As a result of the adoption, the Corporation has reported noncontrolling interests as a component of equity in the Condensed Consolidated Balance Sheets and the net income or loss attributable to noncontrolling interests has been separately identified in the Condensed Consolidated Statements of Income. The prior periods presented have also been reclassified to conform to the current classification required by SFAS 160.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133." SFAS 161 expands the disclosure requirements of SFAS 133 with the intent to provide users of financial statements with an enhanced understanding of an entity's derivative activity. The Corporation adopted SFAS 161 as of January 4, 2009 and has included related disclosures in Note K. Derivative Financial Instruments.

In April 2009, the FASB issued FASB Staff Position ("FSP") on FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1 and APB 28-1"). This FSP requires that the fair value disclosures required by SFAS 107 "Disclosures about Fair Value of Financial Instruments" be included for interim reporting periods. The Corporation will adopt this new accounting standard effective April 5, 2009. The Corporation does not expect the adoption of FSP 107-1 and APB 28-1 will have a material impact on its financial statements.

In April 2009, the FASB issued FSP on FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"). FSP FAS 157-5 provides guidance on determining when the trading volume and activity for an asset or liability has significantly decreased, which may indicate an inactive market, and on measuring the fair value of an asset or liability in inactive markets. The Corporation will adopt this new accounting standard effective April 5, 2009. The Corporation does not expect the adoption of FSP FAS 157-4 will have a material impact on the financial statements.

Note O. Business Segment Information

Management views the Corporation as operating in two business segments: office furniture and hearth products with the former being the principal business segment.

The office furniture segment manufactures and markets a broad line of metal and wood commercial and home office furniture which includes storage products, desks, credenzas, chairs, tables, bookcases, freestanding office partitions and panel systems, and other related products. The hearth products segment manufactures and markets a broad line of manufactured gas, electric, wood and biomass burning fireplaces, inserts, stoves, facings and accessories, principally for the home.

For purposes of segment reporting, intercompany sales transfers between segments are not material and operating profit is income before income taxes exclusive of certain unallocated corporate expenses. These unallocated corporate expenses include the net cost of the Corporation's corporate operations, interest income, and interest expense. Management views interest income and expense as corporate financing costs rather than a business segment cost. In addition, management applies one effective tax rate to its consolidated income before income taxes so income taxes are not reported or viewed internally on a segment basis.

The Corporation's primary market and capital investments are concentrated in the United States.

Reportable segment data reconciled to the consolidated financial statements for the three month periods ended April 4, 2009, and March 29, 2008, is as follows:

	Three Months Ended	
(In thousands)	Apr. 4, 2009	Mar. 29, 2008
Net Sales:		
Office Furniture	$ 337,872	$ 466,025
Hearth Products	67,794	97,358
	$ 405,666	$ 563,383
Operating Profit (Loss):		
Office furniture (1)		
Operations before restructuring charges	$ 3,509	$ 19,550
Restructuring and impairment charges	(2,989)	(799)
Office furniture – net	520	18,751
Hearth products		
Operations before restructuring charges	(9,351)	(2,847)
Restructuring and impairment charges	(2,096)	(19)
Hearth products – net	(11,447)	(2,866)
Total operating profit	(10,927)	15,885
Unallocated corporate expense	(8,770)	(8,778)
Income (loss) before income taxes	$ (19,697)	$ 7,107
Depreciation & Amortization Expense:		
Office furniture	$ 13,165	$ 12,076
Hearth products	5,014	3,846
General corporate	1,061	1,099
	$ 19,240	$ 17,021
Capital Expenditures:		
Office furniture	$ 2,910	$ 13,912
Hearth products	1,469	2,844
General corporate	237	868
	$ 4,616	$ 17,624
	As of Apr. 4, 2009	As of Mar. 29, 2008
Identifiable Assets:		
Office furniture	$ 659,776	$ 776,650
Hearth products	321,115	339,552
General corporate	97,043	117,022
	$ 1,077,934	$ 1,233,224

(1) Includes noncontrolling interest.

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

Overview

The Corporation has two reportable segments: office furniture and hearth products. The Corporation is the second largest office furniture manufacturer in the world and the nation's leading manufacturer and marketer of gas- and wood-burning fireplaces. The Corporation utilizes its split and focus, decentralized business model to deliver value to its customers with its various brands and selling models. The Corporation is focused on growing its existing businesses while seeking out and developing new opportunities for growth.

Net sales for the first quarter of fiscal 2009 decreased 28.0 percent to $405.7 million. The decrease was driven by large declines in both segments due to adverse market conditions. Gross margins for the quarter decreased from prior year levels due primarily to decreased volume. Selling and administrative expenses decreased due to cost control initiatives, lower volume related costs and incentive-based compensation offset partially by increased restructuring and transition costs.

Due to challenging market conditions and its ongoing business simplification and cost reduction strategies the Corporation is taking actions to reset its cost structure. The Corporation recently announced the decision to shutdown an office furniture manufacturing facility and recorded $3.0 million of severance costs in connection with the shutdown in the first quarter. In addition $2.1 million of charges related to the disposition and consolidation of several hearth retail and distribution locations were recorded during the first quarter.

Critical Accounting Policies

The preparation of the financial statements requires the Corporation to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The Corporation continually evaluates its accounting policies and estimates. The Corporation bases its estimates on historical experience and on a variety of other assumptions believed by management to be reasonable in order to make judgments about the carrying value of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. A summary of the more significant accounting policies that require the use of estimates and judgments in preparing the financial statements is provided in the Corporation's Annual Report on Form 10-K for the year ended January 3, 2009. During the first three months of fiscal 2009, there were no material changes in the accounting policies and assumptions previously disclosed. Given the continued challenging market condition and the operating loss for the current period, the Corporation evaluated paragraph 28 of FAS 142 to determine whether an interim triggering even existed. Refer to Note G. *Goodwill and Other Intangible Assets* for further discussion.

New Accounting Standards

For information pertaining to the Corporation's adoption of new accounting standards and any resulting impact to the Corporation's financial statements, please refer to the first paragraph of Note L. Fair Value Measurements and the entirety of Note N. New Accounting Standards of the Notes to the Condensed Consolidated Financial Statements included in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

Results of Operations

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

(In thousands)	Three Months Ended Apr. 4, 2009	Mar. 29, 2008	Percent Change
Net sales	$ 405,666	$ 563,383	-28.0%
Cost of sales	280,931	379,345	-25.9
Gross profit	124,735	184,038	-32.2
Selling & administrative expenses	136,257	172,555	-21.0
Restructuring & impairment charges	5,085	818	521.6
Operating income (loss)	(16,607)	10,665	-255.7
Interest expense, net	3,063	3,414	-10.3
Earnings (loss) before income taxes	(19,670)	7,251	-371.3
Income taxes	(7,802)	3,180	-345.3
Less: Net income attributable to the noncontrolling interest	(18)	(94)	-80.9
Net income (loss) attributable to Parent Company	$ (11,886)	$ 3,977	-398.9

Consolidated net sales for the first quarter decreased 28.0 percent or $157.7 million compared to the same quarter last year. Acquisitions contributed $10.2 million or 1.8 percentage points of sales. Organic sales growth was down due to challenging market conditions in both the office furniture and hearth products segments.

Gross margins for the first quarter decreased to 30.7 percent compared to 32.7 percent for the same quarter last year. The reduction in gross margin was due to decreased volume and increased material costs offset partially by increased price realization. First quarter 2008 included $4.3 million of accelerated depreciation and transition costs related to the shutdown and consolidation of an office furniture manufacturing facility.

As a result of challenging market conditions and the Corporation's ongoing business simplification and cost reduction strategies, management made the decision to close an office furniture facility located in South Gate, California and consolidate production into its Cedartown, Georgia and Muscatine, Iowa facilities. The Corporation's first quarter 2009 results include $3.0 million of severance costs in connection with the South Gate shutdown. The Corporation anticipates additional restructuring charges of approximately $7.2 million related to this shutdown during the remainder of 2009. The Corporation also recorded $2.1 million of restructuring costs due to the disposition and consolidation of five hearth retail and distribution locations during the first quarter of 2009.

Total selling and administrative expenses, including restructuring charges, as a percent of sales increased to 34.8 percent compared to 30.8 percent for the same quarter last year due to lower volume. Actual selling and administrative expenses decreased $32.0 million as a result of cost control initiatives, lower volume related expenses and reduced incentive-based compensation expense. First quarter 2008 included $0.8 million of restructuring charges and $3.4 million of other transition costs associated with a plant consolidation.

The Corporation experienced a net loss of ($11.9) million or ($0.27) per diluted share in the first quarter of 2009 compared to net income of $4.0 million or $0.09 per diluted share in first quarter

2008. Net interest expense decreased $0.4 million during the quarter due to lower average interest rates and lower borrowing.

The provision for income taxes in the first quarter reflects an actual effective tax rate of 39.7 percent, compared to an estimated annual tax rate of 43.9 percent for the first quarter 2008 and actual tax rate for the full year 2008 of 34.2 percent. A discrete calculation was used to report the first quarter tax provision rather than an estimated annual tax rate as uncertainty in the full year outlook produces significant variability in the estimated annual effective tax rate.

Office Furniture

First quarter sales for the office furniture segment decreased 27.5 percent or $128.2 million to $337.9 million from $466.0 million for the same quarter last year driven by substantial weakness in all channels of the office furniture industry. Acquisitions contributed $10.2 million or 2.2 percentage points of sales. Operating profit prior to unallocated corporate expenses decreased $18.2 million to $0.5 million as a result of lower organic volume and higher material costs. These were partially offset by price realization, contributions from acquisitions, cost control initiatives and lower variable compensation expense.

Hearth Products

First quarter net sales for the hearth products segment decreased 30.4 percent or $29.6 million to $67.8 million from $97.4 million for the same quarter last year driven by significant declines in both the new construction and remodel-retrofit channels. Operating profit prior to unallocated corporate expenses decreased $8.6 million to a $11.4 million loss due to lower volume, higher material costs and restructuring expenses partially offset by price increases and cost reduction initiatives.

Liquidity and Capital Resources

Cash Flow – Operating Activities
Cash generated from operating activities in the first quarter 2009 totaled $5.6 million compared to $2.0 million generated in first quarter 2008. Improved working capital performance resulted in a $6.1 million use of cash in the current fiscal year compared to $25.5 million use of cash in the prior year.

Cash Flow – Investing Activities
Capital expenditures including capitalized software for the first three months of fiscal 2009 were $4.6 million compared to $17.6 million in the same period of fiscal 2008 and were primarily for tooling and equipment for new products. For the full year 2009, capital expenditures are expected to be approximately $30 million due to new product development and related tooling.

Cash Flow – Financing Activities
During the first three months of fiscal 2009, net borrowings under the Corporation's revolving credit facility increased $9.5 million primarily to pay off a short-term credit line associated with one of its foreign subsidiaries. As of April 4, 2009, $117 million of the revolving credit facility was outstanding with $50 million classified as short-term as the Corporation expects to repay that portion of the borrowings within the next twelve months.

The credit agreements governing the Corporation's revolving credit facility and term loan contain a number of covenants, including covenants requiring maintenance of the following financial ratios as of the end of any fiscal quarter:

- a consolidated interest coverage ratio of not less than 4.0 to 1.0, based upon the ratio of (a) consolidated EBITDA (as defined in the respective credit agreement) for the last four fiscal quarters to (b) the sum of consolidated interest charges; and
- a consolidated leverage ratio of not greater than 3.0 to 1.0, based upon the ratio of (a) the quarter-end consolidated funded indebtedness (as defined in the respective credit agreement) to (b) consolidated EBITDA for the last four fiscal quarters.

The note purchase agreement pertaining to its Senior Notes also contains a number of covenants, including a covenant requiring maintenance of consolidated debt to consolidated EBITDA (as defined in the note purchase agreement) of not greater than 3.5 to 1.0, based upon the ratio of (a) the quarter-end consolidated funded indebtedness (as defined in the note purchase agreement) to (b) consolidated EBITDA for the last four fiscal quarters.

The revolving credit facility, term loan and Senior Notes are the primary sources of committed funding from which the Corporation finances its planned capital expenditures, strategic initiatives such as repurchases of common stock and certain working capital needs. Non-compliance with the various financial covenant ratios could prevent the Corporation from being able to access further borrowings under the revolving credit facility, require immediate repayment of all amounts outstanding with respect to the revolving credit facility, term loan and Senior Notes and increase the cost of borrowing.

The most restrictive of the financial covenants is the consolidated leverage ratio requirement of 3.0 to 1.0 included in the credit agreements governing both the revolving credit facility and term loan. Under both credit agreements, adjusted EBITDA is defined as consolidated net income before interest expense, income taxes and depreciation and amortization of intangibles, as well as non-cash, nonrecurring charges and all non-cash items increasing net income. At April 4, 2009, the Corporation was well below this ratio and was in compliance with all of the covenants and other restrictions in the credit agreements and note purchase agreement. The Corporation currently expects to remain in compliance over the next twelve months. If the Corporation's actual results over the next twelve months are lower than current projections, the margin by which the Corporation is below the consolidated leverage ratio will decrease. However, even if a 10 percent decline in expected results over the next twelve months were to occur, the Corporation would remain in compliance with the covenant.

The Corporation's Board of Directors (the "Board") declared a regular quarterly cash dividend of $0.215 per share on the Corporation's common stock on February 11, 2009, to shareholders of record at the close of business on February 20, 2009. It was paid on February 27, 2009.

The Corporation did not repurchase any shares of common stock during the first quarter of 2009. For the three months ended March 29, 2008, the Corporation repurchased 704,700 shares of its common stock at a cost of approximately $22.1 million, or an average price of $31.33 per share. As of April 4, 2009, approximately $163.6 million of the Board's current repurchase authorization remained unspent.

Off-Balance Sheet Arrangements

The Corporation does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on the Corporation's financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

Contractual obligations associated with ongoing business and financing activities will result in cash payments in future periods. A table summarizing the amounts and estimated timing of these future cash payments was provided in the Corporation's Annual Report on Form 10-K for the year ended January 3, 2009. During the first three months of fiscal 2009 there were no material changes outside the ordinary course of business in the Corporation's contractual obligations or the estimated timing of the future cash payments.

Commitments and Contingencies

The Corporation is involved in various kinds of disputes and legal proceedings that have arisen in the course of its business, including pending litigation, environmental remediation, taxes and other claims. It is the Corporation's opinion, after consultation with legal counsel, that liabilities, if any, resulting from these matters are not expected to have a material adverse effect on the Corporation's financial condition, although such matters could have a material effect on the Corporation's quarterly or annual operating results and cash flows when resolved in a future period.

Looking Ahead

Management expects weak demand to continue across its businesses during the remainder of 2009. The Corporation will continue to reset its cost structure to the current challenging market conditions while investing in new products, selling initiatives and operational improvements.

The Corporation continues to focus on creating long-term shareholder value by growing its businesses through investment in building brands, product solutions, and selling models, enhancing its strong member-owner culture and remaining focused on its long-standing continuous improvement programs to build best total cost and a lean enterprise.

Forward-Looking Statements

Statements in this report 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 and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 and (f) 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 current credit crisis, slow or negative growth rates in global and domestic economies and the protracted decline in the housing market; lower industry growth than expected; major disruptions at our 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, term loan credit agreement 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of April 4, 2009, there were no material changes to the financial market risks that affect the quantitative and qualitative disclosures presented in Item 7A of the Corporation's Annual Report on Form 10-K for the year ended January 3, 2009.

Item 4. Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports that it files or submits under the Securities Exchange Act of 1934 (the "Exchange Act"), is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed to ensure that information is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, the chief executive officer and chief financial officer of the Corporation carried out an evaluation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rules 13a – 15(e) and 15d – 15(e). As of April 4, 2009, and, based on this evaluation, the chief executive officer and chief financial officer have concluded that these disclosure controls and procedures are effective.

Furthermore, there have been no changes in the Corporation's internal control over financial reporting during the fiscal quarter covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no new legal proceedings or material developments to report other than ordinary routine litigation incidental to the business.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of the Corporation's Annual Report on Form 10-K for the year ended January 3, 2009.

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

The Corporation did not repurchase any of its shares during the first quarter ended April 4, 2009. As of April 4, 2009, $163 million was authorized and available for the repurchase of shares by the Corporation.

Item 6. Exhibits

See Exhibit Index.

SIGNATURES

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

HNI Corporation

Dated: May 6, 2009

By: /s/ Kurt A. Tjaden

Kurt A. Tjaden
Vice President and Chief Financial Officer

EXHIBIT INDEX

(10.1)	Form of HNI Corporation 2007 Stock-Based Compensation Plan*
(10.2)	Form of HNI Corporation 2007 Stock-Based Compensation Plan Restricted Stock Unit Award Agreement*
(31.1)	Certification of the CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification of the CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32.1)	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*Indicates management contract of compensatory plan.

EXHIBIT 10.1

HNI CORPORATION
2007 STOCK-BASED COMPENSATION PLAN

HNI Corporation, an Iowa corporation (the "Corporation"), first adopted the HNI Corporation 2007 Stock-Based Compensation Plan (the "Plan") on May 8, 2007. The Plan was amended and restated effective May 8, 2007 to comply with Section 409A of the Internal Revenue Code. The Plan was further amended effective as February 23, 2009.

I. PURPOSES; EFFECT ON PRIOR PLANS

1.1 **Purpose.** The purpose of the Plan is to aid the Corporation in recruiting and retaining employees capable of assuring the future success of the Corporation through the grant of Awards of stock-based compensation. The Corporation expects that the Awards and opportunities for stock ownership in the Corporation will provide incentives to Plan participants to exert their best efforts for the success of the Corporation's business and thereby align the interests of Plan participants with those of the Corporation's stockholders. For purposes of the Plan, references to employment by the Corporation shall also mean employment by a Subsidiary.

1.2 **Effect on Prior Plans.** From and after the date of stockholder approval of the Plan, no awards shall be granted under the Corporation's 1995 Stock-Based Compensation Plan, as amended, but all outstanding awards previously granted under that plan shall remain outstanding in accordance with their terms.

II. DEFINITIONS

In addition to other terms that may be defined elsewhere herein, wherever the following terms are used in this Plan with initial capital letters, they shall have the meanings specified below, unless the context clearly indicates otherwise.

(a) **"Award"** means an Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Deferred Share Unit, Performance Share, Bonus Stock, or Dividend Equivalent Award granted under the Plan.

(b) **"Award Agreement"** means any written agreement, contract or other instrument or document evidencing an Award granted under the Plan. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) **"Board"** means the Board of Directors of the Corporation.

(d) **"Bonus Stock Award"** means any right granted under Section 7.4 of the Plan.

(e) **"Change in Control"** has the meaning set forth in Section 10.2 of the Plan.

(f) **"Code"** means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(g) **"Committee"** means the Committee designated by the Board, consisting of three or more members of the Board, each of whom shall be: (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act; and (ii) an "outside director" within the meaning of Section 162(m) of the Code.

(h) **"Corporation"** means HNI Corporation, an Iowa corporation.

(i) **"Deferred Share Unit"** means a unit evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date.

(j) **"Deferred Share Unit Award"** means a right to receive Deferred Share Units granted under Section 7.2 of the Plan.

(k) **"Dividend Equivalent"** means a right granted under Section 7.5 of the Plan with respect to Restricted Stock, Restricted Stock Unit, Performance Share, Deferred Share Unit and Bonus Stock Awards to receive payment equivalent to the amount of any cash dividends paid by the Corporation to holders of Shares.

(l) **"Eligible Employee"** means any employee (including an officer) of the Corporation or a Subsidiary whom the Committee determines to be an Eligible Employee.

(m) **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.

(n) **"Fair Market Value,"** of a Share means the closing price of a Share as reported on the New York Stock Exchange on the date as of which such value is being determined, or, if there are no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem reasonable and within the meaning of Code Section 409A and the regulations thereunder.

(o) **"Option"** means an option to purchase Shares granted under Section 6.1 of the Plan. All Options granted under the Plan shall be "non-statutory stock options," meaning that they are not intended to satisfy the requirements set forth in Section 422 of the Code to be "incentive stock options."

(p) "**Participant"** means an Eligible Employee who is designated by the Committee to be granted an Award under the Plan.

(q) **"Performance Measure"** means the criteria and objectives established by the Committee, which shall be satisfied or met as a condition to the exercisability, vesting or receipt of all or a portion of an Award. Such criteria and objectives may include, but are not limited to, the attainment by a Share of a specified Fair Market Value for a specified period of time, earnings per share, return to stockholders (including dividends), return on equity, earnings of the Corporation, revenues, market share, cash flow or cost reduction goals, or any combination of the foregoing and any other criteria and objectives established by the Committee. In the sole discretion of the Committee, the Committee may amend or adjust the Performance Measures or other terms and conditions of an outstanding Award in recognition of unusual or nonrecurring events affecting the Corporation or its financial statements or changes in law or accounting principles.

(r) **"Performance Share Award"** means a right granted under Section 7.3 of the Plan to receive Shares contingent upon the attainment of specified Performance Measures.

(s) **"Restricted Stock"** means Shares subject to forfeiture restrictions established by the Committee.

(t) **"Restricted Stock Award"** means a grant of Restricted Stock under Section 7.1 of the Plan.

(u) **"Restricted Stock Unit"** means a unit evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date subject to forfeiture restrictions established by the Committee.

(v) **"Restricted Stock Unit Award"** means a grant of Restricted Stock Units under Section 7.1 of the Plan.

(w) **"Stock Appreciation Right"** means a right to receive the appreciation in the value of a Share granted under Section 6.2 of the Plan.

(x) **"Share"** means a share of common stock, par value of $1.00, of the Corporation or any other securities or property as may become subject to an Award pursuant to an adjustment made under Section 5.3 of the Plan.

(y) **"Subsidiary"** means: (i) any entity that, directly or indirectly through one of more intermediaries, is controlled by the Corporation; and (ii) any entity in which the Corporation has a significant equity interest, in each case as determined by the Committee. Notwithstanding the foregoing, for purposes of granting to any

Participant an Option or a Stock Appreciation Right, "Subsidiary" shall mean a corporation, company or other entity that is (1) a member of the Corporation's controlled group of corporations, within the meaning of Code Section 1563(a)(1) (except that 20% shall be substituted for 80% in applying such section) or (2) an unincorporated trade or business with which the Corporation would be treated as a single employer under Code Section 414(c) (except that 20% shall be substituted for 80% in applying such section and the regulations issued thereunder).

III. ADMINISTRATION

3.1 Power and Authority of the Committee. The Plan shall be administered by the Committee. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (a) designate Participants; (b) determine the type or types of Awards to be granted to each Participant; (c) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (d) determine the terms and conditions of any Award or Award Agreement; (e) amend the terms and conditions of any Award or Award Agreement, provided, however, that, except as otherwise provided in Section 5.3 hereof, the Committee shall not reprice, adjust or amend the exercise price of Options or the grant price of Stock Appreciation Rights previously awarded to any Participant, whether through amendment, cancellation and replacement grant, or any other means; (f) accelerate the exercisability of any Award or the lapse of restrictions relating to any Award; (g) determine whether, to what extent, and under what circumstances Awards may be exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended; (h) determine whether, to what extent and under what circumstances cash or Shares payable to a Participant with respect to an Award shall be deferred either automatically or at the election of the holder of the Award or the Committee; (i) interpret and administer the Plan and any instrument or agreement, including any Award Agreement, relating to the Plan; (j) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (k) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Corporation or any Subsidiary. A majority of the Committee shall constitute a quorum. The acts of the Committee shall be either: (a) acts of a majority of the members of the Committee present at any meeting at which a quorum is present; or (b) acts approved in writing by a majority of the members of the Committee without a meeting.

3.2 Delegation. The Committee may delegate some or all of its power and authority hereunder to the President and Chief Executive Officer or other executive officer of the Corporation as the Committee deems appropriate; provided, however, that the Committee may not delegate its power and authority with regard to: (a) the grant of an Award to any person who is a "covered employee" within the meaning of Section 162(m) of the Code or who, in the Committee's judgment, is likely to be a covered employee at any time during the period an Award hereunder to such employee would be outstanding; or (b) the selection for participation in the Plan of an officer or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an Award to such an officer or other person.

3.3 Power and Authority of the Board. Notwithstanding anything to the contrary contained herein, the Board may, at any time and from time to time, without any further action of the Committee, exercise the powers and duties of the Committee under the Plan, unless the exercise of such powers and duties by the Board would cause the Plan to fail to comply with the requirements of Section 162(m) of the Code.

3.4 Liability and Indemnification of Plan Administrators. No member of the Board or Committee, and neither the President and Chief Executive Officer nor any other executive officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with the Plan in good faith, and the members of the Board and the Committee and the President and Chief Executive Officer or other executive officer shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including attorneys' fees) arising therefrom to the full extent permitted by law, except as otherwise may be provided in the Corporation's Articles of Incorporation, Bylaws, and under any directors' and officers' liability insurance that may be in effect from time to time.

IV. ELIGIBILITY

Participants in the Plan shall consist of such Eligible Employees as the Committee in its sole discretion may select from time to time. The Committee's selection of an Eligible Employee to be a Participant with respect to any Award shall not require the Committee to select such Eligible Employee to receive any other Award at any time.

V. SHARES AVAILABLE FOR AWARDS

5.1 Shares Available. Subject to adjustment as provided in Section 5.3, the total number of Shares available for all grants of Awards under the Plan shall be five million Shares. Shares to be issued under the Plan will be authorized but unissued Shares or Shares that have been reacquired by the Corporation and designated as treasury shares. Shares that are subject to Awards that terminate, lapse or are cancelled or forfeited shall be available again for grant under the Plan. Shares that are tendered by a Participant or withheld by the Corporation as full or partial payment to the Corporation of the purchase or exercise price relating to an Award or to satisfy tax withholding obligations relating to an Award shall not be available for future grants under the Plan. In addition, if Stock Appreciation Rights are settled in Shares upon exercise, the aggregate number of Shares subject to the Award rather than the number of Shares actually issued upon exercise shall be counted against the number of Shares authorized under the Plan.

5.2 Accounting for Awards. For purposes of this Article 5, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards.

5.3 Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Corporation, issuance of warrants or other rights to purchase Shares or other securities of the Corporation or other similar corporate transaction or event affects the Shares such that an adjustment is required to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of: (a) the number and type of Shares (or other securities or other property) that thereafter may be made the subject of Awards; (b) the number and type of Shares (or other securities or other property) subject to outstanding Awards; and (c) the purchase or exercise price with respect to any Award, provided such change is made in accordance with the requirements of Treas. Reg. § 1.409A-1(a)(5)(iii)(E)(4).

5.4 Award Limitations.

(a) Plan Limitation on Restricted Stock, Restricted Stock Unit, Performance Share, Dividend Equivalent, Deferred Share Unit and Bonus Stock Awards. No more than one million Shares (subject to adjustment as provided in Section 5.3 of the Plan) shall be available under the Plan for issuance pursuant to Restricted Stock, Restricted Stock Unit, Performance Share, Dividend Equivalent, Deferred Share Unit and Bonus Stock Awards; provided, however, that Shares subject to any such Awards that terminate, lapse or are cancelled or forfeited shall again be available for grants of Restricted Stock, Restricted Stock Units, Performance Share Awards, Dividend Equivalents, Deferred Share Unit Awards and Bonus Awards for purposes of this limitation on grants of such Awards.

(b) Section 162(m) Limitation for Certain Types of Awards. No Participant may be granted an Award or Awards under the Plan for more than 250,000 Shares (subject to adjustment as provided in Section 5.3 of the Plan) in the aggregate in any calendar year.

VI. OPTIONS AND STOCK APPRECIATION RIGHTS

6.1 Options. The Committee may grant Options with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(a) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; provided, however, that the Committee may designate a per share exercise price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Corporation or a Subsidiary and provided further than such substitution is made in accordance with the requirements of Treas. Reg. § 1.409A-1(a)(5)(iii)(E)(4).

(b) **Option Term.** The term of each Option shall be fixed by the Committee, but shall not be longer than ten years.

(c) **Time, Method and Conditions of Exercise.** The Committee shall determine the time or times at which an Option may be exercised in whole or in part, the method or methods by which, and the form or forms (including, without limitation, cash or Shares having a Fair Market Value on the exercise date equal to the applicable exercise price) in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

6.2 **<u>Stock Appreciation Rights</u>.** The Committee may grant Stock Appreciation Rights subject to the terms of the Plan and such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine. A Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive upon exercise thereof the excess of: (a) the Fair Market Value of one Share on the date of exercise; over (b) the grant price of the Stock Appreciation Right as specified by the Committee, which price shall not be less than 100% of the Fair Market Value of the Share on the date of grant of the Stock Appreciation Right; provided, however, that the Committee may designate a per share grant price below Fair Market Value on the date of grant if the Stock Appreciation Right is granted in substitution for a stock appreciation right previously granted by an entity that is acquired by or merged with the Corporation or a Subsidiary and provided further than such substitution is made in accordance with the requirements of Treas. Reg. § 1.409A-1(a)(5)(iii)(E)(4). The term of the Stock Appreciation Right shall be fixed by the Committee, but shall not be longer than ten years.

VII. STOCK AWARDS

7.1 **<u>Restricted Stock and Restricted Stock Units</u>.** The Committee may grant Awards of Restricted Stock and Restricted Stock Units with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

(a) **Restrictions.** Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, satisfaction of Performance Measures or a performance period and a restriction on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. The minimum vesting period of such Awards shall be one year from the date of grant.

(b) **Forfeiture.** Subject to Sections 8.5 and 10.1, upon a Participant's termination of employment (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Shares of Restricted Stock and all Restricted Stock Units held by the Participant at such time shall be forfeited and reacquired by the Corporation.

(c) **Issuance and Delivery of Shares.** Any Restricted Stock granted under the Plan shall be issued at the time the Restricted Stock Award is granted and may be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates all be held by the Corporation. Such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock. Shares representing Restricted Stock that are no longer subject to restrictions shall be delivered to the Participant promptly after the applicable restrictions lapse or are waived.

No Shares shall be issued at the time an Award of Restricted Stock Units is granted. Rather, the Shares shall be issued and delivered to the holder of the Restricted Stock Units upon the lapse or waiver of the restrictions applicable to the Restricted Stock Units.

7.2 **<u>Deferred Share Units</u>.** The Committee may grant Awards of Deferred Share Units subject to such terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine. All Deferred Share Units shall be subject to a deferral period of not less than one year, and may, in addition, be subject to such restrictions as the Committee may impose (including, without limitation, satisfaction of Performance Measures or a performance period), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate. Deferred Share Units may be granted without additional consideration or in consideration of a payment by the Participant that is less than the Fair Market Value per Share at the date of grant. No Shares shall be issued at the time Deferred Share Units are granted. Rather, the Shares (or cash, as the case may be) shall be issued and delivered upon expiration of the deferral period relating to the Deferred Share Units (subject to the satisfaction of any applicable restrictions).

7.3 **Performance Share Awards.** The Committee may grant Performance Share Awards denominated in Shares that may be settled or payable in Shares (including, without limitation, Restricted Stock or Restricted Stock Units) or cash. Performance Share Awards shall be conditioned solely on the achievement of one or more Performance Measures specified by the Committee during such performance period as the Committee shall specify. Settlement or payment of a Performance Share Award shall be made upon satisfaction of the specified Performance Measures during the specified performance period.

7.4 **Bonus Stock Awards.** The Committee may grant Shares without restrictions thereon. Subject to the terms of the Plan, Bonus Stock Awards may have such terms and conditions as the Committee shall determine.

7.5 **Dividend Equivalents.** The Committee may grant Dividend Equivalents under which a Participant granted a Restricted Stock, Restricted Stock Unit, Performance Share, Deferred Share Unit or Bonus Stock Award under this Article 7 shall be entitled to receive payment (in cash, Shares, other securities, other Awards or other property as determined in the discretion of the Committee) equivalent to the amount of any cash dividends paid by the Corporation to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan, such Dividend Equivalents may have such terms and conditions as the Committee shall determine.

VIII. GENERAL PROVISIONS GOVERNING AWARDS

8.1 **Consideration for Awards.** Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law.

8.2 **Awards Subject to Performance Measures.** The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant or exercisability of an Award or portion thereof. Subject to the terms of the Plan and any applicable Award Agreement, the Performance Measures to be achieved during any performance period, the length of any performance period, the amount of any Award granted, the amount of any payment or transfer to be made pursuant to any such Award, and any other terms and conditions applicable thereto shall be determined by the Committee.

8.3 **Awards May Be Granted Separately or Together.** Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with or in substitution for any other Award or any award granted under any other plan of the Corporation or any Subsidiary. Awards granted in addition to or in tandem with other Awards or in addition to or in tandem with awards granted under any other plan of the Corporation or any Subsidiary may be granted either at the same time as, or at a different time from, the grant of such other Awards or awards.

8.4 **Forms of Payment under Awards.** Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Corporation or a Subsidiary upon the grant, exercise or payment of an Award may be made in such form or forms as the Committee shall determine (including, without limitation, cash, Shares, other securities, other Awards or other property, or any combination thereof), and may be made in a single payment or transfer, in installments or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents with respect to installment or deferred payments.

8.5 **Termination of Employment.** Except as otherwise provided in this Section 8.5 and Section 10.1, all of the terms relating to the exercise, cancellation, forfeiture or other disposition of an Award granted under the Plan upon a termination of employment with the Corporation of the holder of an Award, whether by reason of retirement or otherwise, shall be determined by the Committee. Such determination shall be made at the time of the grant of such Award and shall be specified in the Award Agreement relating to the Award. Notwithstanding the foregoing, each Award granted under the Plan shall become fully exercisable and vested upon the death or disability (as defined below) of the Participant, provided such Award had not otherwise expired prior to the Participant's death or disability and the Participant is employed by the Corporation on the date of death or disability. For purposes hereof, "disability" of a Participant means the inability of the

Participant to perform substantially his or her duties and responsibilities for a continuous period of at least six months, as determined in the Committee's sole discretion.

8.6 **Limits on Transfer of Awards.** Except as otherwise provided by the Committee or the terms of the Plan, no Award and no right under any Award shall be transferable by a Participant other than by will or by the laws of descent and distribution. The Committee may establish procedures as it deems appropriate for a Participant to designate an individual, trust or other entity as beneficiary or beneficiaries to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death. The Committee, in its discretion and subject to such additional terms and conditions as it determines, may permit a Participant to transfer an Option to any "family member" (as such term is defined in the General Instructions to Form S-8 (or any successor to such Instructions or such Form) under the Securities Act of 1933, as amended) at any time that such Participant holds such Option, provided that: (a) such transfer may not be for value (*i.e.*, the transferor may not receive any consideration therefor) and the family member may not make any subsequent transfer other than by will or by the laws of descent and distribution; (b) no such transfer shall be effective unless reasonable prior notice thereof has been delivered to the Corporation and such transfer is thereafter effected subject to the specific authorization of, and in accordance with any terms and conditions made applicable to by, the Committee or the Board; and (c) the transferee is subject to the same terms and conditions hereunder as the Participant. Each Award or right under an Award shall be exercisable during the Participant's lifetime only by the Participant (except as provided herein or in an Award Agreement or amendment thereto) or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award or right under any Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Corporation or any Subsidiary.

8.7 **Restrictions; Securities Exchange Listing.** All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable federal or state securities laws and regulatory requirements, and the Committee may cause appropriate entries to be made or legends to be placed on the certificates for such Shares or other securities to reflect such restrictions. If the Shares or other securities are traded on a securities exchange, the Corporation shall not be required to deliver any Shares or other securities covered by an Award unless and until such Shares or other securities have been admitted for trading on such securities exchange.

8.8 **Tax Withholding.** The Corporation may take such action as it deems appropriate to withhold or collect from a Participant the applicable federal, state, local or foreign payroll, withholding, income or other taxes that are required to be withheld or collected by the Corporation upon the grant, exercise, vesting or payment of an Award. The Committee may require the Corporation to withhold Shares having a Fair Market Value equal to the amount necessary to satisfy the Corporation's minimum statutory withholding requirements upon the grant, exercise, vesting or payment of an Award from Shares that otherwise would have been delivered to a Participant. The Committee may, subject to any terms and conditions that the Committee may adopt, permit a Participant to elect to pay all or a portion of the minimum statutory withholding taxes by: (a) having the Corporation withhold Shares otherwise to be delivered upon the grant, exercise, vesting or payment of an Award with a Fair Market Value equal to the amount of such taxes; (b) delivering to the Corporation Shares other than Shares issuable upon the grant, exercise, vesting or payment of an Award with a Fair Market Value equal to the amount of such taxes; or (c) paying cash. Any such election must be made on or before the date that the amount of tax to be withheld is determined.

IX. AMENDMENT AND TERMINATION; CORRECTIONS

9.1 **Amendments to the Plan.** The Board may amend, alter, suspend, discontinue or terminate the Plan; provided, however, that, notwithstanding any other provision of the Plan or any Award Agreement, prior approval of the stockholders of the Corporation shall be required for any amendment to the Plan that:

(a) requires stockholder approval under the rules or regulations of the Securities and Exchange Commission, the New York Stock Exchange, any other securities exchange or the National Association of Securities Dealers, Inc. that are applicable to the Corporation;

(b) increases the number of Shares authorized under the Plan as specified in Section 5.1 the Plan;

(c) increases the number of Shares subject to the limitations contained in Section 5.4 of the Plan;

(d) permits repricing of Options or Stock Appreciation Rights which is prohibited by Section 3.1(e) of the Plan;

(e) permits the award of Options or Stock Appreciation Rights at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option or Stock Appreciation Right, contrary to the provisions of Sections 6.1(a) and 6.2 of the Plan; or

(f) would cause an exemption to Section 162(m) of the Code to become inapplicable with respect to the Plan.

9.2 **Amendments to Awards.** Subject to the provisions of the Plan, the Committee may waive any conditions of or rights of the Corporation under any outstanding Award, prospectively or retroactively. Except as otherwise provided in the Plan, the Committee may amend, alter, suspend, discontinue or terminate any outstanding Award, prospectively or retroactively, but no such action may adversely affect the rights of the holder of such Award without the consent of the holder.

9.3 **Correction of Defects, Omissions and Inconsistencies.** The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

X. CHANGE IN CONTROL

10.1 **Consequences of Change in Control.** Notwithstanding any provision in the Plan or any Award Agreement to the contrary:

(a) In the event of a Change in Control described in Section 10.2(c) or the approval by the holders of Shares of a plan of complete liquidation or dissolution of the Corporation, in connection with which the holders of Shares receive shares of common stock that are registered under Section 12 of the Exchange Act: (i) all outstanding Awards shall become immediately vested and all Options and Stock Appreciation Rights exercisable in full, with any applicable Performance Measures deemed satisfied at the maximum level; and (ii) there shall be substituted for each Share available under the Plan, whether or not then subject to an outstanding Award, the number and class of shares into which each outstanding Share shall be converted pursuant to such Change in Control. In the event of any such substitution, the purchase price per share in the case of an Option and the base price in the case of a Stock Appreciation Right shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding Options and Stock Appreciation Rights without an increase in the aggregate purchase price or base price.

(b) In the event of a Change in Control described in Section 10.2(a) or (b), or in the event of a Change in Control pursuant to Section 10.2(c) or the approval by the holders of Shares of a plan of complete liquidation or dissolution of the Corporation, in connection with which the holders of Shares receive consideration other than shares of common stock that are registered under Section 12 of the Exchange Act, the Committee in its discretion may require that each outstanding Award shall be surrendered to the Corporation by the holder thereof, and each such Award shall immediately be cancelled by the Corporation, and the holder shall receive, within ten days of the occurrence of a Change in Control pursuant to Section 10.2(a) or (b), below, or within ten days of the approval of the holders of Shares contemplated by Section 10.2(c) or complete liquidation or dissolution of the Corporation, a cash payment from the Corporation in an amount equal to: (i) in the case of an Option, the number of Shares subject to the Option, multiplied by the excess, if any, of the Fair Market Value of a Share on the date of the Change in Control, over the purchase price per Share subject to the Option; (ii) in the case of a Stock Appreciation Right, the number of Shares then subject to the Stock Appreciation Right, multiplied by the excess, if any, of the Fair Market Value of a Share on the date of the Change in Control, over the base price of the Stock Appreciation Right; (iii) in the case of a Restricted Stock Award, Restricted Stock Unit Award, Performance Share Award or Deferred Share Award, the number of Shares then subject to such Award, multiplied by the Fair Market Value of a Share on the date of the Change in Control. In the event of a Change in Control, each tandem Stock Appreciation Right shall be surrendered by the holder thereof and shall be cancelled simultaneously with the cancellation of the related Option. The Corporation may, but is not required to, cooperate with any person who is subject to Section 16 of the Exchange Act to assure that any cash payment in accordance with the foregoing to such person is made in compliance with Section 16 and the rules and regulations thereunder.

(c) Notwithstanding any provision of this Plan to the contrary, if an amount becomes payable with respect to an Award upon a Change in Control pursuant to Section 10.1(b), the amount is subject to Section 409A of the Code, and the Change in Control does not constitute a "change in the ownership or effective control" or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A(a)(2)(A)(v) of the Code, then the amount shall not be paid upon the Change in Control, but shall instead be paid at the earliest to occur of: (i) the Participant's "separation from service" with the Company (determined in accordance with Section 409A of the Code), provided, that if the Participant is a "specified employee" (within the meaning of Section 409A of the Code), the payment date shall be the date that is six months after the date of the Participant's separation from service with the Company; (ii) the date payment otherwise would have been made in the absence of any provisions in this Plan to the contrary (provided such date is permissible under Section 409A of the Code); or (iii) the Participant's death.

10.2 **<u>Definition of Change in Control</u>.** "Change in Control" shall mean:

(a) the acquisition by any individual, entity or group (with the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either: (i) the then outstanding Shares (the "Outstanding Corporation Common Stock"); or (ii) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Corporation Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Corporation, (B) any acquisition by the Corporation, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 10.2; or

(b) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Corporation's shareholders, was approved by a vote of a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation (a "Business Combination"), in each case, unless, following such Business Combination: (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, 50% or more of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be; (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

XI. GENERAL PROVISIONS GOVERNING PLAN

11.1 No Rights to Awards. No Eligible Employee, Participant or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Eligible Employees, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

11.2 Rights as Stockholder. No person shall have any right as a stockholder of the Corporation with respect to any Shares or other equity security of the Corporation which is subject to an Award hereunder unless and until such person becomes a stockholder of record with respect to such Shares or equity security.

11.3 Governing Law. The Plan, each Award hereunder and the related Award Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Iowa and construed in accordance therewith without giving effect to principles of conflicts of laws.

11.4 Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been duly executed on behalf of the Corporation and, if requested by the Corporation, signed by the Participant.

11.5 No Limit on Other Compensation Plans or Arrangements. Nothing contained in the Plan shall prevent the Corporation or any Subsidiary from adopting or continuing in effect other or additional compensation plans or arrangements.

11.6 No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Corporation or any Subsidiary, nor will it affect in any way the right of the Corporation or a Subsidiary to terminate a Participant's employment at any time, with or without cause. In addition, the Corporation or a Subsidiary may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement.

11.7 Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

11.8 No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Subsidiary and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation or a Subsidiary pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation or the Subsidiary.

11.9 Securities Matters. The Corporation shall not be required to deliver any Shares until the requirements of any federal or state securities or other laws, rules or regulations (including the rules of any securities exchange) as may be determined by the Corporation to be applicable are satisfied.

11.10 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

11.11 **Headings.** Headings are given to the Articles, Sections and Subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

XII. EFFECTIVE DATE AND TERM OF PLAN

The Plan became effective on May 8, 2007, the date it was approved by the stockholders of the Corporation at the Corporation's annual meeting of stockholders.

The Plan shall terminate at midnight on May 7, 2017, unless terminated before then by the Board. Awards may be granted under the Plan until the Plan terminates or until all Shares available for Awards under the Plan have been purchased or acquired. Notwithstanding the preceding sentence, the Plan shall remain in effect for purposes of administering outstanding Awards as long as the Awards are outstanding.

EXHIBIT 10.2

HNI Corporation 408 East Second Street, Muscatine, Iowa 52761, Tel 563 272 7400, Fax 563 272 7347, www.hnicorp.com

CONFIDENTIAL

[Date]

[Participant Name]
[Job Title]
[Operating Company]
[Address]
[City, State, Zip Code]

Re: HNI Corporation 2007 Stock-Based Compensation Plan:
Restricted Stock Unit Award Agreement

Dear [First Name]:

Congratulations on your selection as a Participant who will receive Restricted Stock Units under the HNI Corporation 2007 Stock-Based Compensation Plan. This Award Agreement provides a brief summary of your rights under the Plan. Capitalized terms found but not defined in this Award Agreement are defined in the Plan.

The Plan provides complete details of all of your rights under the Plan and this Award Agreement, as well as all of the conditions and limitations affecting your rights. If there is any inconsistency between the terms of this Award Agreement and the terms of the Plan, the Plan's terms shall completely supersede and replace the conflicting terms of this Award Agreement.

Overview of Your Restricted Stock Unit Grant
1. **Number of Restricted Stock Units Granted:**
2. **Date of Grant:**
3. **Vesting of Restricted Stock Units:** Subject to the terms of Section 7 below, 100% of the Restricted Stock Units granted above will vest on [Vesting Date].
4. **Impact of Vesting of Restricted Stock Units:** You will be issued Shares equal to the number of Restricted Stock Units granted above on the vesting date. A portion of the Shares will be withheld to pay applicable withholding taxes due on the vesting date.
5. **Stockholder Rights:** Prior ot the time that your Restricted Stock Units vest and the Corporation has issued Shares relating to such Restricted Stock Units, you will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Shares deliverable with respect to such Restricted Stock Units. Restricted Stock Units will not pay or accrue dividends.

6. **Non-Transferability of Restricted Stock Units:** (a) No assignment or transfer of Restricted Stock Units, whether voluntary or involuntary, by operation of law or otherwise, can be made except by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Corporation. (b) Notwithstanding the preceding paragraph, you may transfer your Restricted Stock Units to one or more family member (as such term is used in the Plan) or to one or more trusts established solely for the benefit of one or more family member or to one or more partnerships in which the only partners are family members; provided, however, that (i) no such transfer shall be effective unless you deliver reasonable prior notice thereof to the Corporation and such transfer is thereafter effected subject to the specific authorization of, and in accordance with any terms and conditions that shall have been made applicable thereto by, the Committee or the Board, (ii) any such transferee shall be subject to the same terms and conditions hereunder as you are and (iii) such transfer can not be made for value.
7. **Termination of Employment:** (a) *By Death, Disability or Retirement:* Restricted Stock Units which are outstanding as of the date of death, disability (as such term is used in the Plan) or retirement shall become immediately 100% vested, provided you are employed by the Corporation on the date of death or disability. Retirement is defined as termination of employment at 65 or after age 55 with ten (10) years of service. (b) *For other reasons:* Restricted Stock Units which are not vested as of the date of employment termination for reasons other than those specified in Section 7(a) or Section 8 shall immediately terminate, and shall be forfeited to the Corporation.
8. **Change in Control:** In the event of a Change in Control, all Restricted Stock Units shall become fully vested and Section 10.1 of the Plan will apply.

Please acknowledge your agreement to participate in the Plan and this Award Agreement, and to abide by all of the governing terms and provisions, by signing and returning the attached Agreement to Participate to the Vice President, Member and Community Relations. Please make a copy of the Agreement to Participate for your files.

Refer any questions you may have regarding your grant of Restricted Stock Unites to the Vice President, Member and Community Relations. Once again, congratulations on the receipt of your restricted stock unit award.

Sincerely,

[Name]
[Title]
Enc.

HNI Corporation 2007 Stock-Based Compensation Plan:
Restricted Stock Unit Award

Agreement to Participate

By signing this Agreement to Participate and returning it to the Vice President, Member and Community Relations, I acknowledge that I have read the Award Agreement and the Plan, and that I fully understand all of my rights thereunder, as well as all of the terms and conditions which may limit the vesting of the Restricted Stock Units.

[Participant Name]	Date

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Sarbanes-Oxley Act Section 302

I, Stan A. Askren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HNI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: May 6, 2009

By: /s/ Stan A. Askren

Name: Stan A. Askren
Title: Chairman, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Sarbanes-Oxley Act Section 302

I, Kurt A. Tjaden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HNI Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d) - 15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

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

Date: May 6, 2009

By: /s/ Kurt A. Tjaden
Name: Kurt A. Tjaden
Title: Vice President and Chief Financial Officer

EXHIBIT 32.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of HNI Corporation (the "Corporation") for the quarterly period ended April 4, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stan A. Askren, as Chairman, President and Chief Executive Officer and Kurt A. Tjaden as Vice President and Chief Financial Officer of the Corporation, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of the dates and for the periods expressed in the Report.

By: /s/ Stan A. Askren

Name: Stan A. Askren
Title: Chairman, President and Chief Executive Officer
Date: May 6, 2009

By: /s/ Kurt A. Tjaden

Name: Kurt A. Tjaden
Title: Vice President and Chief Financial Officer
Date: May 6, 2009