

HNI CORP
Form DEF 14A
March 24, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

HNI CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

HNI CORPORATION

**600 EAST SECOND STREET
MUSCATINE, IOWA 52761
563-272-7400**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2017 Annual Meeting of Shareholders of HNI Corporation will be held at HNI Corporate Headquarters, 600 East Second Street, Muscatine, Iowa, on Tuesday, May 9, 2017, beginning at 10:30 a.m. (Central Daylight Time), for the purposes of:

1. Electing the five Directors named in the accompanying proxy statement;
2. Ratifying the Audit Committee's selection of KPMG LLP as the Corporation's independent registered public accountant for the fiscal year ending December 30, 2017;
3. Holding an advisory vote to approve named executive officer compensation;
4. Holding an advisory vote on the frequency of future advisory votes on named executive officer compensation;
5. Approving the HNI Corporation 2017 Stock-Based Compensation Plan;
6. Approving the 2017 Equity Plan for Non-Employee Directors of HNI Corporation;
7. Approving the HNI Corporation Members' Stock Purchase Plan; and
8. Transacting any other business properly brought before the meeting or any adjournment or postponement.

The holders of record of HNI Corporation common stock, par value \$1.00 per share, as of the close of business on March 10, 2017, are entitled to vote at the meeting.

You are encouraged to attend the meeting.

By Order of the Board of Directors,

Steven M. Bradford

Senior Vice President, General Counsel and Secretary

March 24, 2017

YOUR VOTE IS VERY IMPORTANT. PLEASE MARK, SIGN, DATE AND RETURN PROMPTLY THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE PREPAID ENVELOPE OR VOTE USING THE TELEPHONE OR INTERNET VOTING PROCEDURES DESCRIBED ON THE PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOUR SHARES ARE HELD IN THE NAME OF A BANK, BROKER OR OTHER HOLDER OF RECORD, TELEPHONE OR INTERNET VOTING WILL BE AVAILABLE TO YOU ONLY IF OFFERED BY THEM. THEIR PROCEDURES SHOULD BE DESCRIBED ON THE VOTING FORM THEY SEND TO YOU.

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HNI Corporation
600 East Second Street
Muscatine, Iowa 52761

PROXY STATEMENT
FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 9, 2017

HNI Corporation (the “Corporation,” “we,” “our” or “us”) is mailing this Proxy Statement, with the accompanying proxy card, to you on or about March 24, 2017, in connection with the solicitation of proxies by and on behalf of the Corporation’s Board of Directors (the “Board” or “Directors”) for the 2017 annual meeting of shareholders and any adjournment or postponement of the meeting (the “Meeting”). The Meeting will be held on Tuesday, May 9, 2017, beginning at 10:30 a.m., Central Daylight Time, at HNI Corporate Headquarters, 600 East Second Street, Muscatine, Iowa.

INFORMATION ABOUT VOTING

Who can attend and vote at the Meeting?

Shareholders of record as of the close of business on March 10, 2017 (the “Record Date”) are entitled to attend and vote at the Meeting. Each share of the Corporation’s common stock, par value \$1.00 per share (“Common Stock”), is entitled to one vote on all matters to be voted on at the Meeting and can be voted only if the shareholder of record is present to vote or is represented by proxy. The proxy card provided with this Proxy Statement indicates the number of shares of Common Stock you own and are entitled to vote at the Meeting.

What constitutes a quorum at the Meeting?

The presence at the Meeting, in person or represented by proxy, of the holders of a majority of the outstanding shares of Common Stock (“Outstanding Shares”) on the Record Date will constitute a quorum. On the Record Date, there were 44,092,971 Outstanding Shares. To determine whether a quorum exists, proxies received but marked “abstain” and so-called “broker non-votes” (described on the following page) will be counted as present.

What will I be voting on?

Election of each of the five nominees for Director named on page 5 of this Proxy Statement under “*Proposal No. 1 – Election of Directors.*”

Ratification of the Audit Committee’s selection of KPMG LLP as the Corporation’s independent registered public accountant for the fiscal year ending December 30, 2017 (“Fiscal 2017”), as described on page 14 of this Proxy Statement under “*Proposal No. 2 – Ratification of Audit Committee’s Selection of KPMG LLP as the Corporation’s Independent Registered Public Accountant for Fiscal 2017.*”

Adoption of an advisory resolution approving the compensation of the Corporation’s named executive officers as described on page 37 of this Proxy Statement under “*Proposal No. 3 – Advisory Vote to Approve Named Executive Officer Compensation.*”

For “1 YEAR” frequency of future advisory votes on named executive officer compensation as described on page 38 of this Proxy Statement under “*Proposal No. 4 – Advisory Vote on Frequency of Future Advisory Votes on Named Executive Officer Compensation.*”

“FOR” approval of the HNI Corporation 2017 Stock-Based Compensation Plan, as described on page 38 of this Proxy Statement under “*Proposal No. 5 - Approval of the HNI Corporation 2017 Stock-Based Compensation Plan.*”

“FOR” approval of the 2017 Equity Plan for Non-Employee Directors of HNI Corporation, as described on page 43 of this Proxy Statement under “*Proposal No. 6 - Approval of the 2017 Equity Plan for Non-Employee Directors of HNI Corporation.*”

“FOR” approval of the HNI Corporation Members’ Stock Purchase Plan, as described on page 46 of this Proxy Statement under “*Proposal No. 7 - Approval of the HNI Corporation Members’ Stock Purchase Plan.*”

How do I vote?

We urge you to vote by “proxy” (one of the individuals named on your proxy card will vote your shares as you have directed) even if you plan to attend the Meeting so we will know as soon as possible whether a quorum exists for us to hold the Meeting. Follow

the instructions on your enclosed proxy card. Telephone and internet voting is available to all registered and most beneficial holders.

Shareholders voting by proxy may use one of the following three options:

Fill out the enclosed proxy card, sign it and mail it in the enclosed, postage-paid envelope;

Vote by *internet* (if available, instructions are on the proxy card); or

Vote by *telephone* (if available, instructions are on the proxy card).

If your shares of Common Stock are held for you as the beneficial owner through a broker, trustee or other nominee (such as a bank) in “street name,” rather than held directly in your name, please refer to the information provided by your bank, broker or other holder of record to determine the options available to you.

The telephone and internet voting facilities for shareholders will close at 11:59 p.m. Eastern Daylight Time on May 8, 2017. If you vote by mail, you should mail your signed proxy card sufficiently in advance for it to be received by May 8, 2017.

If you hold shares through the Corporation’s retirement plan, your vote must be received by 11:59 p.m. Eastern Daylight Time on May 4, 2017.

If you sign, date and return the proxy card but do not specify how your shares are to be voted, then your proxy will vote your shares “FOR” Proposal Nos. 2, 3, 5, 6 and 7, “FOR” election of each nominee for Director, and “1 YEAR” frequency of future advisory votes on named executive officer compensation, and in your proxy’s discretion as to any other business which may properly come before the Meeting.

How do I vote if my shares of Common Stock are held in “street name”?

You will need to instruct your broker, trustee or other nominee how to vote your shares. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the Meeting unless you obtain a legal proxy from the broker, trustee or other nominee holding your shares, giving you the right to vote the shares at the Meeting.

Your broker, trustee or other nominee has enclosed with this Proxy Statement, or will provide upon request, voting instructions for you to use in directing the broker, trustee or other nominee how to vote your shares.

What discretion does my broker, trustee or other nominee have to vote my shares of Common Stock held in “street name”?

A broker, trustee or other nominee holding your shares of Common Stock in “street name” must vote those shares according to specific instructions it receives from you. New York Stock Exchange (“NYSE”) rules determine the proposals (“Non-Routine Proposals”) on which brokers may not vote without specific instructions from you. Your shares will not be voted on any Non-Routine Proposal if you do not provide voting instructions, giving rise to what is called a “broker non-vote.” Shares represented by broker non-votes will be counted as present for purposes of determining a quorum.

It is important, if you hold shares in “street name,” you provide specific voting instructions to your broker, trustee or other nominee or your shares will not be voted with respect to Proposal Nos. 1, 3, 4, 5, 6 and 7 because they are Non-Routine Proposals for which your broker, trustee or other nominee may not vote your shares in its discretion.

Can I change or revoke my vote or revoke my proxy?

Yes. You may change your vote at any time before the proxy is voted at the Meeting. For shareholders of record, if you voted your proxy card by mail, you may revoke your proxy at any time before it is voted by executing and delivering a timely and valid later-dated proxy, by voting by ballot at the Meeting or by giving written notice to the Secretary. If you voted via the internet or by telephone you may also change your vote with a timely and valid later-dated internet or telephone vote, as the case may be, or by voting by ballot at the Meeting. Attendance at the Meeting will not revoke a proxy unless (a) you give proper written notice of revocation to the Secretary before the proxy is exercised or (b) you vote by ballot at the Meeting. Once voting is completed at the Meeting, you will not be able to revoke your proxy or change your vote.

If your shares are held in “street name,” you must follow the specific voting directions provided to you by your broker, trustee or other nominee to change or revoke any instructions you have already provided.

How do I vote my shares in the Corporation's retirement plan?

If you participate in the Corporation's retirement plan, the proxy card you receive will also include Common Stock allocated to your account. Properly completed and signed proxy cards, including telephone and internet voting, will serve to instruct the plan trustee on how to vote any shares allocated to your account and a portion of all shares as to which no instructions have been received (the "undirected shares") from plan participants. The proportion of the undirected shares to which your instructions will apply will be equal to the proportion of the shares to which the trustee receives instructions represented by your shares.

How is the Corporation soliciting proxies?

The Corporation bears the cost of preparing, assembling and mailing the proxy materials related to the solicitation of proxies by and on behalf of the Board. In addition to the use of the mail, certain of the Corporation's officers may, without additional compensation, solicit proxies in person, by telephone or through other means of communication. The Corporation will bear the cost of this solicitation.

How will my vote get counted?

Broadridge will use an automated system to tabulate the votes and will serve as the Inspector of Election.

Is my vote confidential?

Proxy instructions, ballots and voting tabulations identifying individual shareholders are handled in a manner to protect your voting privacy. Your vote will not be disclosed either within the Corporation or to third parties, except:

as necessary to meet applicable legal requirements;

to allow for the tabulation of votes and certification of the vote; and

to facilitate a successful proxy solicitation.

Occasionally, shareholders provide written comments on their proxy cards, which may be forwarded to the Corporation's management.

How do I get to the Meeting location?

The Meeting will be held at HNI Corporate Headquarters, 600 East Second Street, Muscatine, Iowa. If driving to the Meeting from Quad City International Airport, from the main exit traffic light go straight onto I-74 to I-280, turn right (cloverleaf) onto I-280 West, drive approximately 11 miles crossing the Mississippi River Bridge, take the second exit in Iowa (Exit 6 – Muscatine), at the traffic light turn left (west) onto Highway 61 South, continue approximately 22 miles to Muscatine, continue on Hwy 61 bypass, turn left (south) at traffic light onto Park Avenue, veer right at stop sign at five-way stop onto Second Street, HNI Corporate Headquarters is approximately one mile on the left. If driving to the Meeting on I-80, take Exit 271 (Hwy 38 South), drive approximately 12 miles, proceed through major intersection of Hwy 38 and Hwy 61, continue on Park Avenue, veer right at stop sign at five-way stop onto Second Street, HNI Corporate Headquarters is approximately one mile on the left.

What should I do if I receive more than one set of voting materials?

You may receive more than one set of voting materials, including multiple copies of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card you receive.

The Securities and Exchange Commission (the "SEC") has adopted rules permitting delivery of a single annual report and/or proxy statement to any household at which two or more shareholders reside, whom the Corporation believes to be members of the same family. If you wish to participate in this program and receive only one copy of future annual reports and/or proxy statements, please write to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717. Your consent to receive only one copy of the annual report and/or proxy statement will remain in effect until Broadridge receives a written revocation notice from you, in which case the Corporation will begin sending individual copies within 30 days. The Corporation will continue

to separately mail a proxy card for each registered shareholder account. The Corporation will promptly deliver separate copies of its annual report and/or proxy statement upon request. Shareholders may request copies by writing to the Corporate Secretary at HNI Corporation, 600 East Second Street, Muscatine, Iowa 52761, or calling the Corporation at 563-272-7123.

Did the Corporation utilize the SEC's notice and access proxy rules for delivery of the voting materials this year?

No. The Corporation delivered its voting materials in the same manner as it has in the past. However, many shareholders have previously consented to receive electronic delivery of the proxy statement and annual report to security holders and therefore did not receive hard copies of these materials.

Why is the Corporation asking shareholders to approve, on a non-binding and advisory basis, named executive officer compensation again this year?

The Corporation is asking shareholders to approve, on a nonbinding, advisory basis, the compensation of the Corporation's Chief Executive Officer, Chief Financial Officer and three other most highly compensated executives (collectively, the "Named Executive Officers"), as disclosed below under "*Executive Compensation*" beginning on page 17 of this Proxy Statement. The Corporation's shareholders expressed a preference for, and the Board recommended, holding an advisory vote to approve named executive officer compensation every year. The Board recommends shareholders vote "FOR" the resolution approving the compensation of the Named Executive Officers.

Where can I find the voting results of the Meeting?

The Corporation intends to announce preliminary voting results at the Meeting and will publish final results on a Current Report on Form 8-K, which will be filed with the SEC within four business days after the Meeting and available on the Corporation's website.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 9, 2017

The Proxy Statement and annual report to security holders are available at <http://investors.hnicorp.com/Docs>.

The Corporation provides its annual reports, annual meeting notices and proxy statements over the internet. If you wish to receive these documents in the future over the internet rather than receiving paper copies in the mail, please follow the instructions on your proxy card. These documents will be available on or about March 24, 2017, at <http://investors.hnicorp.com/Docs>. Once you give your consent, it will remain in effect until you notify the Corporation you wish to resume mail delivery of the annual reports and proxy statements. Even though you give your consent, you still have the right at any time to request copies of these documents at no charge by writing to the Corporate Secretary at HNI Corporation, 600 East Second Street, Muscatine, Iowa 52761, or calling the Corporation at 563-272-7123.

PROPOSAL NO. 1 – ELECTION OF DIRECTORS

The Amended and Restated By-laws, as amended, of HNI Corporation (the “By-laws”) currently provide for ten Directors and the Board currently consists of ten Directors. Nine of the ten Directors are independent Directors as further discussed on page 8 of this Proxy Statement under “*Information Regarding the Board – Director Independence.*” Stan A. Askren, Chairman, President and Chief Executive Officer of the Corporation, is the only Director currently employed by the Corporation and is not independent under the NYSE listing standards or the Corporation’s categorical independence standards for Directors (the “Categorical Standards”).

The Board is divided into three classes. Generally, one class is elected each year for a term of three years. The terms of the five nominees, all of whom are current Directors, expire in 2017. The Board has nominated four Director candidates, Miguel M. Calado, Cheryl A. Francis, John R. Hartnett and Brian E. Stern, each to serve a three-year term expiring at the Corporation’s 2020 annual meeting of shareholders. Additionally, in order to equalize the number of Directors in each class as required by the Corporation’s By-Laws and Iowa law, the Board has nominated one Director, Larry B. Porcellato, to serve a two-year term expiring at the Corporation’s 2019 annual meeting of the shareholders.

Director Nominations

The Board has adopted guidelines for identifying and evaluating candidates for Director. Under those guidelines, the Corporation’s Public Policy and Corporate Governance Committee (the “Governance Committee”) takes into account a number of factors when identifying potential nominees, including: possession of desired skills, experience and abilities identified by the Governance Committee; ability to communicate ideas and contribute to Board deliberations; independence from management; diversity; judgment, integrity and reputation; existing commitments to other businesses; potential conflicts of interest with other pursuits; and legal constraints. Although the Corporation has no specific policy on diversity, the guidelines broadly define diversity to include factors such as age, race, gender, education, ethnicity, career experience and personality; understanding of and experiences in manufacturing, distribution, technology, finance and marketing; and international experience and culture. The Governance Committee reviews these factors and others considered useful by the Governance Committee in the context of an assessment of the perceived needs of the Board from time to time. The Governance Committee may use a variety of means to identify potential nominees, including recommendations from the Chairman, Directors or others associated with the Corporation. The Governance Committee may also retain third-party search firms to identify potential nominees based on the Corporation’s established criteria for director candidates discussed above. The Governance Committee screens potential candidates and recommends suitable candidates to the Board for nomination.

The Corporation does not have minimum qualifications for Directors; however, Directors should possess the highest personal and professional integrity and ethics and be willing and able to devote the required time to the Corporation. The Board believes it should be comprised of Directors with varied and complementary backgrounds, which together

build the overall strength of the Board.

Shareholders wishing to recommend a candidate for nomination by the Corporation as Director for inclusion in the Corporation's proxy statement for the 2018 annual meeting of shareholders should write to the Corporation's Corporate Secretary before September 30, 2017, and include the information required by Section 2.16(a)(2) of the By-laws. The Governance Committee will consider candidates for Director recommended by shareholders by applying the criteria for candidates described above and considering the additional information required by the By-laws.

Nominees for Election

The Board is nominating for election at the Meeting Miguel M. Calado, Cheryl A. Francis, John R. Hartnett, and Brian E. Stern, each for a term of three years and Larry B. Porcellato for a term of two years (collectively, the "Nominees"). The Nominees elected as Directors at the Meeting will hold office for the indicated term or until their respective successors are elected and qualified, subject to their prior death, resignation or removal.

Ms. Francis and Messrs. Calado, Porcellato and Stern were most recently elected as Directors at the Corporation's 2014 annual meeting of shareholders. Mr. Hartnett was appointed to the Board on August 9, 2016 at the recommendation of the Governance Committee after its evaluation of Mr. Hartnett based on the key attributes, experience and skills described under "Director Nominations" above. Mr. Hartnett was identified by a third party firm engaged by the Board to assist in director recruitment. Below is biographical information as well as the particular experience, qualifications, attributes and/or skills of each Nominee which led the Board to conclude the Nominee should serve as a Director. In addition, each Nominee must possess the highest

personal and professional integrity and ethics and a willingness and ability to devote the required time to the Corporation. The Board has determined each Nominee possesses these qualities.

Miguel M. Calado, age 61, has been a Director of the Corporation since 2004. Mr. Calado has been Vice President, Corporate Development and President of the iMAX Diagnostic Imaging Business Unit of Hovione SA, an international fine chemicals company with manufacturing facilities and offices in the United States, Europe and Asia, since 2014. Previously, from 2006 to 2014, he was the Vice President and Chief Financial Officer of Hovione SA. He has been an advising partner of The Trion Group, a strategic management consulting group based in Dallas, Texas, since 2006 and President of GAMCAL, LLC, an investment company, since 2006. He also serves as a member of the Advisory Board for the Business School of Catholic University of Portugal. Mr. Calado brings to the Board extensive international, general management, manufacturing and financial expertise derived primarily from his service as Chief Financial Officer of an international manufacturing company and prior service in various roles at several large, packaged and consumer goods public companies. These roles and companies include Executive Vice President and President, International for Dean Foods Company and several international finance roles for PepsiCo, Inc., including Senior Vice President, Finance and Chief Financial Officer, PepsiCo Foods International. Although Mr. Calado does not currently serve on the Corporation's Audit Committee, he qualifies as an "audit committee financial expert."

Cheryl A. Francis, age 63, has been a Director of the Corporation since 1999. Ms. Francis has been an independent business and financial advisor since 2000 and the Co-Chairman of the Corporate Leadership Center, a not-for-profit organization focused on developing tomorrow's business leaders, since 2008. Previously, from 2002 to 2008, she was the Vice Chairman of the Corporate Leadership Center. Ms. Francis is a director of Aon Corporation, the leading global provider of risk management services, insurance and reinsurance brokerage, and human resources solutions and outsourcing, and Morningstar, Inc., a leading provider of independent investment research in North America, Europe, Australia and Asia. Ms. Francis brings to the Board significant financial expertise based primarily on her prior role as Chief Financial Officer of R.R. Donnelley & Sons Company and service on the audit and finance committees of other public companies. She also brings to the Board corporate governance experience through her service on the compensation and governance committees of other public companies, and executive leadership development experience based on Corporate Leadership Center work with CEOs, leading academic institutions and corporate executives. She currently serves on the Corporation's Audit Committee and qualifies as an "audit committee financial expert."

John R. Hartnett, age 56, has been a Director of the Corporation since August 2016. Mr. Hartnett is an Executive Vice President at Illinois Tool Works Inc., a Fortune 200 global multi-industrial manufacturing leader with seven industry-leading business segments. Mr. Hartnett has been with ITW for 36 years and currently heads its Welding segment. He brings to the Board extensive engineering, marketing, manufacturing and management experience from his numerous business roles at ITW including his most recent roles as head of ITW's Construction Products segment.

Larry B. Porcellato, age 58, has been a Director of the Corporation since 2004. From 2009 to July 2014, Mr. Porcellato was the Chief Executive Officer of The Homax Group, Inc., a leading specialty application consumer

products supplier to the home care and repair markets. Previously, from February 2007 to December 2008, he was an independent business consultant and, from 2002 to January 2007, he was the Chief Executive Officer of ICI Paints North America, a manufacturer and distributor of decorative coatings and a subsidiary of Imperial Chemical Industries PLC. Mr. Porcellato is a director of OMNOVA Solutions, Inc., an innovator of emulsion polymers, specialty chemicals and decorative and functional surfaces for a variety of commercial, industrial and residential end uses, and a director of privately held PSAV Holding LLC, an international, full-service technology in-house audiovisual provider. Mr. Porcellato brings to the Board chief executive officer experience in the building products industry through his former leadership of Homax and his former role as Chief Executive Officer of ICI Paints and financial expertise derived primarily from his service on the audit committee of another public company and previous finance and division leadership roles at other public companies. He also brings to the Board international and marketing expertise derived primarily from his service in various international and marketing roles at Rubbermaid Incorporated and Braun Canada Inc. and corporate governance experience through his service on the compensation and governance committees of another public company.

Brian E. Stern, age 69, has been a Director of the Corporation since 1998. Mr. Stern has been a director of Starboard Capital Partners, LLC, a financial sponsor that initiates, finances and partners with management and private equity investors in the acquisition of companies, since July 2007. He is a director and investor in Blackrock Microsystems LLC (Utah). Previously, from 2004 to June 2007, Mr. Stern was the Senior Vice President, Xerox, Fuji Xerox Operations of Xerox Corporation, a developer, marketer, manufacturer, financier and servicer of document processing products and services. Mr. Stern brings to the Board significant knowledge of the office products and office supplies industry and expertise in product development, sales and marketing derived primarily from his service in various roles for Xerox. He also has substantial experience in international operations, manufacturing, channels of distribution and general management, also based primarily on his service at Xerox.

The Corporation believes all Nominees listed above will be available to serve if elected. However, if any one of them becomes unavailable, the persons named as proxies in the accompanying proxy card have discretionary authority to vote for a substitute chosen by the Board. Any vacancies not filled at the Meeting may be filled by the Board.

Required Vote

Election of the Nominees as Directors requires the affirmative vote of the holders of a majority of the Outstanding Shares voted at the Meeting. Abstentions and broker non-votes will not be counted for purposes of determining whether this Proposal has received sufficient votes for approval.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE “FOR” THE ELECTION OF THE NOMINEES AS DIRECTORS.

INCUMBENT DIRECTORS

Below is biographical information about each incumbent Director as well as the particular experience, qualifications, attributes and/or skills which led the Board to conclude the Director should serve as a Director. In addition, each Director must possess the highest personal and professional integrity and ethics and a willingness and ability to devote the required time to the Corporation. The Board has determined each Director possesses these qualities.

Messrs. Askren and Waters and Ms. Bell comprise a class of Directors whose terms will expire at the Corporation's 2018 Annual Meeting.

Stan A. Askren, age 56, has been a Director of the Corporation since 2003. Mr. Askren has also been the Chairman and Chief Executive Officer of the Corporation since 2004 and the President of the Corporation since 2003. He is a director of Armstrong World Industries, Inc., a global leader in the design and manufacture of floors and ceiling systems and a director of Allison Transmission Holdings, Inc., the world's largest manufacturer of fully automatic transmissions for medium- and heavy duty-commercial vehicles and a leader in hybrid-propulsion systems for city buses. Mr. Askren brings to the Board extensive experience and knowledge of the Corporation's business, operations and culture. He has worked for the Corporation for 23 years. Mr. Askren was vice president of marketing, an

executive vice president and president of the Corporation's hearth products operating segment. He worked in the Corporation's office furniture operating segment as a group vice president of The HON Company and president of Allsteel Inc. Mr. Askren has served as the vice president of human resources and an executive vice president of the Corporation. Mr. Askren also brings to the Board finance and corporate governance experience through his service on the audit and compensation committees of other public companies.

Mary A. Bell, age 56, has been a Director of the Corporation since 2006. Ms. Bell is a business consultant and a retired Vice President of Caterpillar, Inc., the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. She led Caterpillar's Building and Construction Products Division from 2008 until her retirement in 2015. From 2004 to 2007, she was the Vice President of Caterpillar's Logistics Division and served as Chairman and President of Cat Logistics Services, Inc., formerly a wholly owned subsidiary of Caterpillar. Ms. Bell brings to the Board considerable logistics, manufacturing and dealer channel expertise and general management experience derived primarily from her service in various roles at Caterpillar.

Ronald V. Waters III, age 65, has been a Director of the Corporation since 2002. Mr. Waters has been an independent business consultant since May 2010. Previously, from 2009 to May 2010, he was a Director and the President and Chief Executive Officer of LoJack Corporation, a premier worldwide marketer of wireless tracking and recovery systems for valuable mobile assets and a leader in global stolen vehicle recovery, and, from 2007 to 2008, he was a Director and the President and Chief Operating Officer of LoJack. He is a director of Fortune Brands Home & Security, Inc., an industry-leading home and security products company, and Paylocity Corporation, a leading software provider of cloud-based payroll and human capital management software. From October 2012 to January 2015, Mr. Waters was a director of Chiquita Brands International, Inc., a leading international marketer and distributor of nutritious high-quality fresh and value-added food products. Mr. Waters brings to the Board chief executive officer experience through his former role as Chief Executive Officer of LoJack and significant finance expertise derived primarily from his service on the audit committee of two other public companies and previous roles as Chief Operating Officer at two public

companies, Chief Financial Officer at Wm. Wrigley Jr. Company, Controller at The Gillette Company and partner of a large public accounting firm. He has extensive outside audit experience, and although Mr. Waters does not currently serve on the Corporation's Audit Committee, he qualifies as an "audit committee financial expert." Mr. Waters also brings to the Board international, law and information technology expertise derived primarily from his service in various roles at several large public companies.

Mses. Jones and Smith comprise a class of Directors whose terms will expire at the Corporation's 2019 Annual Meeting.

Mary K.W. Jones, age 48, has been a Director of the Corporation since February 2016. Since January 2013, Ms. Jones has been Senior Vice President and General Counsel of Deere & Company, a world leader in providing advanced products and services for agriculture, construction, forestry and turf care. From 2010 through 2012, she served as Deere's Vice President, Global Human Resources. Ms. Jones brings to the Board significant risk management, corporate governance and general legal expertise, derived largely from her role leading the Deere compliance and legal functions. In addition, she brings to the Board significant expertise in the areas of talent strategy, executive succession planning and compensation, derived from her former role as Deere's Vice President, Global Human Resources.

Abbie J. Smith, age 63, has been a Director of the Corporation since 2000 and the Lead Director since May 2014. Ms. Smith is the Boris and Irene Stern Distinguished Service Professor of Accounting, and since 1999 has been a Chaired Professor, of The University of Chicago Booth School of Business, a national leader in higher education and research. She is a director of DFA Investment Dimensions Group Inc., Dimensional Investment Group Inc. and Ryder System, Inc., a commercial transportation, logistics and supply chain management solutions company. Ms. Smith is also a trustee of The UBS Funds (Chicago), UBS Relations Trust, UBS SMA Relationship Trust and Fort Dearborn Income Securities, Inc. Ms. Smith brings to the Board considerable financial and corporate governance expertise based primarily on her extensive research and teaching at the University of Chicago and her service on mutual fund complex and other public company audit, performance, finance and nominating committees. Although Ms. Smith does not currently serve on the Corporation's Audit Committee, she qualifies as an "audit committee financial expert."

INFORMATION REGARDING THE BOARD

Director Independence

In addition to complying with NYSE listing standards and applicable SEC rules pertaining to director independence, the Corporation adopted the Categorical Standards, which are attached as Exhibit A to the Governance Guidelines and

available on the Corporation's website at www.hnicorp.com, under "*Investors - Corporate Governance - Governance Guidelines.*"

Under the Governance Guidelines, at least three-fourths of the Directors must meet the NYSE listing standards pertaining to director independence and the Categorical Standards. The Board has determined each Director, including each nominee for Director, other than Mr. Askren, has no material relationship with the Corporation (either directly or as a partner, shareholder or officer of an organization having a relationship with the Corporation) and is independent under the NYSE listing standards and the Categorical Standards, including any heightened independence standards applicable to a Director's service on the Corporation's Audit Committee (the "Audit Committee"), Human Resources and Compensation Committee (the "Compensation Committee") or Governance Committee.

Mr. Askren, the Corporation's Chairman, President and Chief Executive Officer, does not meet these independence standards because he is employed by the Corporation.

Board Committees

The Board has three standing committees, the Audit Committee, the Compensation Committee and the Governance Committee. The Governance Committee fulfills the role of a nominating committee. Each committee operates under a written charter, which has been approved by the Board. The Board reviews each committee charter at least annually. Current copies of the committees' charters can be found on the Corporation's website at www.hnicorp.com, under "*Investors - Corporate Governance - Committee Charters.*" Shareholders may request a copy of the Board's committees' charters by writing to the Corporate Secretary at HNI Corporation, 600 East Second Street, Muscatine, Iowa 52761. During 2016, each current Director attended all of the meetings of the committees on which the Director served as well as all Board meetings.

Audit Committee. The Audit Committee is comprised of Cheryl A. Francis, Chairperson, John R. Hartnett and Larry B. Porcellato. The Board has determined all members of the Audit Committee are financially literate under NYSE listing standards. The Board

has also determined Ms. Francis is an “audit committee financial expert,” as defined by Item 407(d)(5) of Regulation S-K. In accordance with the Audit Committee Charter, none of the Audit Committee members serve simultaneously on audit committees of more than three public companies. The Audit Committee met eight times during 2016. The Audit Committee appoints the Corporation’s independent registered public accountant and reviews the independent registered public accountant’s performance, independence, fees and audit plans. The Audit Committee also reviews the annual and quarterly financial statements; internal audit staffing, plans and reports; nonaudit services provided by the independent registered public accountant; the Corporation’s insurance coverage; and any other matters as directed by the Board, including key risk oversight.

Human Resources and Compensation Committee. The Compensation Committee is comprised of Ronald V. Waters, III, Chairperson, Mary A. Bell and Miguel M. Calado. In addition, each member qualifies as an “outside director” for purposes of Section 162(m) (“Section 162(m)”) of the Internal Revenue Code of 1986, as amended (the “Code”) and a “non-employee director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 (the “Exchange Act”). The Compensation Committee met four times during 2016. The Compensation Committee reviews executive compensation; executive succession planning; benefit programs for all members; management’s recommendations on election of officers and human resources development; oversees evaluation of the Chairman and CEO by the Board; and any other matters as directed by the Board.

Public Policy and Corporate Governance Committee. The Governance Committee is comprised of Brian E. Stern, Chairperson, Abbie J. Smith and Mary K.W. Jones. The Governance Committee met four times during 2016. The Governance Committee serves as the nominating committee and identifies individuals qualified to serve as Directors of the Corporation consistent with criteria approved by the Board; recommends director nominees to the Board for the next annual meeting of shareholders; develops and recommends to the Board corporate governance principles applicable to the Corporation; oversees the Corporation’s finance policy, capital structure and evaluation of the Board and the Corporation by the Directors; and any other matters as directed by the Board.

Processes and Procedures for the Consideration and Determination of Director Compensation by Governance Committee

The Governance Committee is responsible for annually reviewing the compensation paid to Directors for service on the Board and for recommending changes in compensation to the Board, if appropriate. The Board is responsible for approving Director compensation based on recommendations of the Governance Committee. Neither the Governance Committee nor the Board delegates its authority with respect to setting Director compensation to any other person or group. However, the Corporation’s management may, at the request of the Governance Committee, assist the Governance Committee in its review of Director compensation, which may include recommending changes to compensation. Although it has not done so recently, the Governance Committee has authority to retain and terminate a consultant to assist in the evaluation of the compensation and benefits for Directors and to approve the consultant’s fees and other retention terms.

Processes and Procedures for the Consideration and Determination of Executive Compensation by Compensation Committee

The Compensation Committee is responsible for developing and implementing the Corporation's compensation policies and programs for the Chairman and CEO and other senior executives as further discussed throughout the Compensation Discussion and Analysis (the "CD&A") which begins on page 17 of this Proxy Statement.

Board Leadership Structure

The Corporation's current board leadership structure consists of a combined Chairman and CEO position and nine independent Directors, one of whom has been designated Lead Director.

While certain of the conventional functions for the Chairman have been shared by all Directors, the Chairman position has traditionally been held by the Corporation's CEO. The Board believes the combined role of Chairman and CEO promotes unified leadership and direction for the Corporation, which allows for a single, clear focus for management to execute the Corporation's strategy and business plans. The Board believes this leadership structure has contributed to the long-term growth and financial success of the Corporation.

The Corporation has strong governance structures and processes in place to ensure the independence of the Board, eliminate conflicts of interest and prevent dominance of the Board by management. All Directors, with the exception of the Chairman, are independent as defined under NYSE listing standards, applicable SEC rules and the Categorical Standards, and all committees of

the Board are comprised entirely of independent Directors. In addition, the Board and the Governance Committee have assembled a Board comprised of strong and sophisticated Directors who are currently or have recently been leaders of major companies or institutions, are independent thinkers and have a wide range of expertise and skills.

In February 2005, the Board adopted Lead Director Guidelines. The Lead Director's duties and responsibilities include:

presiding at all meetings of the independent Directors;

communicating to the Chairman and CEO the substance of the discussions and consensus reached at the meetings of independent Directors;

encouraging the independent Directors and the Chairman and CEO to communicate with each other at any time and to act as principal liaison between the independent Directors and the Chairman and CEO on sensitive matters;

providing input to the Chairman and CEO on preparation of agendas for Board and committee meetings;

presiding at Board meetings when the Chairman and CEO is not in attendance;

acting as spokesperson for the Corporation in the event the Chairman and CEO is unable to act due to conflict of interest or incapacity; and

receiving and responding to communications from interested parties to the independent Directors.

Abbie J. Smith has been the Lead Director since May 2014.

The Board regularly meets in executive session without the presence of management and the independent Directors meet at least quarterly without the presence of management or the CEO. The Lead Director presides at these meetings and provides the Board's guidance and feedback to the Chairman and CEO and the Corporation's management team. Further, the Board has regular and complete access to the Corporation's management team. At each Board and committee meeting, Directors receive valuable information and insight from management on matters impacting the Corporation as well as current and future issues.

Given the strong leadership of the Chairman and CEO, the counterbalancing role of the Lead Director and a Board comprised of strong and independent Directors, the Board believes it is in the best long-term interests of the Corporation and its shareholders to maintain a combined role of Chairman and CEO.

Board's Role in Risk Oversight

The Board administers its risk oversight role primarily through its committee structure and the committees' regular reports to the Board at each quarterly Board meeting. The Audit Committee meets frequently during the year (eight times in 2016) and discusses with management, the Corporation's Vice President, Internal Audit, and the Corporation's independent registered public accountant:

current business trends affecting the Corporation;