MILLER HERMAN INC
Form DEF 14A
August 22, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN
PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the registrant [X]
Filed by a party other than the registrant [ ]
Check the appropriate box:
[ ] Preliminary Proxy Statement
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[X] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

HERMAN MILLER, INC.
(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):
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Notice of 2007

Annual Meeting of Shareholders

Proxy Statement

August 22, 2007

Dear Shareholder

You are cordially invited to attend the Annual Meeting of Shareholders of Herman Miller, Inc., which will be held on October 2, 2007, commencing at 9 a.m. (EDT). This year our meeting will be held through the Internet only.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe in detail the actions we expect to take at this meeting, as well as the means by which you may vote your shares and attend the meeting through the Internet.

Whether or not you plan to attend the Internet meeting, please vote electronically via the Internet, and if you request paper materials you can also vote by telephone or by mail. For more details on how to vote your shares please see the Proxy Statement under the caption Solicitation of Proxies and Voting .

Sincerely,

/s/ Brian Walker

Brian Walker
President and Chief Executive Officer

Notice of Annual Meeting of Shareholders

The annual meeting of the shareholders of Herman Miller, Inc. (the company), will be held on October 2, 2007 by means of remote communication on the Internet at the Company s web site, www.hermanmiller.com at 9:00 a.m. (EDT) for the following purposes:

1. To elect three directors, one for a term of one year and two for a term of three years
2. To consider and vote upon a proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm
3. To transact such other business as may properly come before the meeting or any adjournment thereof

Shareholders of record at the close of business on August 3, 2007, will be entitled to vote at the meeting.

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

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

By visiting www.proxyvote.com on the Internet;

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

You may also vote at the meeting by faxing your Proxy to (616) 654-7221 before the polls are closed during the meeting. Regardless of whether you expect to attend the meeting through the Internet, please vote your shares in the one of the ways listed above.

By order of the Board of Directors
Daniel C. Molhoek, Secretary to the Board August 22, 2007

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Herman Miller, Inc.

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

Proxy Statement Dated August 22, 2007

This Proxy Statement and the accompanying Proxy, which are being made available to shareholders on or about August 22, 2007, are furnished to the shareholders of Herman Miller, Inc., in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting of Shareholders. This meeting will be held on October 2, 2007 at 9:00 a.m. (EDT). Please note that this year s Annual Meeting will be held via the Internet rather than in person.

How to Participate in the Electronic Meeting

In order to participate in this year s Annual Meeting, please log on to www.hermanmiller.com and click on the Investors section and the Annual Meeting Webcast link at least 15 minutes prior to the start of the 9:00 a.m. meeting to provide time to register and download the required audio software if needed. All shareholders will need to register by entering your name and, if you would like to ask a question during the meeting, you will also need to enter the 12-digit control number received with your Notice or Proxy. Questions that would be appropriate to raise in person and that relate to the purpose of the meeting will be accepted during the meeting. To submit questions, please access the Annual Meeting Webcast and select Ask a Question.

Solicitation of Proxies and Voting

Each shareholder, as an owner of the company, is entitled to vote on matters scheduled to come before the annual meeting. The use of proxies allows a shareholder to be represented at the annual meeting if he or she is unable to attend the meeting via the Internet.

You can vote by any of the following methods

Vote by Internet Before the Annual Meeting Use your computer to access the website listed on the Proxy (or the written Notice mailed to you) and, with the Proxy or Notice in hand, record your vote. The deadline for internet voting is 11:59 p.m., EDT, on October 1, 2007.

If you request paper materials you may also

Vote by Telephone Call the toll free telephone number provided with your Proxy and, with the Proxy in hand, follow the instructions. The deadline for telephone voting is 11:59 p.m. EDT on October 1, 2007.
Vote by Mail Complete, date, and sign your Proxy. Mail it in the prepaid envelope provided so that it reaches us before October 2, 2007.
Vote by Facsimile During the Annual Meeting You may vote by facsimile during the Annual Meeting prior to the announcement that the polls are closed. You may do so by faxing a marked and signed copy of your Proxy to 1-616-654-7221.

If your Proxy is properly executed, the shares represented by the Proxy will be voted at the Annual Meeting of Shareholders and at any adjournment of that meeting. Where shareholders specify a choice, the Proxy will be voted as specified. If no choice is specified, the shares represented by the Proxy will be voted for the election of all nominees named in the Proxy and for the proposal described in this Proxy Statement.

A Proxy may be revoked prior to its exercise by (i) delivering a written notice of revocation to the Secretary of the company, (ii) executing and delivering a Proxy at a later date, or (iii) attending the meeting via the Internet and voting via fax. However, attendance at the meeting does not automatically serve to revoke a Proxy.

Election of Directors

The Board of Directors has nominated C. William Pollard, Dorothy A. Terrell, and David O. Ulrich for election as directors; Mr. Pollard to serve until the 2008 annual meeting, and Ms. Terrell and Mr. Ulrich to serve until the 2010 annual meeting. Our Bylaws provide that a person may not be elected as a director for a term that expires later than the annual stockholders meeting after attaining age 70. Accordingly, Mr. Pollard, who is currently 69, is being nominated for a one-year term only. Each of the nominees previously has been elected as a director by our shareholders.

The latter portion of this Proxy Statement contains more information about the nominees. Unless otherwise directed by a shareholder s proxy, each person named as proxy voters in the accompanying proxy will vote for the nominees named above. If any of the nominees become unavailable, which is not anticipated, the Board of Directors, at its discretion, may designate substitute nominees, in which event the enclosed proxy will be voted for such substituted nominees. Proxies cannot be voted for a greater number of people than the number of nominees named.

A plurality of the votes cast at the meeting is required to elect the nominees as our directors. Accordingly, the three people who receive the largest number of votes cast at the meeting will be elected as directors. Shares not voted at the meeting, whether by abstention, broker non-vote, or otherwise, will not be treated as votes cast at the meeting.

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

Ratification of Appointment of Independent Registered Public Accounting Firm

Our Audit Committee has appointed Ernst & Young LLP (Ernst & Young) as our independent registered public accounting firm for the fiscal year ending May 31, 2008. Representatives of Ernst & Young will be present at the annual meeting of shareholders and available to respond to appropriate questions submitted in advance. The Ernst & Young representatives will have the opportunity to make a statement if they so desire.

Although the submission of this matter for approval by shareholders is not legally required, our Board of Directors believes that such submission follows sound corporate business practice and is in the best interests of our shareholders. If our shareholders do not approve the selection of Ernst & Young, the selection of this firm as our independent registered public accounting firm will be reconsidered by the Audit Committee.

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

Disclosure of Fees Paid to Independent Auditors

Aggregate fees billed to us for the fiscal years ended June 3, 2006, and June 2, 2007 by our independent registered public accounting firm, Ernst & Young, were as follows:

Fiscal Year Ended	**June 3, 2006**	**June 2, 2007**
Audit Fees(1)	1,197,000	1,227,000
Audit Related Fees(2)	30,000	24,000
Tax Fees(3)	17,000	15,000
All Other Fees	0	0
Total	$ 1,244,000	$ 1,266,000

(1) Includes fees billed for the audit of and accounting consultations related to our consolidated financial statements included in Form 10-K, including the associated audit of our internal controls, the review of our financial statements included in our quarterly reports in Form 10-Qs, and services in connection with statutory and regulatory filings.

(2) Includes fees billed for audits of employees benefits plans and accounting consultations that are unrelated to the audit or review of financial statements.

(3) Includes fees billed for tax compliance, tax advice and, tax planning.

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

Voting Securities and Principal Shareholders

On August 3, 2007, we had 61,235,442 shares of common stock issued and outstanding, par value $.20 per share. Shareholders are entitled to one vote for each share of common stock registered in their names at the close of business on August 3, 2007, the record date fixed by our Board of Directors. Votes cast at the meeting and submitted by proxy will be tabulated by our transfer agent. As of August 3, 2007, no person was known by management to be the beneficial owner of more than five percent of our common stock, except as follows.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Ariel Capital Management, Inc. 200 East Randolph Dr., Ste. 2900 Chicago, Illinois 60601	6,954,066(1)	11.36
Barclays Global Fund Advisors 45 Fremont Street San Francisco, CA 94105	6,094,978(2)	9.95
Columbia Wanger Asset Management, L.P. 227 West Monroe Street Suite 3000 Chicago, IL 60606	4,131,000(3)	6.75
Rainier Investment Management, Inc. 601 Union Street, Ste. 2801 Seattle, WA 98101	3,475,217(4)	5.68

(1) *This information is based solely upon information as of December 31, 2006 contained in the 13G/A filed on February 13, 2007 by Ariel Capital Management with the Securities and Exchange Commission, SEC , including notice that it has sole voting power as to 5,539,896 shares and sole dispositive power as to 6,953,236 shares.*

(2) *This information is based solely upon information as of December 31, 2006 contained in the 13G filed on January 23, 2007 by Barclays Global Fund Advisors with the SEC, including notice that it has sole voting power as to 5,207,526 shares and sole dispositive power as to 6,094,978 shares.*

(3) *This information is based solely upon information as of June 30, 2007 contained in the 13F filed on August 7, 2007 by Columbia Wanger Asset Management, LLP. with the SEC.*

(4) *This information is based solely upon information as of March 31, 2007 contained in the 13F filed on May 11, 2007 by Rainier Investment Management, Inc., with the SEC.*

Director and Executive Officer Information

Security Ownership of Management

The following table shows, as of August 3, 2007, the number of shares beneficially owned by each of the Named Executives identified in the executive compensation tables of this Proxy Statement and by all directors and executive officers as a group. Except as described in the notes following the table, the following persons have sole voting and dispositive power as to all of their respective shares.

Named Executive	Amount and Nature of Beneficial Ownership[1]	Percent of Class[2]
Brian C. Walker	313,043	.50
Elizabeth A. Nickels	233,938	.38
John Portlock	92,406	.15
Andrew J. Lock	46,426	.07
Gary S. Miller	287,019	.46
All executive officers and directors as a group (21 persons)	2,129,839(3)	3.42

(1) *Includes the following number of shares with respect to which the Named Executives have the right to acquire beneficial ownership under stock options exercisable in 60 days: Mr. Walker 19,160; Ms. Nickels 176,637; Mr. Portlock 66,425; Mr. Lock 12,774; and Mr. Miller 196,654.*

(2) *Calculated based on the number of shares outstanding plus the option shares referred to in footnote (3) below.*

(3) *Included in this number are 1,074,005 shares with respect to which executive officers and directors have the right to acquire beneficial ownership under options exercisable within 60 days.*

Director and Executive Officer Information *(Continued)*

The Board of Directors

The information in the following table relating to each nominee s and director s age, principal occupation or employment for the past five years, and beneficial ownership of shares of common stock as of August 3, 2007, has been furnished to us by the respective nominees and directors. Except as described in the notes following the table, the following nominees and directors have sole voting and dispositive power as to all of the shares set forth in the following table.

Name and Principal Occupation	Age	Year First Became a Director	Shares Owned(1)	Percent of Class(2)
Nominee for Election as Director for Term to Expire in 2008				
C. William Pollard Since April 2002-- Chairman Emeritus, The ServiceMaster Company January 2005 to December 2006-- Chairman of the Board, UnumProvident Corporation March 2003 to January 2005-- Co-Chairman of the Board, UnumProvident Corporation April 2002 to January 2003-- Chairman of Executive Committee, The ServiceMaster Company	69	1985	68,298(3)	.11
Nominees for Election as Directors for Terms to Expire in 2010				
Dorothy A. Terrell Since April 2003-- Venture Partner, First Light Capital April 2005 to June 2007-- President and Chief Executive Officer, Initiative for a Competitive Inner City February 1998 to August 2002-- President, Platform Service Group, and Senior Vice President, Worldwide Sales, NMS Communications Corporation	62	1997	42,469	.07
David O. Ulrich Since 1982-- Professor, University of Michigan Business School	53	2001	67,782	.11
Directors Whose Terms Expire in 2009				
Douglas D. French Since June 2007-- Managing Director, Sante Health Ventures May 2004 to May 2007-- Principal, JD Resources, LLC January 2000 to May 2004-- President and Chief Executive Officer, Ascension Health	53	2002	34,707	.06
John R. Hoke III Since July 2003-- Vice President, Global Footwear Design, NIKE, Inc. January 2002 to July 2003-- Global Creative Director, Footwear Design, NIKE, Inc.	42	2005	3,160	.01

Name and Principal Occupation	Age	Year First Became a Director	Shares Owned[1]	Percent of Class[2]
James R. Kackley Since May 2002-- Private Investor	65	2003	30,519	.05

Director and Executive Officer Information

The Board of Directors *(Continued)*

Name and Principal Occupation	Age	Year First Became a Director	Shares Owned(1)	Percent of Class(2)
Michael A. Volkema Since 2000-- Chairman of the Board, Herman Miller, Inc. July 1995 to July 2004 Chief Executive Officer, Herman Miller, Inc. From May 1995 to March 2003 President, Herman Miller, Inc.	51	1995	218,950	.35
Directors Whose Terms Expire in 2008				
Mary Vermeer Andringa Since February 2003-- President and Chief Executive Officer, Vermeer Manufacturing Company From 1989 to February 2003 Chief Operating Officer, Vermeer Manufacturing Since 1989-- President, Vermeer Manufacturing	57	1999	35,209	.06
Lord Brian Griffiths of Fforestfach Since 1991-- International Advisor, Goldman Sachs International Limited and House of Lords, United Kingdom	65	1991	83,572	.13
J. Barry Griswell Since June 2006-- Chairman of the Board, Principal Life Since January 2002-- Chairman of the Board and Chief Executive Officer, Principal Financial Group, Inc. Since January 2000-- Chief Executive Officer, Principal Life April 2001 to June 2006 President, Principal Financial Group, Inc. March 1998 to June 2006 President, Principal Life	58	2004	10,000	.02
Brian C. Walker Since July 2004-- President and Chief Executive Officer, Herman Miller, Inc. March 2003 to July 2004 President and Chief Operating Officer, Herman Miller, Inc. From December 1999 to March 2003 President, Herman Miller North America	45	2003	313,043	.50

1) *Shares shown for each director include the following number of shares which that director has the right to acquire beneficial ownership under stock options exercisable within 60 days: 39,573 shares for Mr. Pollard; 32,775 shares for Ms. Terrell; 67,782 shares for Mr. Ulrich; 31,037 shares for Mr. French; 24,096 shares for Mr. Kackley; 8,602 shares for Ms. Andringa; 31,605 shares for Lord Griffiths; 19,160 shares for Mr. Walker;.*

(2) *Percentages are calculated based upon shares outstanding plus shares that the director has the right to acquire under stock options exercisable within 60 days.*

(3) *Includes 1,612 shares owned of record and beneficially by Mr. Pollard s wife. Mr. Pollard disclaims beneficial ownership of these shares. Additionally, 19,500 shares are owned by a family partnership.*

Ms. Terrell also is a director of General Mills, Inc. Mr. French also is a director of Emageon. Mr. Kackley also is a director of PepsiAmericas, Inc. and Ryerson, Inc. Mr. Volkema also is a director of Applebee s International, Inc. and Wolverine Worldwide, Inc. Brian Griffiths, Lord Griffiths of Fforestfach, also is a director of The ServiceMaster Company. Mr. Griswell also is a director of Principal Financial Group, Inc. and Principal Life. Mr. Walker also is a director of Briggs & Stratton Corporation. There are no family relationships between or among our directors, nominees, or any of our executive officers.

Corporate Governance and Board Matters

Board Governance Guidelines

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

Code of Conduct

Our Board has adopted a Code of Conduct that applies to all of our employees, officers, and directors. This code also serves as the code of ethics for our CEO and senior financial officers. This code is posted on our website at www.hermanmiller.com/code. Any changes to or waivers of the code must be approved by the Board of Directors and will be disclosed. There were no changes or waivers in fiscal year 2007.

Determination of Independence of Board Members

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

Meeting Attendance

Each of our directors is expected to attend all meetings of the Board and applicable committee meetings. They are also encouraged to attend our annual meeting of shareholders. Twelve of our directors attended our 2006 Annual Shareholders Meeting. During fiscal 2007, the Board held four meetings; each director attended at least 75 percent of the aggregate number of meetings of our Board and Board committees which they were expected to attend except for Mr. Hoke who attended 71 percent. Consistent with the requirements of our Guidelines, our Board met in executive sessions, without the presence of management, following the conclusion of each regularly scheduled Board meeting. These meetings were chaired by the Chairman, Mr. Volkema. In addition, following three of the Board Meetings, the independent directors met separately. These meetings were chaired by the board s lead director. Mr. Pollard currently serves as lead director.

Communications with the Board

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

Director Nominations

Our Bylaws contain certain procedural requirements applicable to shareholder nominations of directors. Shareholders may nominate a person to serve as a director if they provide written notice to us not later than sixty days prior to the date of that year s annual meeting and, with respect to any special meeting at which a director is to be elected, not later than 10 days after the date of notice of that meeting. The notice must include (1) the name and address of the shareholder who intends to make the nomination and of the person or persons nominated, (2) a representation that the shareholder is a current record holder and will continue to hold those shares through the date of the meeting and intends to attend the meeting in person or by proxy, (3) a description of all arrangements between the shareholder and each nominee, (4) the information regarding each nominee as would be required to be included in a proxy statement filed under Regulations 14A of the Exchange Act had the nominee been nominated by the Board of Directors, and (5) the consent of each nominee to serve as director.

Our Nominating and Governance Committee is responsible for reviewing the qualifications and independence of the members of the Board. However, it has not established specific, minimum qualifications for director nominees. This committee does assess the experience and background of prospective candidates, including his or her independence. The committee s charter authorizes the committee to consider all factors it considers appropriate, including the candidate s experience and knowledge of our history and culture, as well as his or her experience and background in manufacturing, design, marketing, technology, finance, management structure and philosophy, including his or her experience as a senior executive officer of a public company. In light of these general requirements, our governance committee reviews the suitability of each person nominated to our Board. In the past, through the board evaluation process, the committee has determined whether there were any skills or experience that needed to be added to the Board and used that information to help establish criteria for Board member searches and candidate evaluation. Other than the procedural requirements described above, the Board has not adopted a policy with regard to the consideration of director candidates nominated by shareholders. All candidates, by whomever nominated, are evaluated in the same manner and under the same standards.

The Nominating and Governance Committee has not received any recommended nominations from any of our shareholders in connection with our 2007 annual meeting. The nominees who are standing for election as directors at the 2007 annual meeting are incumbent directors recommended by the committee and nominated by the Board. Our Nominating and Governance Committee is currently utilizing the services of a third party search firm to assist in the identification and evaluation of board member candidates.

Board Committees

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

Executive Compensation Committee

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

Executive Compensation Committee Interlocks and Insider Participation

No member of the Executive Compensation Committee is or has been an officer or employee of the company or had any relationship that is required to be disclosed as a transaction with a related party. In addition, no current executive officer of the Company has ever served as a member of the Board of Directors or Compensation Committee of any other entity that has or has had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Nominating and Governance Committee

We have a Nominating and Governance Committee comprised of C. William Pollard (chair), Lord Brian Griffiths of Fforestfach, and Dorothy A. Terrell. The Nominating and Governance Committee develops and recommends to the Board governance standards and policies and board compensation including that of the chairman of the board. In addition, the committee identifies and recommends to the Board candidates for election to fill vacancies on the Board. The committee met four times during the last fiscal year.

Executive Committee

We have an Executive Committee comprised of Michael A. Volkema (chair), James R. Kackley, C. William Pollard, and David O. Ulrich. The Executive Committee acts from time to time on behalf of the Board in managing our business and affairs (except as limited by law or our Bylaws) and is delegated certain assignments and functions by the Board of Directors. The committee met four times during the last fiscal year.

Audit Committee

We have an Audit Committee comprised and James R. Kackley (chair), Mary V. Andringa, and Douglas D. French. Mr. Kackley is qualified as and serves as the Audit Committee financial expert within the meaning of the applicable SEC regulations. This Committee, composed entirely of independent directors under the applicable listing standards of the National Association of Securities Dealers (NASD), as well as the requirements of the Sarbanes-Oxley Act of 2002, is responsible for overseeing management s reporting practices and internal controls on behalf of the Board of Directors. The Committee is also responsible for appointing, approving the compensation of, and overseeing our independent registered public accounting firm. The Audit Committee met eight times during the past fiscal year. The March 2007 meeting included an annual review of the Committee s written charter.

Report of the Audit Committee

The Audit Committee s purpose is to oversee the accounting and financial reporting processes of the company, the audits of the company s financial statements and management s assessment of the company s internal controls, the qualifications of the public accounting firm engaged as the company s independent registered public accounting firm, and the performance of the company s internal auditors and independent registered public accounting firm. The Committee s function is more fully described in its charter, which the Board has adopted. The Committee reviews the charter on an annual basis. The Board annually reviews the NASDAQ listing standards definition of independence for audit committee members and has determined that each member of the Committee meets that standard.

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

We have reviewed and discussed with management and Ernst & Young, LLP the company s audited financial statements for the year ended June 2, 2007, management s assessment of the effectiveness of the company s internal controls over financial reporting, and Ernst & Young, LLP s evaluation of the company s internal controls over financial reporting.

We have discussed with Ernst &Young, LLP the matters required to be discussed by Statement on Accounting Standards No. 61, Communication with Audit Committees, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

We have received and reviewed the written disclosures and the letter from Ernst & Young, LLP required by Independence Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and have discussed with Ernst & Young, LLP their independence including a consideration of the compatibility of non-audit services with their independence.

Based on the reviews and discussions referred to above, we recommended to the Board of Directors that the financial statements referred to above be included in the company s Form 10-K Report for the year ended June 2, 2007, and we selected Ernst & Young LLP as the independent auditor for fiscal year 2008. The Board is recommending that shareholders ratify that selection at the annual meeting.

James R. Kackley (chair)   Douglas D. French   Mary VerMeer Andringa

Compensation Discussion and Analysis

Overview of Compensation Program

The Executive Compensation Committee of the Board (the Committee) is responsible for establishing the executive compensation programs at Herman Miller, Inc. (the Company, us or similar pronouns). The Committee insures that the compensation paid to the Company s corporate officers is fair, reasonable, competitive and consistent with our compensation philosophy.

The Company is required to provide information regarding our compensation policies and decisions for our CEO, CFO and the three other most highly compensated executive officers. We refer to our CEO, CFO and the other three most highly compensated executive officers collectively as our Named Executive Officers or NEOs. This Compensation Discussion and Analysis is intended to provide information regarding, among other things, the overall objectives of our compensation program and each element of compensation provided to the NEOs.

The Executive Compensation Committee

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

The Committee s primary functions are to oversee the compensation philosophy and strategy of the Company, to determine or recommend the compensation of company officers, including the NEOs, and to act as the Administrative Committee for the Company s key executive compensation plans. During fiscal year 2007 (ended June 2, 2007), the Committee met five times.

The Committee is responsible for recommendations to the full Board with respect to the annual compensation of the Company s President and Chief Executive Officer. These recommendations cover all aspects of the President and Chief Executive Officer s compensation including base salary, incentive pay, and equity-based compensation. The Committee, based upon recommendations from our CEO, approves the annual compensation for all other corporate officers covered by Section 16 of the Securities Exchange Act of 1934 including the NEOs (Corporate Officers). Our President and Chief Executive Officer establishes the base salary of all other company executives. The Committee establishes the performance objectives for the EVA Incentive Cash Bonus Plan and the equity-based compensation plans, which cover the President and Chief Executive Officer, Corporate Officers, and executive employees of the company.

The Committee does not set compensation for the Board of Directors. The Nominating and Governance Committee is responsible for reviewing, and recommending to the Board of Directors, the amount and form of payment of director compensation.

Compensation Philosophy and Objectives

Our compensation philosophy, as formulated by Management and endorsed by the Committee and by our Board of Directors, is to allow for an appropriate level of risk and a corresponding compensation reward within a range that bears a relationship to the competitive market, to the responsibilities of the employee and to the performance of the employee and Company. Consistent with this philosophy, the key objectives of our executive compensation program are to:

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

The compensation program, through its use of base salary, annual incentive pay and long-term incentives is intended to reward performance that generates both consistent and long-term enhancement of shareholder value.

Compensation Discussion and Analysis (Continued)

External Consultants

During fiscal year 2007, the Committee retained Towers Perrin to provide consulting services to it concerning certain aspects of executive compensation. The services included reviewing the elements of compensation of the Chairman, the President and Chief Executive Officer, and the Corporate Officers and comparing those elements to the Company s compensation philosophy and objectives and to the market practices for such compensation. Towers Perrin concluded that the compensation program established for those officers is consistent with the Company s compensation philosophy and objectives including with respect to market practices. The Company from time to time retains separate independent external consultants for other specialized work as may be required, such as recommending Board of Directors compensation, conducting a review of retirement or other benefit programs, and establishing change in control provisions. The Company in 2007 did not use the services of such separate independent consultants. With the approval of the Committee, Towers Perrin in 2007 did provide consulting services to the Company other than those provided to the Committee. For 2007 Towers Perrin charged the Company approximately $106,000 for services provided to the Committee and an additional approximate $48,000 for other compensation related consulting services provided to the Company.

Benchmarking of Compensation

To ensure that executive compensation is competitive in the marketplace, the Committee benchmarks our compensation programs relative to general industry pay practices. The Committee chooses to benchmark compensation levels against industrial companies in general as it minimizes the potential volatility of market pay data due to changes in database/survey participation or mergers/acquisitions; lessens the impact that a single entity can have on the overall data; provides a more consistent result; and better reflects the market in which the Company competes for executive talent.

Towers Perrin annually presents the Committee with benchmarking data, market practices and trends to provide appropriate context for the Committee s deliberations. The CEO makes recommendations to the Committee regarding the compensation package for each of the Corporate Officers (other than himself). The CEO s recommendations are based on the Towers Perrin information, his evaluation of the individual s performance and other factors. Based on the Committee s review of the information from Towers Perrin, the recommendations of the CEO and their own judgment of the relative performance of both the Company and its executives and of the market practices, the Committee determines the appropriate compensation for Corporate Officers (other than the CEO) and makes a recommendation to the full board for the CEO compensation. The Board of Directors determines the compensation of the CEO.

Towers Perrin in 2007 used the following survey sources when analyzing the market competitiveness pay levels of Corporate Officers; Towers Perrin Executive Compensation Database, Watson Wyatt Top Management Compensation Report, and the Mercer Executive Database (collectively these are referred to as Published Survey Data). Towers Perrin uses a regression analysis and aging to make allowances for time differences in the data and to align the data so that it can be compared both with companies with $2 billion in revenue and with companies having revenues equivalent to the operations managed by individual NEOs. In addition, in setting the 2007 compensation of Corporate Officers, including the NEOs, the Committee used a specifically selected comparator group of companies to confirm the Published Survey Data supplied by Towers Perrin. The companies in this comparator group were: Whirlpool, Kellogg, Stryker, Steelcase, Universal Forest Products, HNI, Furniture Brands International, La-Z-Boy, Spartan Stores, Hillenbrand Industries, Kimball International, Wolverine World Wide, Perrigo, Ethan Allen Interiors, Tempur Pedic International, Knoll and Select Comfort.

Each NEO position has its base salary, target total cash and target total direct compensation compared relative to the 25th, 50th (market median) and 75th percentile of the survey data of a comparable benchmark position. Each of the compensation elements is explained in more detail below. Positions are benchmarked based upon comparability of responsibilities and the annual revenues of the operations managed. The Committee uses the Published Survey Data for benchmarking purposes because it believes the competitive market for executive talent in which the Company operates is the general corporate talent market, not just the office furniture or West Michigan talent markets.

The Committee annually reviews executive pay tally sheets prepared by Towers Perrin for Corporate Officers. The tally sheets reflect the total compensation to the NEOs from all sources of compensation, including payments under severance or change in control scenarios. The Committee uses the tally sheets to help it determine that the Company s compensation program is consistent with market norms and with our compensation philosophy and corporate values.

The Committee has determined that total compensation for each NEO in fiscal 2007 was appropriate and reasonable. The Committee has also determined that the Company s compensation program operates in a manner that is consistent with the Company s overall compensation philosophy.

Compensation Discussion and Analysis (Continued)

Elements of the Compensation Program

Our Corporate Officer compensation package includes five distinct elements:

1. Base Salary
2. Annual Executive Incentive Cash Bonus
3. Long-Term Equity Incentives
4. Retirement and Health Benefits
5. Perquisites and other executive compensation plans

These five elements together form an executive s total compensation package. The first two elements form an executive s total cash compensation and the first three elements form an executive s total direct compensation package. It is the Company s goal to align the compensation packages with prevailing market rates. The alignment is accomplished primarily through adjustments to each Corporate Officer s total direct compensation. The compensation program helps us to attract and retain the talent we need to grow and sustain our business. Our goal is to compensate executives for their level of responsibility, development and individual performance. The Committee believes that as the responsibility and authority of a Corporate Officer increases, the portion of his or her compensation determined by the Company s performance should also increase. Each Corporate Officer s current responsibility, development and individual performance is assessed by the Committee to determine the appropriate compensation given performance in their position. The compensation program is intended to provide executives who are judged to perform their duties at a proficient level with a total direct compensation package that approximates the market median compensation for such position based upon the data provided by Towers Perrin. Each element of total direct compensation is benchmarked to the prevailing market, however, in certain circumstances local practices related to long-term incentives and bonuses may be significantly different than those applicable to the Company as a whole. In those circumstances, the Company emphasizes consistency in the application of its long-term incentive programs and adjusts base and bonus so as to maintain total direct compensation in an amount that is consistent with the Company s compensation philosophy.

Base Salary

The CEO evaluates each of the Corporate Officers annually and makes recommendations to the Committee for base salary. The base salary of the CEO is set by the Board of Directors. In general, but subject to individual circumstances, base salaries reflect market rates for comparative positions and the NEO s level of proficiency and performance. The base salary of NEOs assessed by the CEO and the Committee to be proficient is generally targeted around the market median of the survey market compensation data. The base compensation of NEOs who are assessed to still be developing in their role in general would be below the market median and those judged to be performing at a significantly higher level would be above the market median. The Committee in each circumstance uses its judgment and experience in setting the specific level of base salary relative to the general market median data.

Executive Incentive Cash Bonus

The annual executive incentive cash bonus for the Corporate Officers is paid pursuant to the Executive Incentive Cash Bonus Plan. This plan is intended to link annual incentive compensation to the creation of shareholder value. The Executive Incentive Cash Bonus Plan provides for the annual payment of a cash bonus (Incentive Cash Bonus) to selected executives based upon the performance of the Company during the fiscal year. The annual Incentive Cash Bonus is reported in the Summary Compensation Table under the column titled Non-equity Incentive Plan Compensation as required by SEC regulation.

The measure of performance for the Incentive Cash Bonus is Economic Value Added (EVA). EVA in general terms is equal to the Company s net operating income after subtraction of taxes and a charge for capital. The Committee believes that the utilization of the EVA measurement system, with its focus on maximizing the Company s return on capital investments relative to its cost of capital, is an effective means of evaluating and rewarding executive performance. The cash bonus for NEOs in fiscal 2007 was based upon consolidated EVA for the entire Company.

Compensation Discussion and Analysis
Elements of the Compensation Program *(Continued)*

Under the Executive Incentive Cash Bonus Plan a participant is assigned an Incentive Cash Bonus target expressed as a percentage of his or her base pay, and the actual bonus payment is determined by comparing the actual improvement in EVA achieved by the Company against expected improvement. The expected improvement is the dollar amount of EVA improvement necessary to earn the targeted EVA bonus. The interval is the dollar amount of EVA change, either above or below the expected improvement, necessary to either double the EVA bonus amount or reduce it to zero.

The actual Incentive Cash Bonus amount paid with respect to any year may range from 0 to 2 times of the target based upon the relative achievement of our EVA targets described below. The Committee sets the EVA targets for 3 year periods. The Incentive Cash Bonus earned by participants is expected over time to equal 100 percent of his or her individual target. The target Incentive Cash Bonus payment for the NEOs generally is set at 100 percent of the market median bonus amount for comparable positions as shown in the Published Survey Data , although as explained earlier base pay and bonus may be adjusted in order to maintain total compensation in an amount that is consistent with our compensation philosophy. The Committee believes that this use of Incentive Cash Bonus is consistent with the objective of making compensation for senior corporate officers more variable with the Company s performance.

The Incentive Cash Bonus payment target percentages for NEOs in fiscal 2007 ranged from 85 percent of base salary for the CEO to 60 percent of base salary for other NEOs. For fiscal 2008, the payment target percentage for our CEO was increased to 100 percent of base salary. This increase was based upon the CEO s greater experience in his role, his improved performance and the market information provided by the Published Survey Data. The Committee is responsible for administering all elements of the Executive Incentive Cash Bonus Plan, except that those elements of the plan relating to the CEO (including target percentage payment) are approved by the Board. The Committee approves participants in the plan, the target payment percentage, the EVA improvement goals and the cost of capital. The Audit Committee at the end of each fiscal year approves the calculation of EVA results for the year and the EVA change from the previous year and the resulting bonus factor. The Committee certifies the use of the bonus factor for use in the Incentive Cash Bonus calculation. For fiscal 2007 participants in the Executive Incentive Cash Bonus Plan received Incentive Cash Bonus payments amounting to 1.563 times their individual targets. The EVA targets for 2007 were an expected improvement of $11 million and an interval of $29 million. The EVA targets beginning in 2008 are an expected improvement of $9 million and an interval of $32 million. The cost of capital in both 2007 and 2008 is 9 percent.

Long-Term Incentives

Our shareholders in 2004 approved our Long-Term Incentive Plan (LTI Plan). The plan authorizes the Company to issue stock, restricted stock, options, restricted stock units, and other forms of equity-based compensation (Long-Term Incentive Grants). The key objectives of making Long-Term Incentive Grants under the LTI Plan are:

- To provide an appropriate level of equity reward to Corporate Officers that ties a meaningful part of their compensation to the long-term returns generated for shareholders.
- To provide an appropriate equity award to the next level of executives where market data would support their inclusion in an annual equity award plan.
- To assist the achievement of our share ownership requirements.
- To attract, retain and reward key employees.

We believe that a significant portion of executive pay should be aligned with long-term shareholder returns and that encouraging long-term strategic thinking and decision-making requires that executives have a significant stake in the long-term success of Herman Miller. The Committee is responsible for administering all elements of the LTI Plan and for making all Long-Term Incentive Grants under the LTI Plan, except that the Board approves the grants to the CEO.

The LTI Plan provides for the issuance of options with a reload feature. A reload feature permits an option holder who exercises an option to receive an additional (reload) option in connection with the exercise. The reload option has an exercise price equal to the price at which the existing option was exercised and represents a number of shares equal to the number of shares traded in to exercise the option and to pay the taxes on the exercise of the option. The reload feature exists in option grants made before fiscal year 2007. The Committee, beginning in fiscal year 2007, discontinued the practice of issuing new options with reload features.

Compensation Discussion and Analysis
Elements of the Compensation Program *(Continued)*

LTI Grants in 2007
In fiscal 2007, we awarded both stock options and restricted stock units to our NEOs relating to fiscal 2006 performance. The target value of the grants was divided equally between options and restricted stock units. The Committee (and the Board in the case of the CEO) at the beginning of fiscal 2006 established target values of the Long-Term Incentive Grants to be awarded in connection with the Company s performance for that fiscal year. The actual grants were made in fiscal 2007 after the financial results were reported for the year and therefore the value of grants with respect to 2006 appears in this year s proxy information. The actual value of the restricted stock units granted was subject to adjustment from target because of the Company s EVA performance for fiscal 2006, as explained below, while the actual value of the options was not subject to such adjustment.

The target values established in 2006 for the Long-Term Incentive Grants (including options and restricted stock units) awarded in fiscal 2007 was 80 percent of base salary for Ms. Nickels, 73 percent for Mr. Miller, 69 percent for Mr. Lock, and 28 percent for Mr. Portlock. The target value of the Long-Term Incentive Grants to Brian Walker was set at $300,000. The target value of these awards was matched against Published Survey Data with the understanding that the awards were less than market median data and with the understanding that subsequent adjustments would be needed to reach market median. The Committee in setting the target award for Brian Walker also took into account the value of a 100,000 share stock grant made to Mr. Walker July 27, 2004. Stock Options The options granted in fiscal 2007 were priced at 10 percent above the closing price of our stock on the date of grant, have a 10-year life and vest equally over 3 years. An employee who leaves the Company for any reason will forfeit all unvested options. The vesting of all options is accelerated on a change of control of the Company. The value of the options granted in fiscal 2007 was not subject to adjustment on account of our Company s EVA performance.

The actual number of options granted was determined using the Black-Scholes valuation method and the closing price for the Company s stock on the date of grant. The Black-Scholes assumptions used in connection with these grants can be found in footnote 14 to our annual financial statements included in this years Form 10K. Restricted Stock Units The total value of restricted stock units actually granted to NEO s in fiscal 2007 was subject to adjustment with respect to the Company s EVA improvement in fiscal year 2006 as compared to fiscal year 2005. If the EVA results in fiscal 2006 varied from the Expected Improvement, the total value of the restricted stock units would be increased or decreased but such increase or decrease could not change the total value of the restricted stock units granted by more than 50 percent of the targeted grant value. The Company achieved a 1.8272 EVA bonus factor for fiscal year 2006, which exceeded the 50 percent cap for the year, resulting in a 50 percent increase above target in the total value of the restricted stock units granted to the NEOs. The number of restricted stock units actually granted was determined by dividing the adjusted dollar value of the award amount by the closing price of our stock on the date of grant.

The restricted stock units are units that convert into shares of the Company s common stock after they vest. The restricted stock units granted in 2007 cliff vest at the end of 5 years. An employee who leaves the Company for any reason, except for death, disability, retirement or termination for other than cause will forfeit all of the unvested restricted stock units. An employee who retires, dies, leaves the Company because of a disability or is discharged for other than cause, will receive a portion of the restricted stock units equal to that proportion of time he or she is employed by the Company after the grant of the restricted stock units. If an employee retires, the vesting of restricted stock units is conditioned upon his or her providing 10 hours per quarter of consulting services. The vesting of all restricted stock units is accelerated on a change of control of the Company. Dividends accrue on the restricted stock units and are added to the total value of the units.

LTI Grants for 2008
The Committee, in consultation with Towers Perrin, revisited our practice of granting awards under the LTI Plan for grants made beginning in fiscal 2008 with three goals in mind; 1) better aligning the expense of the plan with the actual results of the business in any fiscal year, 2) establishing a longer-term time horizon over which to evaluate performance when making long-term incentive awards, 3) modifying the mix between options and shares. The Committee made significant changes to the awards that will be granted in July 2007. Beginning with the grants made in July 2007, awards will be made in the form of performance shares and stock options (one-third performance shares, one-third market priced stock options, and one-third to be selected by the participant between the two forms of equity awards). The grants of performance shares will not be based upon the prior year s EVA performance but upon the Company s future EVA performance. The Committee believes this revised grant structure retains the key elements of EVA measurement and employee ownership and aligns the interests of shareholders and executives while better matching the expense in any given year to the performance of the business in that year.

Compensation Discussion and Analysis
Elements of the Compensation Program *(Continued)*

The Long-Term Incentive Grants to be granted in fiscal 2008 have a target value ranging from 225 percent of base salary for our CEO to 100 percent of base salary for Andrew Lock and Gary Miller, 60 percent for Beth Nickels and 50 percent for John Portlock. The increase in the target value of the Long-Term Incentive Grants to the CEO and most of the other NEOs in both absolute amount and relative to the increase in base compensation reflects the decision of the Committee to bring the value of the LTI grants closer to the market median values of such grants reflected by the Published Survey Data. The decrease in target value for Ms Nickels reflects her new role, for fiscal year 2008, as President, Herman Miller for Healthcare as discussed in the most recent 10K. In the case of the CEO it also reflects the fact that the Company is no longer amortizing the cost of the 100,000 share grant made to him July 27, 2004.

Stock Options The options will vest equally over three years, have a ten year life and are priced at fair market value on the date of grant.

Performance Shares The performance shares will represent shares of the Company s common stock and are to be issued to participants at the end of a future 3-year measurement period beginning in the year that performance shares are granted. The value of the performance shares is initially based upon a target grant to each participant. The actual payout of shares can vary between 0 percent and 200 percent of target shares depending upon the cumulative average EVA performance over the three-year measurement period. There will be no payment of dividends during the performance period and the shares will not actually be issued until the end of the three-year measurement period.

Practices Concerning Grant Dates
Grants under the LTI Plan are typically made in connection with the Board of Directors meeting in July of each year. The number of performance shares is determined using the closing price for the Company s common stock on the date of grant and the number of options is based on the Black-Scholes valuation method described as a footnote to the Long-Term Incentive Grants table. The Company does not attempt to influence the amount of executive compensation by timing equity grants in connection with the disclosure of material information to the public. The Company s year end financial information is normally disclosed through a press release in the third week of June. The backdating of equity award dates is specifically prohibited under policies adopted by the Board of Directors.

Retirement and Health Plans

Health Plans

The Company maintains a broad base of health insurance plans available to all full-time and most part-time employees. The NEOs participate in such health insurance plans on the same terms as all other employees within the geographic region.

Retirement Plans

The Company maintains broad based retirement plans available to all non-union employees in the United States. Our employees in England and who are union members are covered by separate defined benefit retirement plans. Our retirement plans are designed to provide an appropriate level of replacement income upon retirement. The benefits available to NEOs are the same as available to other non-executive employees in the geographic region subject to limitations provided by law or regulation. The NEOs participate in the full range of benefits and are covered by the same plans (with exceptions noted) on the same terms as provided to all U.S. employees. John Portlock, an NEO, is covered by the retirement income plan in effect in England. The Company targets its overall benefits to be competitive with companies with which we compete for executive talent.

The retirement plans include:

The Herman Miller, Inc. Retirement Income Plan
The Herman Miller, Inc. Profit Sharing and 401(k) Plan
The Herman Miller, Inc. Non-qualified Deferred Compensation Plan
The Herman Miller Limited Retirement Benefits Plan

Compensation Discussion and Analysis
Retirement and Health Plans *(Continued)*

Retirement Income Plan The Herman Miller, Inc. Retirement Income Plan (Cash Balance Plan) is what is known as a hybrid plan. Under the Plan the Company accrues a benefit for the participant which is expressed as a fixed dollar amount (cash balance). The Company credits each employee s account with an amount equal to 4 percent of his or her salary, up to the maximum salary level permitted by the Internal Revenue Service (currently $220,000). Each account is also credited with hypothetical interest earning pegged to a predetermined benchmark. For fiscal 2007 interest was credited at 5.06 percent.

Profit Sharing Plan The Herman Miller, Inc. Profit Sharing and 401(k) Plan consists of two parts. The Company annually makes a contribution to the profit sharing portion based upon the Company s EVA results for the year that may range from 0 percent to 6 percent of base salaries, with a target contribution of 4 percent of base salary. Based upon our EVA results, the actual percentage contributed for fiscal year 2007 was 4.69 percent. The amount of salary included in the base for the calculation is limited to the maximum salary level permitted by the IRS. The 401(k) portion of the plan is a salary deferral plan. Each employee may elect to defer up to the maximum amount permitted. The Company matches up to half of the amount deferred by the employee up to the first 6 percent of the employee s compensation contributed.

Herman Miller Limited Retirement Plan Herman Miller Limited, the Company s, wholly owned UK subsidiary maintains an average final pay pension plan for all of its retirees. Under the plan each employee is entitled to a normal basic pension equal to an equivalent of 1/70th of final pensionable salary for each complete year of service. The pension is subject to a maximum of 40/70ths of final pensionable salary,

Perquisites and Other Executive Compensation Plans

Perquisites

The Company has historically been conservative in its approach to executive perquisite benefits. Our approach has been to provide a limited number of perquisites to corporate officers. The Company normally provides each NEO with a specified dollar amount which can be used for a range of perquisites. These perquisites include financial planning, life insurance, spousal travel and other benefits. In 2007 the dollar amount of these benefits used was $25,000 for the CEO and between $10,000 and $32,000 for each of the other NEOs.

The Company does not normally provide non-business-related use of chartered aircraft for Corporate Officers. During 2007 there were two occasions on which the Company did provide chartered aircraft to NEOs for non-business use. The total cost to the Company for this usage was less than $10,000.

The Company in 2007 did provide the NEOs and all other Corporate Officers with the opportunity to purchase certain additional disability insurance and to obtain comprehensive physicals paid for by the Company.

Deferred Compensation Plan

The Non-qualified Deferred Compensation Plan allows selected employees to defer part or all of their Executive Incentive Cash Bonus payment each year. The Company will match any such deferral, up to 50 percent of the incentive cash bonus payment. The matching payment vests over 3 years and vesting is dependent upon the executive remaining employed with the Company. During 2007 only two executives, Brian Walker and Beth Nickels, elected to participate in the deferred compensation plan. Amounts deferred are converted into units having the same value as the Company s stock and are credited with amounts at the same rate as the Company s dividend on its common stock. Units are converted into shares of the Company s common stock at the time of distribution. The Company, after 2007, will discontinue use of this plan. Company match contributions with respect to amounts deferred during 2007 will appear on the 2008 Summary Compensation Table. The vesting on the Company matching contribution is shown on the Perquisites and Other Compensation table.

The Committee has approved a supplemental deferred compensation plan for salary deferrals beginning in January 2008. The plan will allow all United States employees who have compensation above the statutory ceiling to defer income in the same proportion as if the statutory ceiling did not exist. The Company will make contributions to the plan such that the amounts in the plan mirror the amounts the Company would have contributed had the employee s compensation not been above the statutory ceiling, subject to a limit of 9.9 percent of compensation. Investment options under this plan will be the same as those available under the 401(k) Plan.

Compensation Discussion and Analysis
Perquisites and Other Executive Compensation Plans *(Continued)*

Key Executive Stock Purchase Assistance Plan

In 1994 the Company established the Key Executive Stock Purchase Assistance Plan. The plan provided that the Company would make loans to certain key executives to allow them to purchase shares of Company stock. The executives are obligated to repay the loans together with interest over an 8 year period. The executive could earn repayment of up to 80 percent of the total loan principal and 100 percent of the annual interest through Company performance as measured by the Company meeting its annual EVA expected improvement target. The Committee closed the plan to further participants in 2004 and there is only one remaining loan outstanding, that being to Beth Nickels. In 2006 and 2007 she earned repayment of the full amount of the interest and principal due on the loan for those years. The earned repayment for fiscal year 2007 is shown on the Perquisites and Other Income table.

Executive Long Term Disability Plan

The plan covers 60% of the rolling two year average of executive incentive compensation. Executives are eligible to participate when they have earned over $6,000 in annual executive incentive comp. This benefit continues as long as the executive is disabled until age 65. The monthly benefit is capped at $10,000. The executive can maintain the plan by paying Unum, the provider, directly when they leave Herman Miller.

Deductibility of Compensation

The income tax laws of the United States limit the amount the company may deduct for compensation paid to the company s CEO, CFO and the other three most highly paid executives. Certain compensation that qualifies as performance based under IRS guidelines is not subject to this limit. All compensation paid by the company during fiscal 2007 meets the requirements for deductibility.

Ownership Guidelines

The Committee believes that significant stock ownership by top management is of critical importance to the ongoing success of the Company, since it closely links the interests of senior management and company shareholders. Stock ownership requirements apply to the nine members of the Executive Leadership Team for the Company. Under these requirements, the President and Chief Executive Officer must own shares of company stock with an aggregate market value of at least six (6) times base salary, Corporate Officers having a Long-Term Incentive Plan target equal to 100 percent of base salary must own shares of Company stock with an aggregate market value of four (4) times their respective base salaries and all other direct reports to the CEO must own shares with an aggregate market value of three (3) times their respective base salaries.

All participants must achieve their ownership requirement over a five-year period from the date of their appointment to the position. Ownership for the purpose of the guidelines is defined to include shares owned by the executives, as well as shares held in profit sharing, 401(k), restricted stock and restricted stock units (both vested and unvested), and deferred accounts for his or her benefit. Stock options and unissued performance shares are not included in the calculation of an executive s total ownership. If a participant fails to meet the ownership guidelines within the specified period half of his or her Incentive Cash Bonus will be paid in the form of Company stock until the guideline is met.

In fiscal 2007, all NEOs had achieved their ownership guidelines.

Impact of Prior Compensation in Setting Elements of Compensation

Prior compensation of the NEOs does not normally impact how the Committee sets the current elements of compensation. The Committee believes the current competitive environment mandates the current total level of compensation. As described earlier the Committee uses tally sheets to track all of the elements of current compensation to enable the Committee to determine whether the compensation which the NEO is currently receiving is consistent with market practices. The Committee, however, has the ability to consider the impact of any special equity grants upon the value of future grants made to Corporate Officers under the LTI plan. In 2007, the Committee adjusted the value of the grants made to the CEO under the LTI plan to reflect a portion of the value of a 100,000 share equity grant made July 27, 2004.

Compensation Discussion and Analysis *(Continued)*

Impact of Restatements Retroactively Impacting Financial Goals

The Company has not had any material restatement of prior financial results. If such restatements were to occur, the Committee would review the matter and determine what, if any, adjustment to current compensation might be appropriate.

Post-Employment Compensation

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

Termination Payments

All of the NEOs are at will employees. This means that they can be discharged at any time and for no reason. The Company has agreed to pay Corporate Officers and other executives severance if they are terminated for reasons other than cause. In 2007 the severance payments would have been equal to 12 months of base salary and in 2008 the severance payments would be equal to 18 months of base salary for each of the NEOs. The change in the amount of severance payments is the result of benchmarking our practices to the Published Survey Data. In addition, the Company maintains the health insurance on such employee during the salary continuation period. In exchange for such payments the employee provides the Company with a mutual release of all claims and agrees not to work for a competitor during the salary continuation period.

Change in Control Agreements

Each NEO is party to a change in control agreement with the Company. In 2006 the Committee retained Frederic W. Cook to review the existing change in control agreements and to advise it on whether the continued use of such agreements was appropriate and if so whether the agreements were consistent with competitive practices. Frederic W. Cook advised the Committee that the continued use of change in control agreements is appropriate and recommended certain changes to the form of the agreements. In 2006 the Company entered into new change in control agreements with the NEOs and certain other Corporate Officers and executives. The new form of change in control agreement is found under Exhibit 10 in the Company s consolidated financial statements for the fiscal year ended June 2, 2007, included in our Annual Report on Form 10-K.

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

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

Executive Compensation Committee Report

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

David Ulrich (chair) *Barry Griswell* *John Hoke*

Summary Compensation Table

The summary compensation table below shows the compensation for the Named Executive Officers for the fiscal year ended June 2, 2007 (Fiscal 2007). The details of the Company s executive compensation programs are found in the CD&A.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[1]	Non-Equity Incentive Plan Compensation ($)[2]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[3]	All Other Compensation ($)[4]	Total ($)
Brian C. Walker President and Chief Executive Officer	2007	625,961	--	651,052	358,045	829,981	11,957	105,433	2,582,429
Elizabeth A. Nickels Chief Financial Officer	2007	349,327	--	128,038	170,390	327,377	8,869	169,917	1,153,918
John Portlock[5] President, Herman Miller, International	2007	315,232	--	173,680	47,444	297,088	51,840	58,377	943,661
Andrew Lock Chief Administration Officer,	2007	302,981	--	119,610	61,771	283,558	8,970	40,818	817,708
Gary Miller Chief Development Officer	2007	275,000	--	171,596	61,771	257,862	33,944	27,004	827,177

(1) *Amounts set forth in the stock award and option award columns represent the amounts recognized as compensation expense in fiscal 2007 for financial reporting purposes with respect to stock awards and options in accordance with FAS 123R except that the amounts do not reflect a reduction for estimated forfeitures. The assumptions used in calculating these amounts are set forth in Note 14, in the Company s consolidated financial statements for the fiscal year ended June 2, 2007, included in our Annual Report on Form 10-K.*

(2) *Includes the amounts earned in fiscal 2007 and paid in fiscal 2008 under the Executive Incentive Cash Bonus Plan as described in the CD&A. Certain executives have elected to defer a part of the Executive Incentive Cash Bonus under the Key Executive Deferred Compensation Plan. The amount of the deferrals and the corresponding Company contributions will be shown in next year s Nonqualified Deferred Compensation Table.*

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

(4) *The amounts in this column for all other compensation are described in the following table:*

	Bundled Benefits (a)	Car Allowance (UK only)	Key Executive Loan Assistance (b)	Dividends on restricked stock	Company Sponsored Physicals and Healthcare	Air Travel	Retirement Plan Contribution (c)	Group Term Life Insurance (d)	Vesting of Registrants contributions to Deferred Compensation Plan	Total Other Compensation
Brian Walker	25,856			32,000	2,892	1,083	16,918	991	25,693	105,433
Elizabeth Nickels	9,336		95,637	800	6,524	416	16,918	814	39,472	169,917
John Portlock	32,072	21,318			4,987					58,377
Andrew Lock	14,717				7,858		16,918	1,325		40,818
Gary Miller	7,859						16,918	2,227		27,004

(a) *Bundled Benefits includes accounting fees, cell phone fees, club dues, family travel, financial planning, home office expenses, vehicle expenses, life insurance, and tax gross-ups. None of these benefits exceeded $10,000 except for tax gross-ups for Mr. Portlock in the amounts of $12,829.*

(b) *Represents amount earned under our Key Executive Stock Purchase Assistance Plan and applied to the repayment of loans made thereunder. No new loans may be extended under this plan. At June 2, 2007, the outstanding loan was $115,303.*

(c) *Each executive, except for Mr. Portlock, received contributions of $16,918 pursuant to our defined contribution retirement plans.*

(d) *Group Term Life Insurance is available to all US employees.*

(5) *Mr. Portlock serves the company through its United Kingdom subsidiary. As such, his benefits are paid according to the benefits paid in the United Kingdom, which are different from the benefits in the United States. His benefits include medical insurance, car allowance, spouse travel, and contributions to a pension plan. All amounts are converted from pounds to dollars using an annual average exchange rate of 1.92.*

Grants of Plan-Based Awards

The Grant of Plan-Based Awards table below sets forth information on equity awards granted by the Company to the NEOs during fiscal 2007 under the Long Term Incentive Plan (LTI Plan) and the possible payouts to the NEOs under the Executive Incentive Cash Bonus Plan (Annual Cash Bonus Plan) for fiscal 2007. Payments under the Incentive Cash Bonus Plan are shown in the Estimated Possible Payouts Under Non-Equity Incentive Plan Awards column. The CD&A provides further details of grants under the LTI Plan, including the vesting information for the options and restricted stock units as well as the performance criteria under the Annual Cash Bonus Plan.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)			Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock of Units(2)(#)	All Other Option Awards: Number of Securities Underlying Options(3)(#)	Exercise or Base Price of Option Awards ($/Sh)(4)	Grant Date Fair Value of Stock and Option Aswards ($)(5)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Brian C. Walker	07/24/06							8,105			224,995
	07/24/06								20,066	30.536	149,997
	10/30/06(6)								45,635	34.51	450,548
		0	532,067	1,064,134							
Elizabeth A. Nickels	07/24/06							7,430			206,257
	07/24/06								18,394	30.536	137,499
		0	209,596	419,192							
John Portlock	07/24/06							2,161			59,989
	07/24/06								5,351	30.536	40,000
		0	189,139	378,278							
Andrew Lock	07/24/06							5,403			149,987
	07/24/06								13,378	30.536	100,003
		0	181,789	363,577							
Gary Miller	07/24/06							5,403			149,987
	07/24/06								13.378	30.536	100,003
		0	165,000	330,000							

(1) Under the Annual Cash Bonus Plan executives can earn incentive compensation based on the achievement of certain company performance goals. The actual Cash Bonus amount paid with respect to any year may range from 0 to 2 times of the target based upon the relative achievement of our EVA targets.

(2) Represent units that convert into an equivalent number of shares of common stock and are subject to time-based cliff vesting in five years.

(3) Except as noted in footnote (6), each option has a term of ten years and vests pro rata over three years.

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

(5) Aggregate grant date values are computed in accordance with FAS 123R.

(6) Reflects options granted pursuant to stock option reload rights contained in certain option agreements. The rights permit employees to receive new options if an employee exe