



JOLLY GOOD SHOW

A Message from Brian Walker, CEO, Herman Miller, Inc. Fiscal Year 2007

48 people this year won Pep Awards, aligned with our corporate values
Curiosity and Exploration, Performance, Engagement, and A Better World



Melinda Adams
Annette Allen
Kevin Baldus
Randall Braaksma
Tia Buchanan
David Chourb
Tim Collison
Cindy DeGraaf

Brian Dicken
Martha Ford
Jeff Geurink
Charlie Jones
Mary Kellogg
Mary Kelly
Willie Kendrick
Jim Kraushar

Judi Kruis
Steve Kupfer
Gordon Lantinga
Eva Lauretti
Robert Laws
Dawn Lowrie
Sharon Lukas
John McManus

Mike Mezeske
Eric Moore
Cathy Newberger
Vicki Nuiver
John Peck
John Pier
Theresa Prolo
Fred Renker

Robin Robinson
Rosetta Rock
Jim Rodgers
Tom Rogers
Heather Rose
Marv Schwartz
Joel Sneller
Steve Teays

Carol Thompson
Sherry Tripp
Lavonne Van Kampen
Todd Venema
David "Duffy" Walters
Margaret Washington
Isaac Wendt
Kenneth Wright

This year we attached Pep Nagelkirke's name to our employee awards. Pep worked for Herman Miller 42 years and retired in 1988 as a modelmaker. His quiet leadership and competence are still models for all of us. This page lists our Pep winners for 2007.

Dear members of the Herman Miller community

This marks my third year of writing an annual letter to you, and I'm beginning to sound like a broken record—thanks for another very good year. It's the kind of message I'm sure you don't mind hearing and one I never mind writing.

We define a great year at Herman Miller as generating great business performance, having a great impact on society, and creating a great place to work. I would like to give you a progress report on these goals, but first I'd like to talk with you about our future.

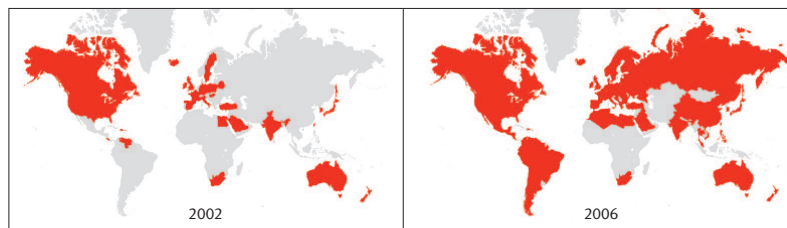
Setting goals helps shape the future, acknowledging reality is also necessary

Our future is directed at an overarching purpose: We are determined to improve the performance of human habitats. We do this largely through our designs, and design at Herman Miller, as designer George Nelson told us years ago, is a response to social change. The best and most lasting designs at Herman Miller account for and then respond to current and future realities.

We are currently thinking about five dominant new realities. I believe the following five social changes will greatly influence our future; I don't believe they are debatable. They are shaping our thinking about how to improve the performance of human habitats. They present Herman Miller with both challenges and opportunities.

The global shift from West to East

The movement of economic growth from West to East should be apparent to everyone. Herman Miller has been present in Asia for many years, and we have a thriving distribution channel throughout the region. Two years ago, we established a commercial presence in India. This past year, we hosted a group of design leaders from China in West Michigan and are conducting design research in China and India. We established a manufacturing facility in Ningbo, China, opened our commercial headquarters in nearby Shanghai, and are expanding our distribution network.



Herman Miller global network—then and now

The infinite mobility of workers and work

The ability of knowledge workers to work almost anywhere (thanks to technology and their own desires to balance life and work) has been growing for several years. Over the past few years, as the boundaries between the places where people work, learn, and live have become less distinct, we have developed distribution capabilities and new designs to meet them wherever they are. Our newly launched accessories line—The Be Collection™—is an example of our increased focus on designs targeted at highly mobile and autonomous individuals. While still a modest part of our overall business, our revenue from the Herman Miller for the Home™ retail channel has increased significantly, and we believe this represents an excellent future opportunity for Herman Miller.



Packaging for The Be Collection aimed at consumers

Emerging playlist generation

A playlist generation is emerging—people who have grown up with and expect to create their own collections of music, games, clothing—even to watch television shows according to their own schedules. In sync with this trend is Convia,™ our newly launched sustainable, intelligent, electrical infrastructure. Convia embeds lighting, power, audiovisual control, and energy management and reporting capabilities into the wiring system of a building—all of which saves money and expands capabilities for building owners. In an experimental installation in a retail store, one Herman Miller researcher noticed that halfway through his brief training session with

**31 children of Herman Miller employees win company scholarships—
that makes 193 in all**



Carolyn Affholter
Michelle Affholter
Marti Alderink
Amanda Baron
Kate Behrens
Elizabeth Boeve

Melissa Bosch
Amber Childress
Ashley Doane
Rachel Eveleth
Jacqueline Ferguson

Alyssa Geerts
Katie Geerts
Aimee Gerrits
Casey Holstege
Joshua Jubenville

Rachel Kotecki
Grace Krol
Kerstine Lundy
Anne Mehrtens
Logan Oonk

Ashley Potgeter
Steven Pohler
Danielle Richards
Samanth Richards
Karen Van Dyke

Lindsey VanDenBrink
Jay Vanden Brink
Ashley Zondlak
Britney Zondlak
Heidi Zandstra

Ten years ago, Mike and Valerie Volkema (our chairman of the board and his wife) started a scholarship fund for children of Herman Miller employees. The scholarships are funded by contributions from officers and directors and matched by the Herman Miller Foundation. I can't think of a better investment in our future.



SustainableBusiness.com listed Herman Miller as one of its
“top 20 sustainable stocks” worldwide

Jerry Akers
Rudy Bartels
Willie Beattie
Daniel Broersma
Steve Bullock
Diane Bunse
Bruce Buursma

Scott Charon
Larry Dykhuis
Suzanne Fisher
Kent Gawart
Ken Goodson
Fred Gordon
Steve Griffore

Mike Gummere
Lori Heinz
Dan Kinney
John Knoll
Julie Lamer
Judy Leese
Matt Long

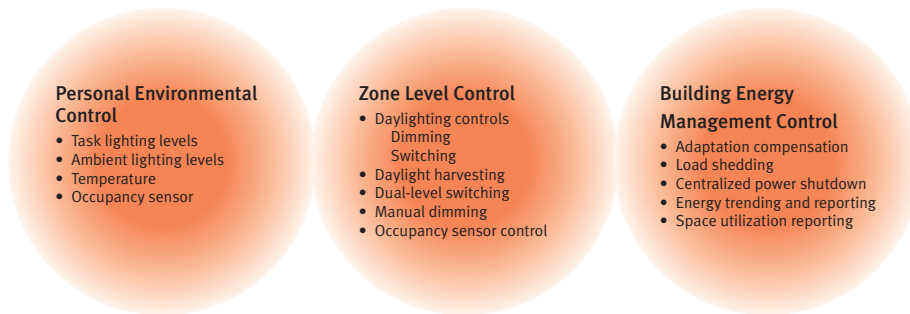
Todd Miller
Paul Murray
Ray Muscat
Ed Nagelkirk
Michael Ramirez
Jane Reardon
Drew Schramm

Mark Schurman
Ted Stojak
Kevin Tibbetts
Martine
Vanden Ende-Harvey
Barry Volkers
Sheila Warfield

Gabe Wing
Greg Wrona

Our environmental advocacy is centered in our Environmental Quality Action Teams, a grass-roots effort begun in the early 1990s and involving hundreds of employees representing all parts of the company. The people listed above lead our nine environmental action teams.

a customer, the young staff had already begun to play with Convia. Such at-will modifications to the environment made perfect and immediate sense.

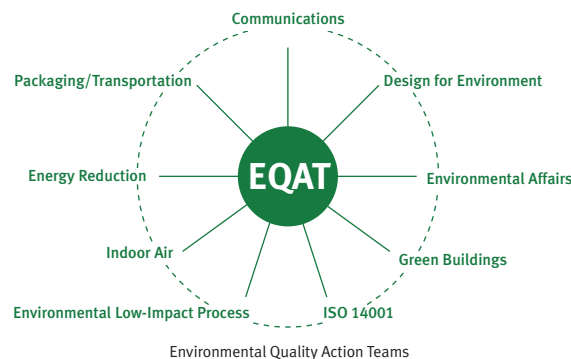


Convia's wide range of capabilities

Tipping point of sustainability movement

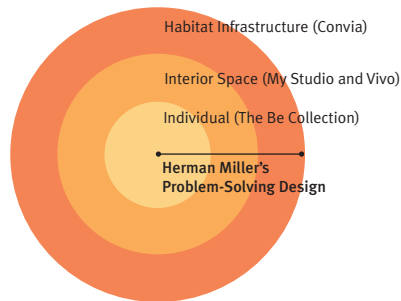
Herman Miller has been involved in sustainable business practices, environmental advocacy—call it what you like—for over 50 years. Today, environmental concerns are a global issue. The environment figures into every decision we make and into every product we design. Of our 10 strategic goals, 2 have specifically to do with environmental practices. Though we haven't moved as fast as we'd like, and we still have a ways to go before we reach our goal of zero footprint on the environment, we are constantly moving toward that destination. Convia's programming and monitoring features will most certainly help customers reduce energy consumption by allowing them to control and monitor energy use in new ways.

I'm happy to report that as we were writing this message, Sustainable Business (in its publication *Progressive Investor*) has named Herman Miller one of its 20 top "World Sustainability Stocks." It's a sign of progress.



Infusion of technology into all environments

Everyone knows that technology has become part and parcel of life and work. Of course, all our products are designed to help people use technology more easily, but Convia, which I've already mentioned, is a great example of integrating technology into architecture. This product also illustrates our strategy of expanding into new types of environments by serving individuals (with The Be Collection), interior space (with furniture and systems), and habitat infrastructure (with Convia). This is what we mean by "improving human habitats."



The scope of our strategy to improve human habitats.

Great performance, great impact, and a great place for winners

All in all, as the cover to this message says, we had a jolly good show in 2007 (more about John Portlock and Queen Elizabeth in a minute). Most of the credit for a great year goes, as usual, to Herman Miller employees and our extended community—our creative network, dealers, and suppliers. They made it happen. They are the ones who produce the products and services that improve the performance of human habitats worldwide. They are the ones who have a great and good impact on our communities. They make Herman Miller what it is. Let me go through in more detail some of their highlights.

Great Business Performance

Financial facts

One of our 2010 goals is to reach sales of \$2.6 billion. Our financial performance in 2007 puts us right on track. Sales last year grew 10.5 percent, from \$1.7 billion to \$1.9 billion. Operating earnings increased from 9.1 percent of sales to 10.3 percent

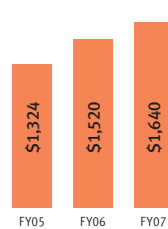
of sales. Net earnings rose 30.1 percent to \$129.1 million. Earnings per share rose 36.6 percent to \$1.98.

Selected Financial Data (In Millions Except Per Share Data)	FY05	FY06	FY07
Net Sales	\$1,516	\$1,737	\$1,919
Operating Earnings	122	158	198
Net Earnings	68	99	129
Earnings Per Share—Diluted	0.96	1.45	1.98
End of Period Balances:			
Cash and Cash Equivalents	154	107	76
Total Assets	708	668	666
Interest-Bearing Debt	194	179	176
Total Liabilities	537	529	511
Total Equity	\$171	\$139	\$155

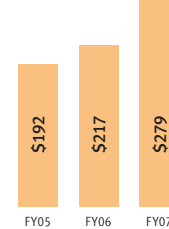
Net sales
(In Millions)



North American
net sales
(In Millions)



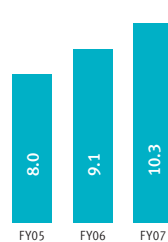
Non-North American
net sales
(In Millions)



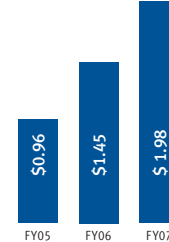
Cash returned
to shareholders*
(In Millions)



Operating Income
as a percent of sales



Earnings per
share—diluted




*Defined as cash dividends paid plus share repurchases.

Sales last year grew 10.5 percent, from \$1.7 billion to \$1.9 billion



When I suggested to my work team that we list all 206 salesperson winners of Cube Awards, several objected. "Those are some of the most valuable people in the company," they said. "That's classified information." But at least I can thank them publicly for their great performance. And thanks also to Northern Texas, the top performing region.



Our Certified Dealer Network grew to 52 last year in 120 locations

Market Share Leadership Award

Office Pavilion/Contract Furnishers of Hawaii
Pigott
Herman Miller Mexico
John A. Marshall Company
Millington Lockwood
Intereum
Creative Office Pavilion
Trope Group,
Workplace Resource of Austin—San Antonio
Continental Office Furniture
Herman Miller Canada

Supply Source

Workplace Resource of Southern California
Goodmans Interior Structures
Pivot Interiors
Business Interiors Northwest
Klingman Williams
Contemporary Office Interiors
Office Pavilion—Houston
Carithers-Wallace-Courtenay
Building Service
Workplace Resource of Colorado
Miles Treaster and Associates

Sales Volume Leadership Award

Creative Office Pavilion
Interior Investments
Goodmans Interior Structures
Workplace Resource of Southern California
Continental Office Furniture

Certified Network Leadership Award

WPR Florida
Spectrum
APG Office Furnishings

As our new CFO Curt Pullen likes to say, “The largest asset we have isn’t on our balance sheet—it’s our dealer network.” Our dealers have always been a central part of our business—and they always will be. 143 North American and 69 International dealers earned awards by meeting or exceeding their sales goals last year.

Growth in new markets

Another of our goals is to drive 50 percent of our annual growth from markets outside the North American office furniture business by the year 2010. This year we saw outstanding performance in two areas—International and Healthcare. Our International group continued its superior performance, increasing sales by 28.4 percent to \$278.5 million. While a good portion of this growth has been driven by entering new markets and expanding distribution, we also had very good results in established markets.

Which leads me to explain the cover photo—a great story. Our U.K. subsidiary, Herman Miller Limited, has won a Queen's Award for Enterprise, the U.K.'s most prestigious award for business. What a way to round off a great year in International! Executive Vice President John Portlock and a team from International accepted the award (in the International Trade category) in a ceremony at Buckingham Palace—and gave us a great cover for this year's message.



Healthcare had a great year, with sales increasing 20.7 percent over last year—this was the biggest year ever for our Healthcare group. Healthcare is the largest industry in the U.S., \$2.17 trillion, representing 15 percent of GDP (expected to rise to 18.7 percent by 2014). The rate at which Americans are aging ensures that this market will grow rapidly in coming years, and we have allocated more R&D budget to problem areas in this field. The quality of healthcare will surely have a great impact on our world and on Herman Miller's future.

The research and development group Herman Miller Creative Office continues its work to move us into new and adjacent markets. The most exciting result so far is Convia. Convia is both a product and a new business. As previously mentioned, at its heart Convia is a building infrastructure product that allows the user and building owner to adapt, modify, and program their habitat in new and profound ways. This product leads us into the field of modular electrical building systems. To reach this market of building owners and tenants, the Convia business team has developed an entirely new distribution channel focused on electrical contractors.

New Products

New product innovations are Herman Miller's lifeblood, at the heart of our culture and strategy. Three years ago, we set a goal of launching 10 new product platforms by 2010. Last June we launched two new systems—My Studio Environments™ and Vivo® interiors—and the Foray™ chair. This past November at GREENBUILD, we introduced Convia, and in June of 2007, we introduced The Be Collection. These introductions put us on track to meet this goal. We also have a broad and deep portfolio of new designs in the process of development.



My Studio Environments



Vivo interiors

My Studio Environments has captured the imagination of many customers who wanted an environment they could fall in love with. Vivo has exceeded our already high expectations in gaining sales and attracting new customers. Start-up costs of the new products did adversely affect margins this year, but we expect that to reverse in fiscal 2008. Subsidiary Geiger's Foray chair is an important addition to our seating portfolio and an entry into the executive seating segment of the market.

Great impact

The environment

Three years ago, we restated our corporate values in a piece we call “Things that Matter.” One value we titled “A Better World,” and one way we work to live up to this value is to “pursue sustainability and environmental wisdom.” This value led us to another measurable goal—to reduce our environmental footprint by 80 percent by 2010 and to 0 by 2020. We certainly don’t have this all figured out. Progress is slow, and—as with many corporations—we constantly make tough calls in an attempt to balance environmental goals and business goals. Nevertheless, we do make constant progress.

Last year we made improvements in water usage, energy usage, and the use of green power. We published our first Sustainability Report (available online at HermanMiller.com). We have also enlisted the help of our suppliers. I might also add that this year’s annual report contributes in a small way toward these efforts. For the first time, our financials and proxy materials will be entirely online (at HermanMiller.com).

Another strategic goal—have 50 percent of our sales come from products that meet the Design for the Environment (DfE) protocol by 2010. At present we stand at 17.4 percent. I can also report that two new products—My Studio and the Foray chair—have both been Cradle-to-Cradle Certified. To be frank, we are behind on this goal. To achieve it we must increase our efforts at redesigning the material structures of existing products.



The Foray chair, designed by Eric Chan for Geiger

Community service and doing good

Another goal: Among our employees, donate 50,000 hours of volunteer time by 2010. To follow through, we allow employees paid time off to volunteer to nonprofit organizations of their choice. I always laugh at myself when I talk about this goal. We have finished our third year and stand at 58,260 hours. Herman Miller employees have donated time to causes from Katrina relief to breast cancer walks to Habitat for Humanity. The number of hours volunteered tells a lot about what kind of community Herman Miller aspires to be.

Over the past three years, Herman Miller employees have given 58,260 hours in volunteer time to nonprofit groups



Three years ago, we set a goal of 50,000 hours of volunteer time by 2010—and people at Herman Miller have already showed me how easily they zoomed past it. In this photo, Matthew Warfield is smiling over the first Herman Miller scholarship set aside for college-bound members of the Holland, Michigan, Boys and Girls Club.

Last year, 193 employees reached a real milestone—
20 years with Herman Miller—and became Watercarriers

James Aiello	Donna Culver	Marie Gonsar	Lawrence Kooistra	Mark Moll	Cathy Ricketts	Janelle Travis
Moses Alexander	Marcia Daley	Keith Goodrich	Dan Koviak	Joseph Moran	Dean Ritter	Kevin Tryc
Elizabeth Anderson	Susan Dalman	Ken Goodson	Michael Kraker	Kathleen Moyer	Gregory Robar	Adriane Turner
David Bair	Shirley DePree	George Greco	Mado Kreutz	Arthur Nessen	Stephen Roberts	James Vallee
Patricia Bartholomew	Julie DeShaw	Jeffrey Greenslate	Scott Kubon	Dung Nguyen	Danial Robinson	Sharon Van Den Beldt
Willie Beattie	David Detamore	Pamela Gudas	Jay Kuiper	Sheldon Nienhuis	James Rockwell	Terry Vandenberg
Dave Beckman	RaChel Deur	Robert Gustavson	Randall Kuite	Joseph Ohrling	Sheila Rodgers	Ryan Vander Haar
Waltraud Beckmann	Paula DeVries	Tony Hammond	Raymond Lacrosse	Godwin Okonkwo	Helen Rodriguez	Kenneth Vanderkolk
Darla Billey-Quinn	Linda Diepen	Milburn Hanks	Jack Landstra	Michael O'Toole	L Samuels	Donald Vandyken
Lyndon Blauwkamp	Lorraine Doerr	Robin Harrison	Tiep Le	Nancy Peck	William Schultz	Phouxanh Vannouvong
Marlin Boer	Ken Dowdy	Nancy Harwell	Timothy Lemieux	Dean Pelkey	Eric Sheggrud	Mark Van Staveren
Robert Bolhuis	Daniel Dreese	Wesley Heikkila	Jeffrey Lieffers	Craig Petersen	Phongsak Sichandeng	David Wagner
Jonathon Bonga	Troy Duggins	Susan Hertel	Jonathon Looman	Pamela Pewe	Kim Skutt	Vincent Wallace
Susan Bos	Doris Dunn	Harris Hof	Leonila Lundy	Karen Pitcher	Patricia Slamkowski	Clarence Wallis
Mary Boss	William Dykehouse	Christopher Holtz	David Lutz	Dennis Pitz	Randel Sly	Roger Walstra
Thomas Botbyl	Clifford Eastling	Kathy Hornack	Jami Marshall	Kimberly Plunkett	Timothy Soper	Bruce Walters
James Brander	Bettie Eldridge	Marne Houghtaling	Allen May	Jonathan Plyler	Michael South	Maryln Walton
Sonia Britton	Deborah Ellison	Mark Hylbak	Theodore May	Laura Potter	David Spira	Phab Wattanasintham
Scott Brown	Marcia Emmert	Nancy Jager	James McElfish	Clarence Powell	Keven Stafford	Todd Wells
Diane Bunse	Glenn Engel	Mary Jobe	Aisling McEvoy	Cathy Ptacek	Rosemary Szejn	David Wheeler
Henry Califf	Patricia Essenburg	Christine Johnson	Timothy McKee	Brian Quillian	Tsehale Temnewo	Lynda Wigger
Terri Chambers	Mavis Footman	Joseph Johnson	Julie McKeever	Andrew Raffaele	Bette Terpstra	Daniel Wilkins
Susan Childress	Mary Foupht	Michael Jorgensen	Diana McManamey	Terri Redder	Jacqueline Terrell	Kimberly Wilks
Catherine Collins	Donald Fowler	Mary Kelly	Walter McNamara	Scott Reed	Kathy Thomas	Daniel Zawlocki
Janice Cook	Dean Fricke	Jacqueline Kelly	Thomas McSauby	Margaret Reilly	Lesley Thompson	Matt Zondlak
Kenneth Cooper	Mari Fris	Daniel King	Susan McVay	Valerie Renkema	Constance Timmer	
Jane Cooper	Steven Getz	Brent Kingshott	Bernard Mesbergen	Jeffrey Rhoda	Dana Tokarczyk	
Anthony Corona	Mark Goldsberry	Sharon Kolker	Pheth Moksouvanh	Timothy Richards	Daniel Tooker	

Seniority doesn't guarantee wisdom, but it sure ups the odds. We value the accumulated knowledge and experience of long-term employees. Since 1987, we have recognized them as Watercarriers—which also obliges them to mentor and inform new employees.

The Board of Directors also donates a portion of our profits each year to nonprofit organizations. Like many companies, we believe the stronger our communities are, the healthier Herman Miller will be.

A great place for winners

My team and I really believe that Herman Miller is full of great people. And it follows that they deserve a great place to work. Another of our strategic goals is to be included on *Fortune's* list of 100 Best Places to Work. We didn't make it last year, but we're still going after this recognition and have applied again this year. Of course there are other recognitions we're proud of—*Industry Week* named us one of the top 50 manufacturing companies; we lead our industry in *Fortune's* "Most Admired" rankings; and we have been named one of "West Michigan's 101 Best and Brightest Companies to Work For."



Inclusiveness is another goal (and corporate value) we have in front of us. This year we established Inclusiveness Resource Teams to involve as many employees as possible in understanding the special needs of people at Herman Miller—and to implement programs that benefit us all. We were also named, for the second year in a row, minority supplier program of the year by the Michigan Minority Business Council. As with environmental programs, we have a long way to go—and perhaps we should talk about the pursuit of inclusiveness as an important fact of life and not a destination.

What's next?

I can't tell you for certain. I can tell you for certain that my team and I are thrilled with what we have and are putting into place. We believe we have all the elements that will allow us to reach our strategic vision for Herman Miller. I'm looking forward to the results of some great work in research and design; our queue of future products is full. I'm looking forward to the expanding and inventive ways people at Herman Miller find to help communities around the world.

I intend for our customers to have long-lived, innovative, and high-performing environments. Herman Miller will continue to be a place where employees can find fulfillment along many dimensions. Our stockholders will always have our attention; a high level of financial performance is absolutely essential to our ability to perform in other ways. Finally, we will find ways to help our communities grow to become inclusive, creative, welcoming places for people of all abilities and talent.

Sincerely,

A handwritten signature in black ink that reads "Brian C. Wall". The signature is written in a cursive style with a long, sweeping horizontal line extending to the right.

The Community Leadership Association gave retired chairman Max De Pree its International Leadership Award in May.



Max continues to inspire us at Herman Miller through his books and ideas. As Mike Volkema said in introducing Max at the award ceremony, "Max's beliefs and worldview have established the architecture for Herman Miller's beliefs about community." Not only does Max have yet another honor, but he continues to have our thanks for all he's done for Herman Miller.



HermanMiller