JOLLY GOOD SHOW

A Message from Brian Walker, CEO, Herman Miller, Inc. Fiscal Year 2007
This year we attached Pep Nagelkirk'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.

Melinda Adams
Annette Allen
Kevin Baldus
Randall Braaksma
Tia Buchanan
David Chourba
Tim Collison
Cindy DeGraaf
Brian Dicken
Martha Ford
Jeff Geurink
Charlie Jones
Mary Kellogg
Mary Kelly
Willie Kendrick
Jim Kraushar
Judi Kruis
Steve Kopfer
Gordon Lantinga
Eva Lauretti
Robert Laws
Dawn Lowrie
Sharon Lukas
John Mahamus
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

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

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

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.
Our environmental advocacy is centered in our Environmental Quality Action Teams, a grassroots 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.

*SustainableBusiness.com* listed Herman Miller as one of its “top 20 sustainable stocks” worldwide.
a customer, the young staff had already begun to play with Convia. Such at-will modifications to the environment made perfect and immediate sense.

**Personal Environmental Control**
- Task lighting levels
- Ambient lighting levels
- Temperature
- Occupancy sensor

**Zone Level Control**
- Daylighting controls
- Dimming
- Switching
- Daylight harvesting
- Dual-level switching
- Manual dimming
- Occupancy sensor control

**Building Energy Management Control**
- Adaptation compensation
- Load shedding
- Centralized power shutdown
- Energy trending and reporting
- Space utilization reporting

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.”

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)

<table>
<thead>
<tr>
<th></th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
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<tr>
<td>Net Sales</td>
<td>$1,516</td>
<td>$1,737</td>
<td>$1,919</td>
</tr>
<tr>
<td>Operating Earnings</td>
<td>122</td>
<td>158</td>
<td>198</td>
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<tr>
<td>Net Earnings</td>
<td>68</td>
<td>99</td>
<td>129</td>
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<tr>
<td>Earnings Per Share—Diluted</td>
<td>0.96</td>
<td>1.45</td>
<td>1.98</td>
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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)
FY05 $1,516 FY06 $1,737 FY07 $1,919

North American net sales (In Millions)
FY05 $1,324 FY06 $1,520 FY07 $1,640

Non-North American net sales (In Millions)
FY05 $192 FY06 $217 FY07 $279

Cash returned to shareholders* (In Millions)
FY05 $152 FY06 $175 FY07 $196

Operating Income as a percent of sales
FY05 8.0% FY06 9.1% FY07 10.3%

Earnings per share—diluted
FY05 $0.96 FY06 $1.45 FY07 $1.98

*Defined as cash dividends paid plus share repurchases.
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.

Sales last year grew 10.5 percent, from $1.7 billion to $1.9 billion.
Our Certified Dealer Network grew to 52 last year in 120 locations.

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.

Market Share Leadership Award
Office Pavilion/Contract Furnishers of Hawaii
Pivott
Herman Miller Mexico
John A. Marshall Company
Millington Lockwood
Interiure
Creative Office Pavilion
Tope 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 Treasurer and Associates

Sales Volume Leadership Award
Creative Office Pavilion
Interiors
Goodmans Interior Structures
Workplace Resource of Southern California
Continental Office Furniture

Certified Network Leadership Award
WPR Florida
Spectrum
APG Office Furnishings
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 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.

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.
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.

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

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

James Aiello
Moses Alexander
Elizabeth Anderson
David Bair
Patricia Bartholomew
Willie Beattie
Dave Beckman
Wallraud Beckmann
Darla Billey-Quinn
Lyndon Blauwkamp
Marlin Boer
Robert Bohuis
Jonathan Bonga
Susan Bos
Mary Boss
Thomas Botbyl
James Brander
Sandra Britton
Scott Brown
Diane Bunse
Henry Califf
Terri Chambers
Susan Childress
Catherine Collins
Janice Cook
Kenneth Cooper
Jane Cooper
Anthony Corona

Donna Culver
Marcia Daley
Suzann Daleman
Shirley DePree
Julie DeShaw
David Delamore
Rachet Deur
Paula Devries
Linda Diepen
Loraine Doerr
Ken Dowdy
Daniel Dreese
Troy Duggins
Doris Dunn
William Dykehouse
Clifford Eastling
Betty Edridge
Deborah Ellison
Marcia Emmert
Glenn Engel
Patricia Essenburg
Mavis Footman
Mary Fought
Donald Fowler
Dean Fricke
Mari Fris
Steven Getz
Mark Goldsberry
Marie Cooper
Keith Goodrich
Ken Goodson
George Giaco
Jeffrey Greenslate
Pamela Judas
Robert Gustavson
Tony Hammond
Milburn Hank
Robin Harrison
Nancy Haywell
Wesley Helkkila
Susan Hertel
Harris Holt
Christopher Holtz
Kathy Hornack
Marie Houshalting
Mark Hybali
Nancy Jager
Mary Joe
Christine Johnson
Joseph Johnson
Michael Jorgensen
Mary Kelly
Jacqueline Kelly
Daniel King
Brent Kingshott
Sharon Kolker
Lawrence Koolstra
Dan Kovarik
Michael Kraker
Mado Kreutz
Scott Kubon
Jay Kulper
Randall Kute
Raymond Lacrosse
Jack Landstra
Tig Le
Timothy Lemieux
Jeffrey Lieffers
Jonathon Looman
Leonila Landy
David Lutz
Jami Marshall
Alien May
Theodore May
James McElsh
Alison McEvoy
Timothy McIke
Julie McKeever
Diana McNamoney
Walter McNamara
Thomas McSauby
Susan McCoy
Bernard Mesberger
Pheth Mokosouvahn
Mark Moll
Joseph Moran
Kathleen Moyer
Arthur Nessen
Dung Nguyen
Sheldon Niemeyer
Joseph Ohringen
Godwin Okonkwo
Michael O’Toole
Nancy Pec
Dean Pelkey
Craig Petersen
Pamela Pew
Karen Pitcher
Dennis Pfz
Kimberly Plumert
Jonathan Plyler
Laure Potter
Clarence Powell
Cathy Placek
Brian Quillian
Andrew Raffaele
Terri Redder
Scott Reed
Margaret Reilly
Valerie Renkema
Jeffrey Rhoda
Timothy Richards
Mark Ricketts
Dain Ritter
Gregory Robar
Stephen Roberts
Daniel Robinson
James Rockwell
Sheila Rodgers
Helen Rodriguez
Samuel
William Schultz
Eric Sheggrud
Phongsak Sichandeng
Kim Skutt
Patricia Slamkowski
Rasdel Sly
Timothy Soper
Michael South
David Spira
Kenven Stafford
Rosemary Szejn
Tsahale Temnewo
Bette Terpstra
Jacqueline Terrell
Kathy Thomas
Lesley Thompson
Constantine Timmer
Dana Tokarczyk
Daniel Tooker

Janelle Travis
Kevin Truc
Adriane Turn
James Vallee
Sharon Van Den Beldt
Terry Vandenbou
Ryan Vander Haar
Kenneth Vanderkolk
Donald Vandyken
Phouxouan Vannoung
Mark Van Staveren
David Wagner
Vincent Wallace
Clarence Wallis
Roger Walstra
Bruce Walters
Maryla Walton
Pbhu Wattanasintham
Todd Wells
David Wheeler
Lynda Wigger
Daniel Wilkins
Kimberly Wilks
Daniel Zawlocki
Matt Zondiak
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,

[Signature]

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Cover Photography: BCA Films
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.

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