

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
- [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [ 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):
- [ X ] No fee required
- [ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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- (2) Form, schedule, or registration statement no.: \_\_\_\_\_
- (3) Filing party: \_\_\_\_\_
- (4) Date filed: \_\_\_\_\_

Notice of 2007  
**Annual Meeting of Shareholders**  
**Proxy Statement**

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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](http://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](http://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](http://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:

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

(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.

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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.

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**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 <sup>(1)</sup>	11.36
Barclays Global Fund Advisors 45 Fremont Street San Francisco, CA 94105	6,094,978 <sup>(2)</sup>	9.95
Columbia Wanger Asset Management, L.P. 227 West Monroe Street Suite 3000 Chicago, IL 60606	4,131,000 <sup>(3)</sup>	6.75
Rainier Investment Management, Inc. 601 Union Street, Ste. 2801 Seattle, WA 98101	3,475,217 <sup>(4)</sup>	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 <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
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 <sup>(3)</sup>	3.42



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- (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.*

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**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 <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
<b>Nominee for Election as Director for Term to Expire in 2008</b>				
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 <sup>(3)</sup>	.11
<b>Nominees for Election as Directors for Terms to Expire in 2010</b>				
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
<b>Directors Whose Terms Expire in 2009</b>				
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

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<b>Name and Principal Occupation</b>	<b>Age</b>	<b>Year First Became a Director</b>	<b>Shares Owned<sup>(1)</sup></b>	<b>Percent of Class<sup>(2)</sup></b>
James R. Kackley Since May 2002-- Private Investor	65	2003	30,519	.05

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**Director and Executive Officer Information**The Board of Directors (*Continued*)

Name and Principal Occupation	Age	Year First Became a Director	Shares Owned <sup>(1)</sup>	Percent of Class <sup>(2)</sup>
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
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Lord Brian Griffiths of Fforestfach Since 1991-- International Advisor, Goldman Sachs International Limited and House of Lords, United Kingdom	65	1991	83,572	.13
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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
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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
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- (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.

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## 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](http://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](http://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.

**Corporate Governance and Board Matters**

Director Nominations (*Continued*)

**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](http://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