



A MESSAGE FROM BRIAN WALKER, CEO
FISCAL YEAR 2005





Dear members of the Herman Miller community,

Saying thank you is one of the best parts of my job. We've had a good year, and we owe thanks to many people—our sales force, our customers, our dealers and retailers, our suppliers, our employees in general. We have made great progress in going from strategy and planning to implementation and engagement. I think you'll see the results of hard and smart work on the parts of many, many Herman Miller employees. The financial results from last year make me believe we are on the right track and that we have a solid footing on which to build both new and existing markets.

Our new take on the annual report

There is a lot more to report on this year and a lot to look forward to. First, you'll notice I am addressing this letter to "the Herman Miller community," which includes many groups in addition to shareholders. Second, the detailed financial information required by the Securities and Exchange Commission appears in the accompanying Proxy Statement and Annual Financial Statements. The third part of this package is a booklet laying out our corporate values, what matters to us at Herman Miller. This re-affirmation of what we believe has been an important part of our work over the last year, and I'm happy to present it to you. It's the foundation for our actions in the future.

Values persist as almost everything else changes

Great stories tell Herman Miller's past—the Millwright, Gilbert Rhode and design, Robert Propst and Action Office, Carl Frost and the Scanlon Plan. One of the accomplishments from last year is the re-statement

of our corporate values. Through a process that began with my team (Andy Lock, Beth Nickels, Charley Vranian, Gary Miller, Kris Manos, Don Goeman, John Portlock, and Ken Goodson) and then included over 150 leaders throughout the company, we looked at what we believed in and what kind of a company we wanted to be.

These values are Curiosity and Exploration; Performance; Engagement; Design; Relationships; Inclusiveness; A Better World; Transparency; Foundations. “The Basis of Our Community—Things That Matter” is one of a series of booklets we’ve published recently describing important facets of Herman Miller. We would be happy to send you the other four booklets in this series if you’re interested in other parts of our business and our community—“Our Spirit of Design,” “Environmental Advocacy,” “Why We Care About Ergonomics,” and “Changing From the Inside Out” (the Herman Miller Production System).

100 years ago

In 1905, one hundred years ago, The Star Furniture Company in Zeeland, Michigan began to manufacture cumbersome but well-made residential furniture. Like many other furniture companies in West Michigan, Star took advantage of the natural and human resources in this region. Unlike any other furniture company in West Michigan, it had the good fortune to hire Dirk Jan De Pree as a clerk in 1909. Fourteen years later in 1923, DJ, Herman Miller (DJ’s father-in-law), and several others bought the company. DJ re-named the company Herman Miller and became its manager.

The rest is history, a great story that we are all part of. Our company is 100 years old, and Herman Miller is 82. This past year, I became Herman Miller’s seventh CEO, and I want you all to know I’m fully aware of the legacy I’ve inherited from the six leaders who preceded me. Our past is a great strength, and living up to our potential is an awesome responsibility.

A few financial items

Financial performance results from many people doing well in their jobs. This year's financial measures show good progress over last year and are the best results since the beginning of the economic downturn in 2001. We are especially pleased with our sales growth and profitability. Cash flow and operating margins rose; at the same time we reduced the level of assets required by our business. This performance allowed us to return a significant amount of cash to shareholders.

These financial measures tell you how we did last year. There is another story, a story about the future. In the middle of the downturn, then CEO Mike Volkema and his team decided to maintain the level of our design and research expenditures. Given the severity of the downturn, that was a very difficult decision. We are glad we made it. Due to the length of the design and research cycle, investments over the previous three years are now beginning to bear fruit. Later in this message you will see some examples of new products launched this past year. We have an even more ambitious new product launch agenda for next year. This, I think, bodes well for our future.

This past year's results are, from my point of view, real evidence of Herman Miller taking advantage of the last several years' hard work and our preparation for moving ahead. We have come out of a period of difficult economic conditions with a group of competent employees, a promising product development queue, a streamlined and efficient production system, and a group of salespeople and dealers ready to capitalize on it all.

Fiscal 2005 Highlights

- Net Sales increased 13.2%
- Net Earnings increased 60.8%
- Share Price increased 23.8%
- Cash Flow from Operations \$109.3 million
- \$40.2 million invested in Design and Research
- Ending Cash Balance \$154.4 million

Stock Performance Comparison

(Indexed to June 3, 2002)

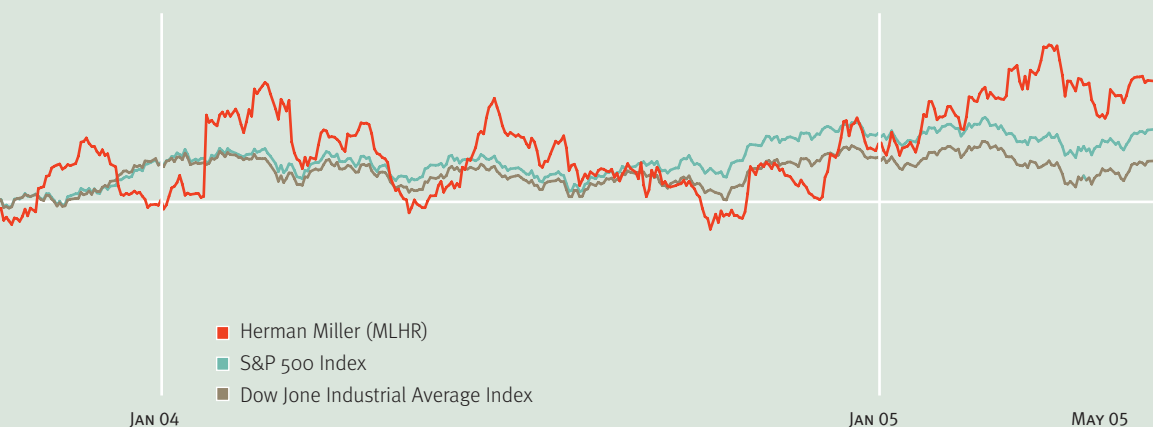


SOURCE: BASELINE

Selected Financial Data

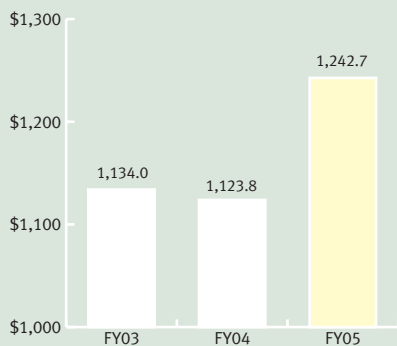
(In US\$ Millions Except Per Share Data)

	FY03	FY04	FY05
Net Sales	\$1,337	\$1,338	\$1,516
Operating Earnings	48	61	122
Net Earnings	23	42	68
Earnings Per Share - Diluted	0.31	0.58	0.96
End of Period Balances:			
Cash and Cash Equivalents	186	189	154
Total Assets	757	715	706
Interest-Bearing Debt	223	207	194
Total Liabilities	566	520	535
Total Equity	\$191	\$195	\$171



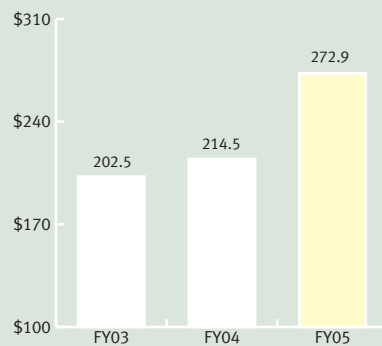
Domestic net sales

(In Millions)

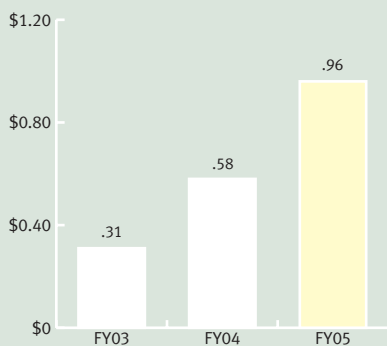


International net sales

(In Millions)

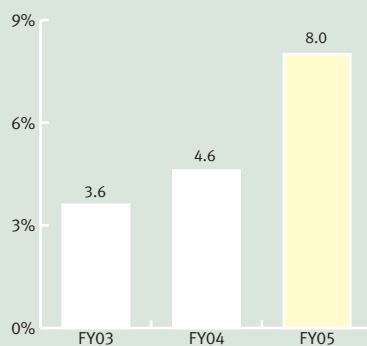


Earnings per share—diluted



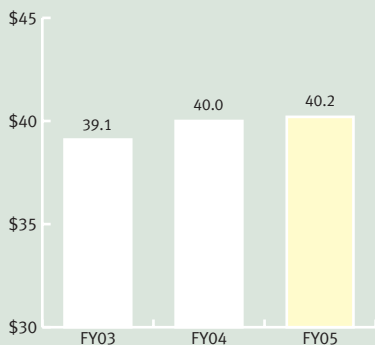
Operating margin

(Percent of Net Sales)



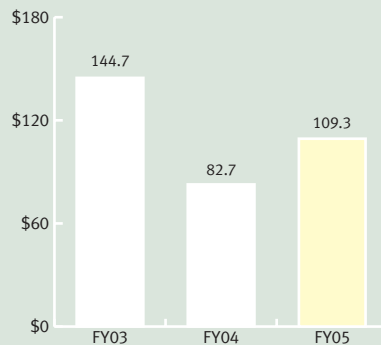
Design and research spending

(In Millions)



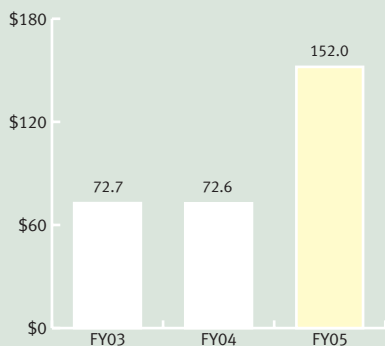
Cash flow from operations

(In Millions)



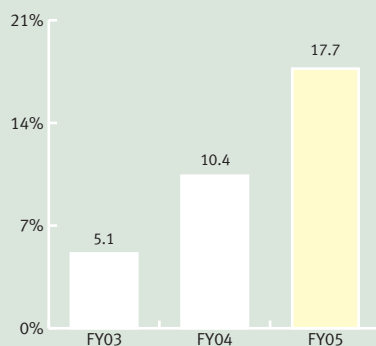
Cash returned to shareholders

(In Millions)



Defined as cash dividends paid plus share repurchases.

After-tax return on capital



Capital is defined as the average interest-bearing debt plus average shareholders' equity in the period.



One way we share what we know is through publications, both online and in print. *Jugglezine*, our online magazine, our expanding series of Research Summaries, and *SEE* magazine present developed and developing knowledge to customers and the A&D community.

Discovering needs and delivering solutions

We base our strategy on a core strength in problem-solving design and innovation. This great strength lies at the heart of Herman Miller. Ultimately our customers want solutions that improve their performance or solve a problem. So we must go beyond simply selling hardware. Our customer engagement teams develop deep relationships and deliver value-adding knowledge in addition to innovative and quality products. By focusing on the whole solution, we help our customers discover their needs and select an answer that best fits their organizations. Understanding what whole solutions are possible isn't easy. It requires us to constantly explore the cultures and worlds our customers confront every day.

We know a great deal, and we're always learning

Herman Miller pursues research in many ways—through dedicated groups here in West Michigan that follow trends, study ergonomics, explore new materials. Our designers also research new products in their studios, which are scattered around the world. Our services group, reorganized this past year, turns much of our knowledge about work and workplaces into services for customers. We also publish a great deal, both in print and on-line (see hermanmiller.com for a complete offering). By making what we know available to our customers, we help them understand what's possible. Our problem-solving designs depend on thorough and ongoing research, something you see reflected in steady design and research expenditures. Our products are ideas put in a form that helps customers.

Great customer relationships begin and end with performance

Our Operations group has delivered to Herman Miller (through the widely-recognized Herman Miller Production System or HMPS) a new way of thinking about performance. Many people and groups have honed this system since 1996 when it began. While we have made great progress, this journey has no ending. We are now extending what we have learned through the HMPS to our suppliers and dealers. This expanded scope is full of promise for improvements in cost and customer satisfaction. The Herman Miller Production System focuses us on the relentless elimination of waste and bullet-proof reliability. This focus enables us to deliver cost-effective solutions on time, every time, with impeccable quality. I'm truly pleased with the competent and dependable delivery system our Operations group is building with HMPS. It's a crucial part of implementing our strategy over the coming years.

Using our formula to serve new customers

Today, much of our energy and resources goes to solving problems in work environments; most of our sales are to customers in that market. We believe that our formula of product innovation, solution delivery, and operational performance will let us continue to increase the number of customers who choose Herman Miller to "create their great place to work." Yet I have always believed a truly great business has the ability to expand and redefine the customers that it can serve.

I believe Herman Miller is a great business with a simple, but unique, formula that can extend to a much broader set of customers. We have already begun to extend this formula to other problem areas and to customers who need great places to heal, live, and learn. The potential of our formula to help all kinds of customers is large; experience in the adjacent markets of healing, living, and learning is teaching us a good deal.

These adjacent markets are not wholly new to Herman Miller. At its founding Herman Miller was primarily focused on solving problems in living environments. We are blessed with a large number of iconic products for living environments that are treasured by multiple generations around the world. Our knowledge and expertise in healing environments stretch back to the late 1960s and 1970s, when, under the leadership of Robert Propst, we invented Co/Struc, a system of material handling carts and storage units for healing environments still solving problems today.

We intend to go beyond where we are today and push more deeply into solving problems in healing, living, and learning environments. The teams we have at work in these areas are full of competence and commitment. They are expanding our expertise, increasing the effectiveness and breadth of our products, and discovering new ways to help customers. They are busy applying the Herman Miller attitude of problem-solving to their customers' worlds. I have great expectations for them.




Work environments are a traditional strength for us. This year we introduced the Cella chair, a wonderful mid-priced, ergonomically sophisticated result of research and design. Such products truly help create great places to work.



Herman Miller has been researching healing environments since the 1960s. Given the importance of health care in our world, I'm glad to say that we have a strong team serving this market and exploring new products for it.



Through a unique network of retailers, we have built an increasingly successful way of reaching consumers and the home market. Herman Miller for the Home continues to grow and re-introduce classic Herman Miller designs.


A man and a woman are seated at a white, round table in a bright, modern learning environment. The man, on the left, is wearing a light-colored button-down shirt and dark pants, and is looking towards the woman. The woman, on the right, is wearing a light-colored top and blue jeans, and is smiling back at him. They are both sitting on green plastic chairs with metal frames. The table is also surrounded by other chairs, including yellow and blue ones. The room has large windows in the background, letting in plenty of natural light. The floor is covered with a grey carpet. The overall atmosphere is bright and collaborative.

We are also researching and exploring the future of learning environments in the United States. The team is giving us a real basis of knowledge about this market and its future.

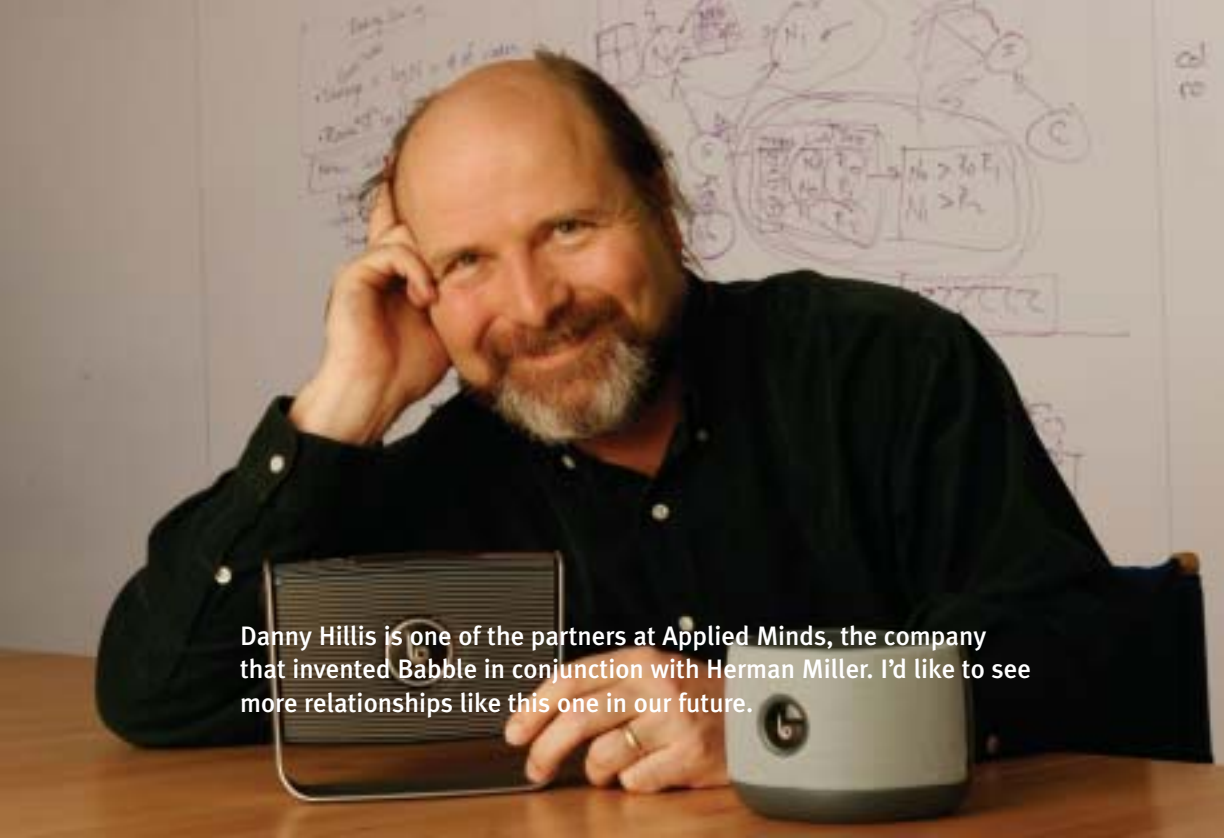
Our International group continues to do a superb job

We should also recognize International for yet another great year. They exemplify for us two of our values—Performance and Engagement. Sales have risen for International for three straight years, and their outlook is good. I'd like to thank them for their substantial contribution. We introduced at NEOCON 2004 this past June a product—the Abak desking system—developed and successfully marketed in Europe.

We have had an international presence for many years. Today, we serve customers in almost 80 countries around the world. While much of our international business is in large industrialized countries, we also serve customers in many smaller places—even surprising places like Afghanistan. We are expanding our presence in the emerging markets of India and China, since these countries are seeing a significant increase in knowledge workers as their economies continue to grow rapidly. In addition, many of our traditional customers, large multinational organizations, are investing in these markets, and we must be prepared to serve them around the world.



This installation crew has just finished unpacking Herman Miller products for a project in Kabul. In spite of war and terrorism, work goes on, and we are as determined to help our customers there as we are anywhere else in the world.



Danny Hillis is one of the partners at Applied Minds, the company that invented Babble in conjunction with Herman Miller. I'd like to see more relationships like this one in our future.



Motus helps adapt and change interior space over time. I'm excited about the potential of this new product, now in a first commercial installation.

Two new adventures with great promise

Part of our strategy is to move into entirely new markets that can benefit from our base of knowledge in built environments. Begun a few years ago to pursue exactly such opportunities, the Herman Miller Creative Office recently launched one new product developed as part of this strategy and is preparing to launch another. In May, you may have seen the New York Times article discussing Babble, a sound technology that makes it possible to have private conversations without losing the benefits of open access to other people. We developed this in conjunction with Applied Minds, a small and innovative group of thinkers in California. Babble is the first product of Sonare, the Herman Miller venture focused on technologies that help manage sound.

We are also excited about the potential of Motus, a new approach to the design, build-out, and utilization of commercial space. We have installed Motus in a 17,000-square-foot retail space to provide this customer with a programmable environment that adapts over time quickly and easily. Motus will become part of an interior structure and utility delivery platform we hope will be applicable in multiple markets. Motus will help building owners, architects, designers, and organizations create and manage interior spaces.

A final thank you



Finally, I want to thank Mike Volkema on behalf of the Herman Miller community. He stepped down as CEO in June, 2004 and remains as Chairman of the Board. He has brought this company through unbelievably difficult times with grace and compassion. Thanks to Mike, we are in an excellent financial position, are armed with talent and focus, and have already begun to move ahead with new products and markets. His name is yet another on a long list of wonderful leaders at Herman Miller.

A handwritten signature in black ink, reading "Brian C. Wall". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.





© 2005 Herman Miller, Inc., Zeeland, Michigan Printed in U.S.A. on 100 percent post-consumer waste recycled paper with soy-based inks. P.MS2841

®  Herman Miller, , Action Office, and Co/Struc are among the registered trademarks of Herman Miller, Inc.
™ Abak, Babble, Cella, and Motus are among the trademarks of Herman Miller, Inc.