www.steelcase.com

NYSE: SCS

Steelcase

December 18, 2009

THIRD QUARTER FISCAL 2010 RESULTS

Quarter ended November 27, 2009

WEBCAST

Friday, December 18, 2009

Forward-looking statements

From time to time, in written and oral statements, the company discusses its expectations regarding future events and its plans and objectives for future operations. These forward-looking statements generally are accompanied by words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "may," "possible," "potential," "predict," "project," or other similar words, phrases or expressions. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to vary from the company's expectations because of factors such as, but not limited to, competitive and general economic conditions domestically and internationally; acts of terrorism, war, governmental action, natural disasters and other Force Majeure events; changes in the legal and regulatory environment; restructuring activities; currency fluctuations; changes in customer demands; and the other risks and contingencies detailed in the company's most recent Annual Report on Form 10-K and its other filings with the Securities and Exchange Commission. Steelcase undertakes no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Participants

JIM HACKETT

President and chief executive officer

DAVE SYLVESTER

Vice president and chief financial officer

MARK MOSSING

Corporate controller and chief accounting officer

TERRY LENHARDT

Vice president

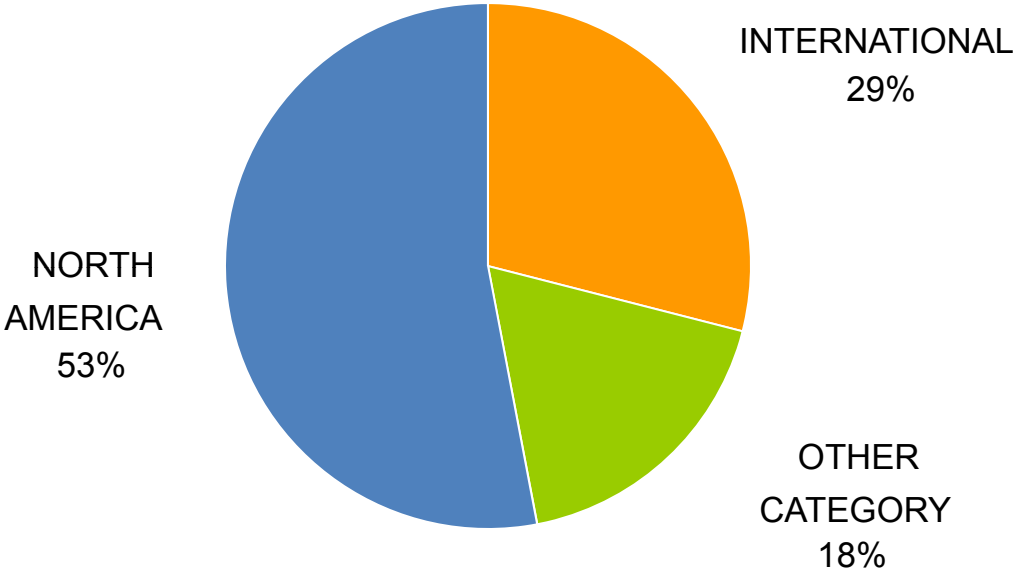
North America finance

RAJ MEHAN

Director

investor relations

Current quarter revenue mix

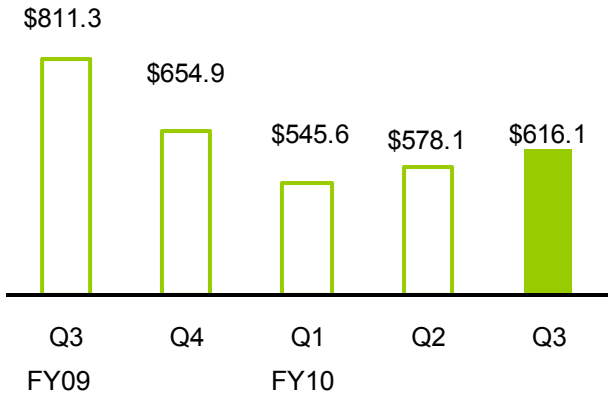


Business Segments

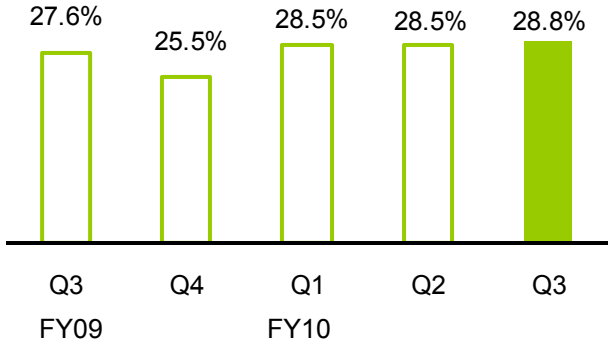
- The North America segment serves customers in the U.S. and Canada mainly through independent dealers. The North America segment includes furniture, interior architecture, technology and healthcare environment solutions under the Steelcase, Turnstone, Details and Nurture by Steelcase brands.
- The International segment serves customers outside of the U.S. and Canada primarily under the Steelcase brand, with an emphasis on freestanding furniture systems, storage and seating solutions.
- The Other category includes the Coalesse Group, PolyVision and IDEO. The Coalesse Group consists of the Coalesse brand and Designtex. Coalesse is a premium furnishings brand that serves the markets of executive office, conference, lounge, teaming environments and residential live/work solutions.

Steelcase Inc. quarterly results

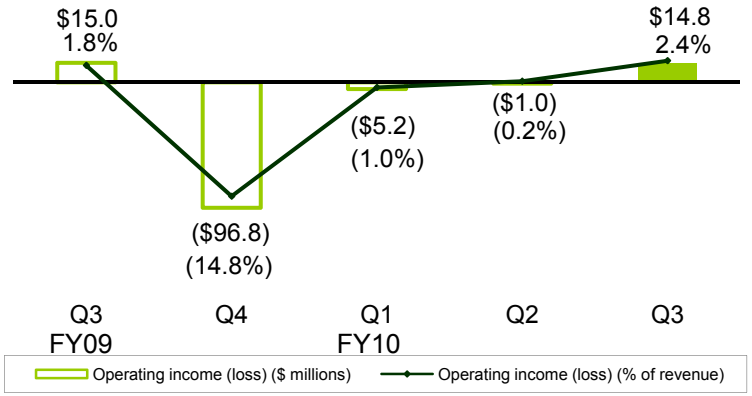
REVENUE ($ millions)



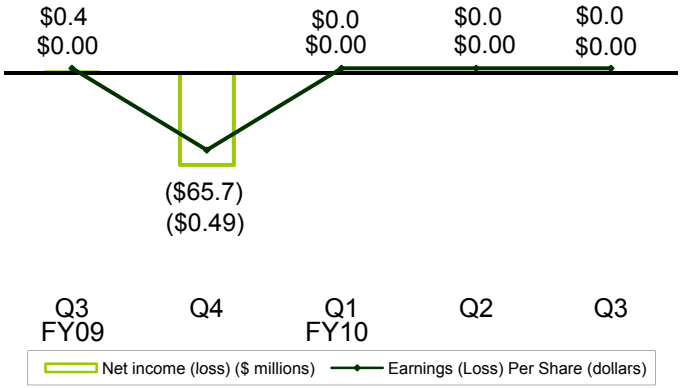
GROSS MARGIN (percent of revenue)



OPERATING INCOME (LOSS) ($ millions, percent of revenue)



NET INCOME (LOSS) ($ millions);
EARNINGS (LOSS) PER SHARE (dollars)



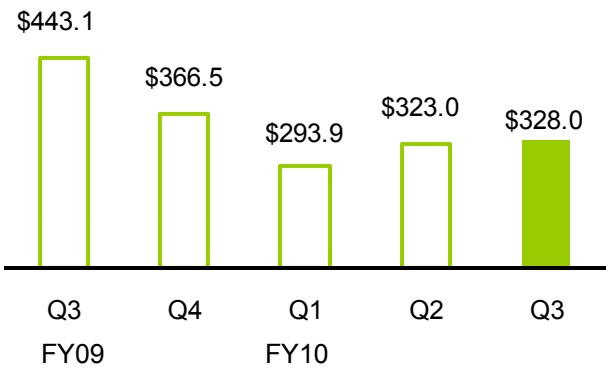
Steelcase Inc. highlights

	(Unaudited) Three Months Ended November 27, 2009		November 28, 2008	
Revenue	$ 616.1	100%	$ 811.3	100%
Cost of sales	436.1	70.8	583.4	71.9
Restructuring costs	2.5	0.4	3.8	0.5
Gross profit	177.5	28.8	224.1	27.6
Operating expenses	160.4	26.0	208.2	25.7
Restructuring costs	2.3	0.4	0.9	0.1
Operating income	14.8	2.4	15.0	1.8
Interest expense	(4.5)	(0.7)	(4.3)	(0.5)
Other income (expense), net	(2.7)	(0.4)	(1.3)	(0.2)
Income before income taxes	7.6	1.3	9.4	1.1
Income tax expense	7.6	1.3	9.0	1.1
Net income	$ -	0.0%	$ 0.4	0.0%

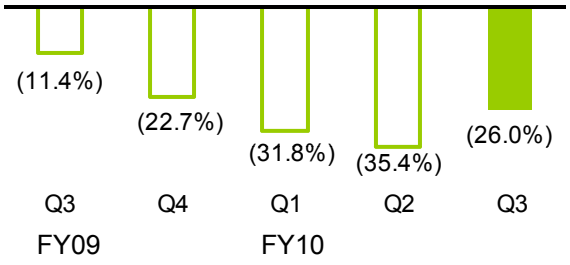
- **Revenue** decreased 24.1% including the positive impact of currency translation ($16M), reflecting an "organic" decline of approximately 25%.
- **Cost of sales** decreased 110 basis points. The margin improvement is primarily due to benefits from prior restructuring and other cost reduction efforts, higher COLI income ($20M), lower commodity costs ($18M), temporary reduction of salaries and retirement benefits ($5M) and lower variable compensation ($2M), which more than offset lower absorption of fixed costs associated with the revenue decline and a number of smaller miscellaneous warranty and inventory charges ($5M).
- **Operating expenses** decreased 23% due to benefits from prior restructuring and other cost reduction efforts, higher COLI income ($13M), temporary reduction of salaries and retirement benefits ($5M), lower variable compensation ($3M) and non-recurring credits ($2M) partially offset by unfavorable currency translation effects ($3M).
- **Other income, net** increased due to demolition costs ($1.3M) related to an idle PolyVision facility in France.
- **Restructuring costs** were $4.8M in Q3 FY10, including:
  - North America - $0.6M for the completion of salaried workforce reductions and the integration of Softcare into Nurture
  - International - $3.1M related to European workforce reductions and China plant consolidation costs
  - Other - $0.7M for the Dixonville closure (PolyVision) and $0.4M for Oakland lease impairment charges (Coalesse).

North America segment

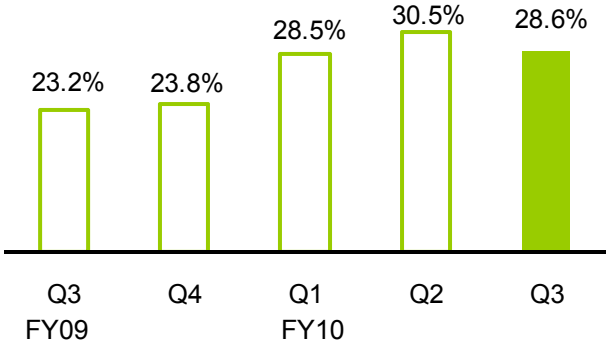
REVENUE ($ millions)



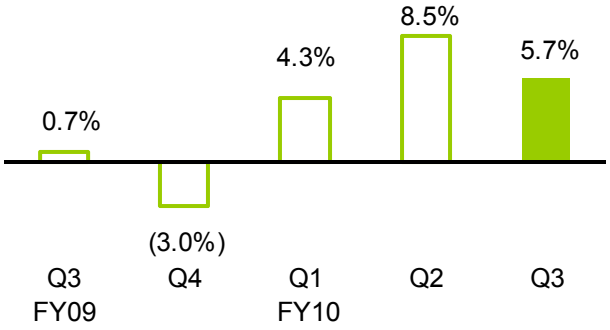
REVENUE GROWTH (percent change versus prior year)



GROSS MARGIN (percent of revenue)



OPERATING INCOME (LOSS) (percent of revenue)



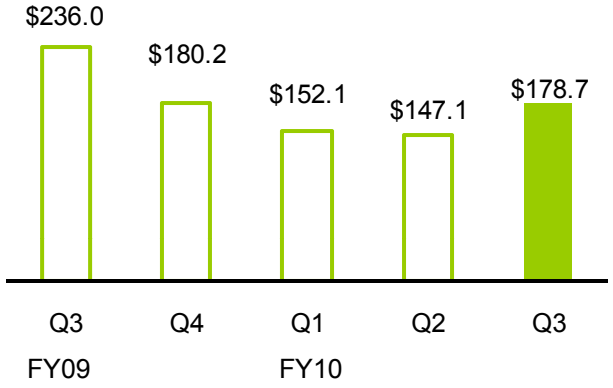
North America segment highlights

	(Unaudited) Three Months Ended November 27, 2009		(Unaudited) Three Months Ended November 28, 2008	
Revenue	$ 328.0	100.0%	$ 443.1	100.0%
Cost of sales	233.8	71.2	338.5	76.4
Restructuring costs	0.5	0.2	1.9	0.4
Gross profit	93.7	28.6	102.7	23.2
Operating expenses	74.8	22.9	99.5	22.5
Restructuring costs	0.1	-	-	-
Operating income	$ 18.8	5.7%	$ 3.2	0.7%

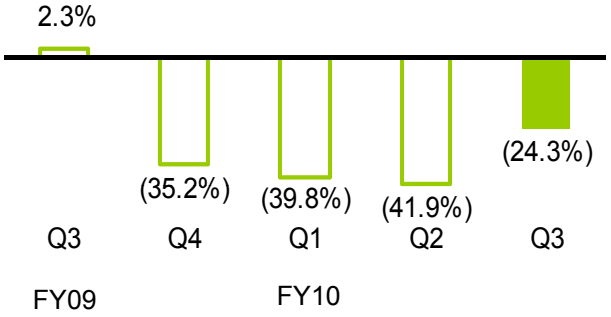
- **Revenue** decreased 26.0% including the positive impact of currency translation ($2M).
- **Cost of sales** decreased 520 basis points as the lower absorption of fixed costs associated with the revenue decline and miscellaneous warranty and inventory charges ($2M) were more than offset by higher COLI income ($20M), lower commodity costs ($14M), benefits from prior restructuring and other cost reduction efforts, temporary reduction of salaries and retirement benefits ($4M) and lower variable compensation ($1M).
- **Operating expenses** decreased due to higher COLI income ($13M), benefits from prior restructuring and other cost reduction efforts, temporary reduction of salaries and retirement benefits ($4M) and lower variable compensation ($1M).

International segment

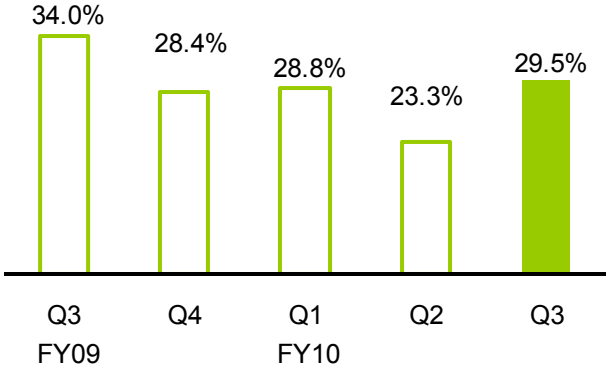
REVENUE ($ millions)



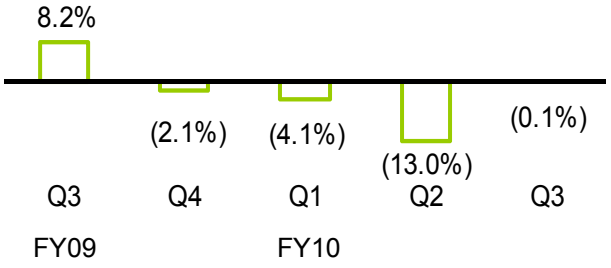
REVENUE GROWTH (percent change versus prior year)



GROSS MARGIN (percent of revenue)



OPERATING INCOME (LOSS) (percent of revenue)



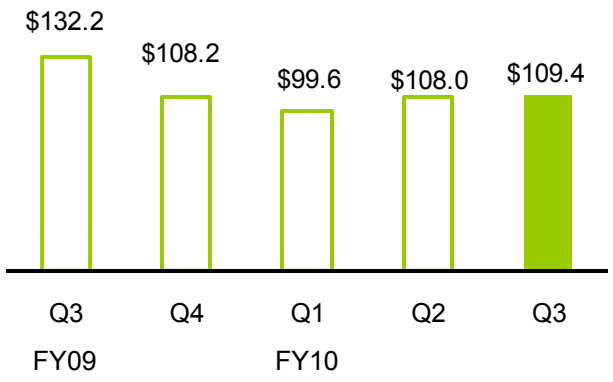
International segment highlights

	(Unaudited) Three Months Ended November 27, 2009		November 28, 2008	
Revenue	$ 178.7	100.0%	$ 236.0	100.0%
Cost of sales	124.8	69.8	155.7	66.0
Restructuring costs	1.2	0.7	-	-
Gross profit	52.7	29.5	80.3	34.0
Operating expenses	51.0	28.5	60.7	25.7
Restructuring costs	1.9	1.1	0.2	0.1
Operating income (loss)	$ (0.2)	(0.1%)	$ 19.4	8.2%

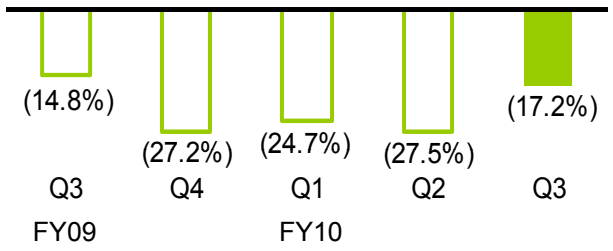
- **Revenue** decreased 24.3% including the positive impact of currency translation ($14M). The decline in constant currency was approximately $71 million or 28%.
- **Cost of sales** increased 380 basis points. The deterioration was almost entirely due to lower fixed cost absorption related to lower volume.
- **Operating expenses** decreased due to benefits from prior restructuring and other cost reduction efforts and lower variable compensation partially offset by unfavorable currency translation effects.

Other category

REVENUE ($ millions)

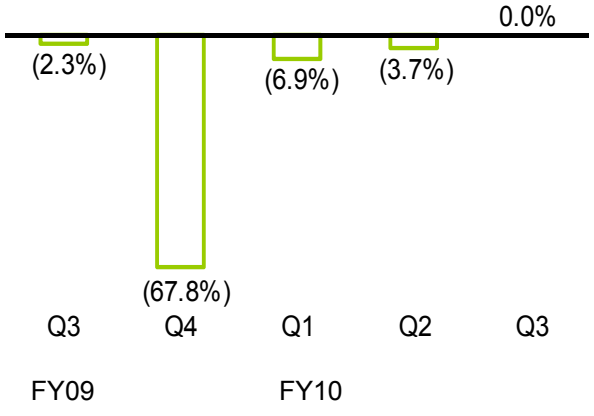


REVENUE GROWTH (percent change versus prior year)



GROSS MARGIN (percent of revenue)

OPERATING INCOME (LOSS) (percent of revenue)



Other category highlights

	(Unaudited) Three Months Ended November 27, 2009		November 28, 2008	
Revenue	$ 109.4	100.0%	$ 132.2	100.0%
Cost of sales	77.5	70.9	89.2	67.5
Restructuring costs	0.8	0.7	1.9	1.4
Gross profit	31.1	28.4	41.1	31.1
Operating expenses	30.8	28.1	43.5	32.9
Restructuring costs	0.3	0.3	0.7	0.5
Operating income (loss)	$ -	0.0%	$ (3.1)	(2.3%)

- **Revenue** decreased 17.2% including a 23% decrease in the Coalesse Group, 15% decrease at IDEO and 6% decrease at PolyVision.
- **Cost of sales** increased 340 basis points primarily due to lower absorption of fixed costs associated with the revenue decline. This was partially offset by benefits of PolyVision's exit from a substantial portion of the low margin fabricated whiteboard business in the U.S. and success of higher margin ēno product.
- **Operating expenses** decreased due to benefits from prior restructuring and other cost reduction efforts, lower variable compensation and temporary reduction of salaries and retirement benefits.

Q4 fiscal 2010 outlook

REVENUE

Expect fourth quarter revenue of approximately $570 million

- Assumes favorable currency translation effects of approximately $20 million and unfavorable dealer deconsolidation impact of $(5) million

EARNINGS

Expect approximately break-even operating income (excluding restructuring costs) and net income to approximate break-even

- Includes approximately $(6) million of pre-tax restructuring costs
- Assumes 100% effective tax rate similar to previous quarters in fiscal 2010
    - Highly sensitive to pre-tax income/loss levels and non-taxable items such as gains/losses on cash surrender value of COLI
- Prior year net loss was $(65.7) million or $(0.49) per share and included
    - $(50) million of after-tax impairment charges
    - $(11) million of after-tax restructuring costs

Restructuring actions and estimated annual pre-tax savings

	Fixed Cost "Permanent" Reductions	Other "Temporary" Reductions	End of Q3 FY10
MARCH 2008 • manufacturing facility closures and production moves • white collar workforce reductions	$40 million		fully implemented
DECEMBER 2008 • manufacturing and distribution facility closures • white collar workforce reductions	$40 million		
FEBRUARY 2009 • employee salary reductions • reduction of contribution to Steelcase Inc. Retirement Plan for fiscal 2010 • suspension of company matching of employee 401(k) contributions		$30 million	
JUNE 2009 • elimination of contribution to Steelcase Inc. Retirement Plan for fiscal 2010		$10 million	
• white collar workforce reductions • consolidation of smaller manufacturing facilities	$20 million		substantially completed
Total	**$100 million**	**$40 million**	

Supplemental Slides

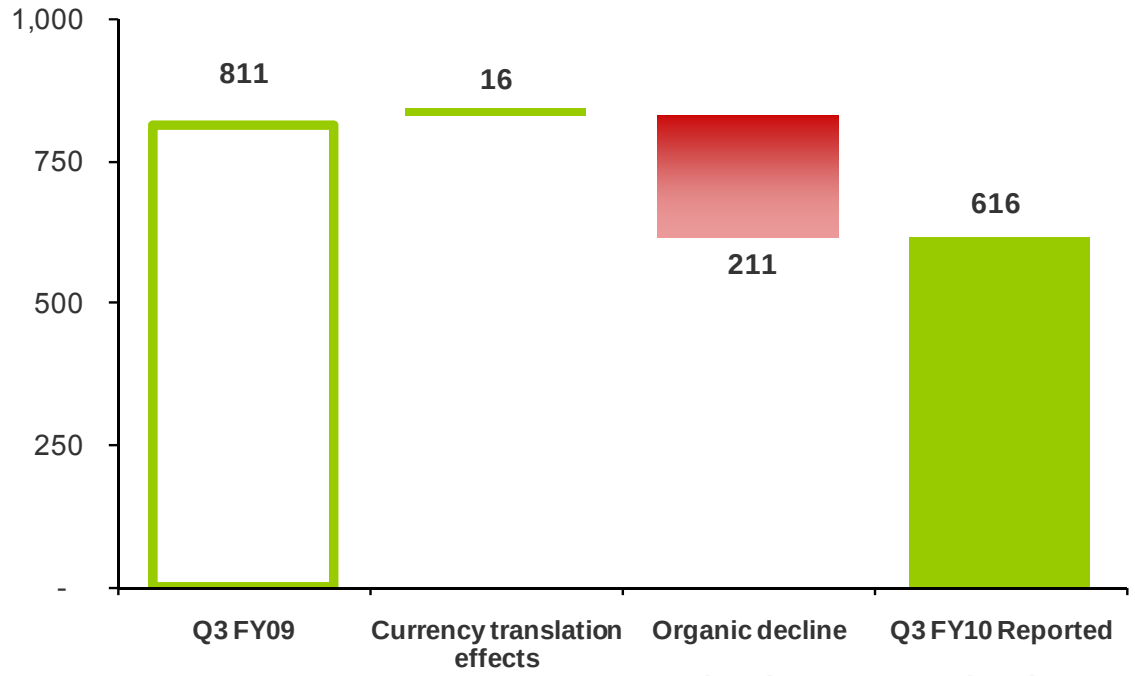
Quarterly cash flow data

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (Unaudited)
(in millions)

	Three Months Ended			
	February 27, 2009	May 29, 2009	August 28, 2009	November 27, 2009
OPERATING ACTIVITIES				
Net income (loss)	$ (65.7)	$ -	$ -	$ -
Depreciation and amortization	19.8	18.5	18.1	19.0
Impairment charges	65.3	-	-	-
Changes in operating assets and liabilities	(31.9)	(85.4)	(30.0)	43.5
Other, net	4.5	2.5	6.0	(11.4)
Net cash provided by (used in) operating activities	(8.0)	(64.4)	(5.9)	51.1
INVESTING ACTIVITIES				
Capital expenditures	(16.8)	(9.4)	(7.2)	(9.9)
Changes in investments, net	(13.9)	4.8	7.9	(1.7)
Other, net	4.8	8.1	(4.0)	4.4
Net cash (used in) provided by investing activities	(25.9)	3.5	(3.3)	(7.2)
FINANCING ACTIVITIES				
Borrowings of long-term debt	-	-	47.0	-
Dividends paid	(10.6)	(10.7)	(5.4)	(5.4)
Common stock repurchases	(0.2)	(4.3)	-	-
Other, net	(0.9)	(0.4)	(0.8)	(0.8)
Net cash (used in) provided by financing activities	(11.7)	(15.4)	40.8	(6.2)
Effect of exchange rate changes on cash and cash equivalents	(0.2)	2.5	(0.7)	1.7
Net increase (decrease) in cash and cash equivalents	(45.8)	(73.8)	30.9	39.4
Cash and cash equivalents, beginning of period	163.4	117.6	43.8	74.7
Cash and cash equivalents, end of period	$ 117.6	$ 43.8	$ 74.7	$ 114.1

Q3 fiscal 2010 revenue decline

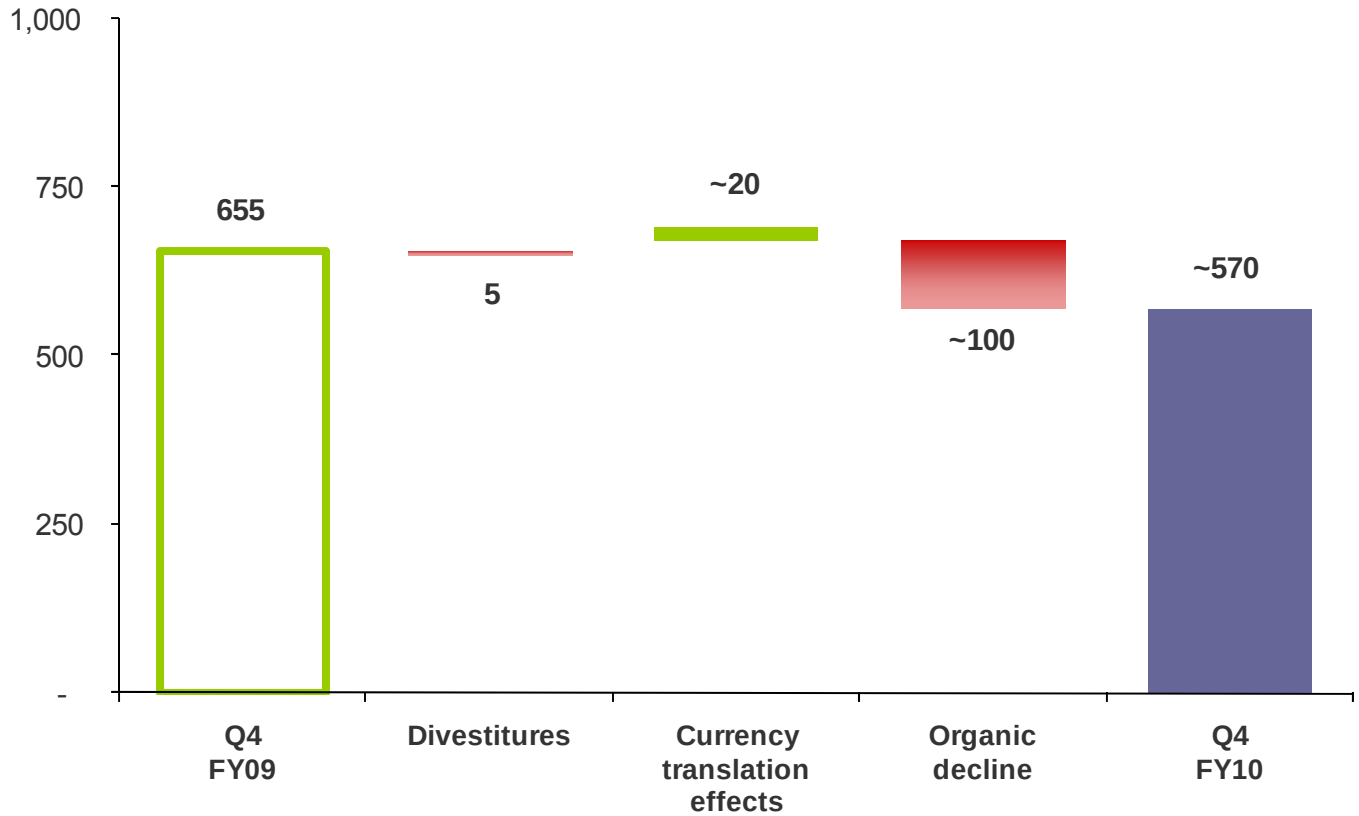
Dollars (millions)



Revenue Change: (25%) (24%)

Q4 fiscal 2010 revenue outlook

Dollars (millions)



Revenue Change: (15%) (13%)