

# STEELCASE INC

## FORM 10-Q (Quarterly Report)

Filed 10/07/08 for the Period Ending 08/29/08

Address	901 44TH ST GRAND RAPIDS, MI 49508
Telephone	6162472710
CIK	0001050825
Symbol	SCS
SIC Code	2522 - Office Furniture, Except Wood
Industry	Furniture & Fixtures
Sector	Consumer Cyclical
Fiscal Year	02/27

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**  
For the quarterly period ended August 29, 2008

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-13873

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**STEELCASE INC.**

(Exact name of registrant as specified in its charter)

**Michigan**  
(State or other jurisdiction  
of incorporation or organization)  
**901 44th Street SE**  
**Grand Rapids, Michigan**  
(Address of principal executive offices)

**38-0819050**  
(I.R.S. employer identification no.)

**49508**  
(Zip Code)

(Registrant's telephone number, including area code) (616) 247-2710  
N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting Company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 6, 2008, Steelcase Inc. had 78,573,663 shares of Class A Common Stock and 55,703,531 shares of Class B Common Stock outstanding.

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STEELCASE INC.  
FORM 10-Q

FOR THE QUARTER ENDED AUGUST 29, 2008

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements:

## STEELCASE INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(in millions, except per share data)

	Three Months Ended		Six Months Ended	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Revenue	\$ 901.8	\$ 825.2	\$ 1,717.5	\$ 1,633.6
Cost of sales	615.1	549.1	1,159.7	1,091.7
Restructuring costs	8.7	(1.7)	13.5	—
Gross profit	278.0	277.8	544.3	541.9
Operating expenses	231.7	222.8	458.8	438.6
Restructuring costs	0.3	—	2.7	—
Operating income	46.0	55.0	82.8	103.3
Interest expense	(4.3)	(4.0)	(8.6)	(8.3)
Other income, net	4.3	10.8	5.8	18.2
Income before income tax expense	46.0	61.8	80.0	113.2
Income tax expense	14.6	24.1	26.4	41.9
Net income	<u>\$ 31.4</u>	<u>\$ 37.7</u>	<u>\$ 53.6</u>	<u>\$ 71.3</u>
Earnings per share:				
Basic	<u>\$ 0.23</u>	<u>\$ 0.26</u>	<u>\$ 0.40</u>	<u>\$ 0.50</u>
Diluted	<u>\$ 0.23</u>	<u>\$ 0.26</u>	<u>\$ 0.39</u>	<u>\$ 0.49</u>
Dividends declared and paid per common share	<u>\$ 0.15</u>	<u>\$ 0.15</u>	<u>\$ 0.30</u>	<u>\$ 0.30</u>

See accompanying notes to the condensed consolidated financial statements.

**STEELCASE INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in millions)

	(Unaudited) August 29, 2008	(Restated) February 29, 2008
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 70.8	\$ 213.9
Short-term investments	57.9	50.1
Accounts receivable, net	430.8	397.0
Inventories	159.0	146.7
Other current assets	126.2	127.0
Total current assets	844.7	934.7
Property and equipment, net	482.6	478.4
Company-owned life insurance	211.6	210.6
Goodwill and other intangible assets, net	285.9	301.0
Other assets	195.6	199.7
Total assets	<u>\$ 2,020.4</u>	<u>\$ 2,124.4</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 233.5	\$ 246.9
Short-term borrowings and current maturities of long-term debt	6.6	8.2
Accrued expenses:		
Employee compensation	148.9	181.3
Employee benefit plan obligations	26.3	39.0
Other	209.5	207.6
Total current liabilities	624.8	683.0
Long-term liabilities:		
Long-term debt less current maturities	251.3	250.5
Employee benefit plan obligations	184.1	183.4
Other long-term liabilities	85.8	96.6
Total long-term liabilities	521.2	530.5
Total liabilities	1,146.0	1,213.5
Shareholders' equity:		
Common stock	66.3	114.7
Additional paid-in capital	6.2	5.0
Accumulated other comprehensive income	15.1	17.4
Retained earnings	786.8	773.8
Total shareholders' equity	874.4	910.9
Total liabilities and shareholders' equity	<u>\$ 2,020.4</u>	<u>\$ 2,124.4</u>

See accompanying notes to the condensed consolidated financial statements.

**STEELCASE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
(in millions)

	Six Months Ended	
	August 29, 2008	August 24, 2007
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 53.6	\$ 71.3
Depreciation and amortization	45.3	44.7
Changes in operating assets and liabilities	(146.9)	(59.4)
Other, net	14.1	5.8
Net cash (used in) provided by operating activities	<u>(33.9)</u>	<u>62.4</u>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(44.9)	(31.2)
Net purchases of investments	(0.9)	(35.7)
Proceeds from disposal of fixed assets	4.0	14.8
Business divestitures	15.8	(3.0)
Other, net	10.1	9.3
Net cash used in investing activities	<u>(15.9)</u>	<u>(45.8)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(40.5)	(43.7)
Common stock repurchases	(54.2)	(109.8)
Common stock issuances	0.3	10.5
Other, net	3.0	3.9
Net cash used in financing activities	<u>(91.4)</u>	<u>(139.1)</u>
Effect of exchange rate changes on cash and cash equivalents	(1.9)	5.2
Net decrease in cash and cash equivalents	(143.1)	(117.3)
Cash and cash equivalents, beginning of period	213.9	527.2
Cash and cash equivalents, end of period	<u>\$ 70.8</u>	<u>\$ 409.9</u>

See accompanying notes to the condensed consolidated financial statements.

STEELCASE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

**1. BASIS OF PRESENTATION**

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions in Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals and adjustments) considered necessary for a fair presentation of the condensed consolidated financial statements have been included. Results for interim periods should not be considered indicative of results to be expected for a full year. Reference should be made to the consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 29, 2008 ("Form 10-K").

The Condensed Consolidated Balance Sheet at February 29, 2008 was derived from the audited Consolidated Balance Sheet included in our Form 10-K. During Q2 2009, we determined that we had not appropriately recorded deferred tax liabilities on certain intangible assets acquired prior to February 29, 2008. Accordingly, we restated our February 29, 2008 balance sheet to correct goodwill and deferred tax liabilities related to prior acquisitions. These corrections increased goodwill by \$35.4 (\$32.8 in our Other category, \$1.4 in our North America segment and \$1.2 in our International segment) as reported in the Condensed Consolidated Balance Sheet as *Goodwill and other intangibles, net* and decreased deferred tax assets by a corresponding amount as reported in the Condensed Consolidated Balance Sheet as *Other assets*. We did not amend our February 29, 2008 Form 10-K or any other prior period filing, as these corrections were not considered material to the Consolidated Balance Sheet and had no impact on our Consolidated Statements of Income, earnings per share, retained earnings or our cash flows from operating, financing or investing activities.

As used in this Report, unless otherwise expressly stated or the content otherwise requires, all references to "Steelcase," "we," "our," "Company" and similar references are to Steelcase Inc. and its majority-owned subsidiaries. In addition, reference to a year relates to the fiscal year, ended in February of the year indicated, rather than the calendar year. Additionally, Q1, Q2, Q3 and Q4 reference the first, second, third and fourth quarter, respectively, of the fiscal year indicated. All amounts are in millions, except share and per share data, data presented as a percentage or as otherwise indicated.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year presentation.

**2. NEW ACCOUNTING STANDARDS**

**SFAS No. 141(R)**

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), *Business Combinations* ("SFAS No. 141(R)"), to create greater consistency in the accounting and financial reporting of business combinations. SFAS No. 141(R) establishes principles and requirements for how the acquirer in a business combination (i) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed and any controlling interest, (ii) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase and (iii) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. SFAS No. 141(R) applies to fiscal years beginning after December 15, 2008. Earlier adoption is prohibited.

STEELCASE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

**SFAS No. 160**

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an Amendment of ARB No. 51* (“SFAS No. 160”), to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 establishes accounting and reporting standards that require (i) the ownership interest in subsidiaries held by parties other than the parent to be clearly identified and presented on the balance sheet within equity, but separate from the parent’s equity, (ii) the amount of net income attributable to the parent and the noncontrolling interest to be clearly identified and presented on the face of the statement of income and (iii) changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary to be accounted for consistently. SFAS No. 160 applies to fiscal years beginning after December 15, 2008. Earlier adoption is prohibited.

**FSP No. 157-2**

In February 2008, the FASB issued FASB Staff Position on Statement 157, *Effective Date of FASB Statement No. 157* (“FSP No. 157-2”). FSP No. 157-2 delays the effective date of SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”), for all nonfinancial assets and liabilities that are not remeasured at fair value on a recurring basis, to fiscal years beginning after November 15, 2008. Although we believe the adoption may impact the way in which we calculate fair value of goodwill, indefinite-lived intangible assets, and other long-lived assets, we do not believe the adoption of FSP No. 157-2 will have a material impact on our consolidated financial statements. We applied SFAS No. 157 to all other fair value measurements effective March 1, 2008. See Note 6 for additional information.

**SFAS No. 161**

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities — an Amendment of FASB Statement No. 133* (“SFAS No. 161”), to improve financial reporting of derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity’s financial position, financial performance and cash flows. SFAS No. 161 applies to fiscal years and interim periods beginning after November 15, 2008. We have not determined the effect, if any, the adoption of this statement will have on our future disclosures.

**3. BUSINESS DIVESTITURE**

During Q2 2009, we sold Custom Cable Industries, Inc. (“Custom Cable”), a wholly-owned subsidiary in our North America segment. Total proceeds, including limited seller financing are expected to aggregate \$17.7. In connection with the sale, we recorded an operating loss of \$1.8 within our Corporate costs and also recorded net tax benefits of \$2.3. As a result, the net income impact of the sale was a gain of \$0.5. Our Condensed Consolidated Statement of Income for the six months ended August 29, 2008 includes \$11.2 of revenue, \$3.9 of gross profit, \$2.1 of operating expenses and \$1.8 of operating income related to Custom Cable.

## STEELCASE INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

## 4. EARNINGS PER SHARE

Basic earnings per share is based on the weighted-average number of shares of common stock outstanding during each period. Diluted earnings per share also includes the effects of shares and potential shares issued under our stock incentive plans. However, diluted earnings per share does not reflect the effects of 4.1 million options for 2009 and 1.1 million options for 2008 because those potential shares were not dilutive.

Computation of Earnings per Share	Three Months Ended		Six Months Ended	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Net income	\$ 31.4	\$ 37.7	\$ 53.6	\$ 71.3
Weighted-average shares outstanding for basic earnings per share (in millions)	134.4	143.2	135.3	144.3
Effect of dilutive stock-based compensation (in millions)	0.4	1.1	0.4	1.2
Adjusted weighted-average shares outstanding for diluted earnings per share (in millions)	134.8	144.3	135.7	145.5
Earnings per share of common stock:				
Basic	\$ 0.23	\$ 0.26	\$ 0.40	\$ 0.50
Diluted	\$ 0.23	\$ 0.26	\$ 0.39	\$ 0.49
Total shares outstanding at period end (in millions)	134.3	142.2	134.3	142.2

## 5. COMPREHENSIVE INCOME

Comprehensive income is comprised of net income and all changes to shareholders' equity except those due to investments by, and distributions to, shareholders.

Components of Comprehensive Income	Three Months Ended	
	August 29, 2008	August 24, 2007
Net income	\$ 31.4	\$ 37.7
Other comprehensive (loss) income:		
Foreign currency translation	(10.4)	3.2
Derivative adjustments, net of tax of \$0.0 and \$0.1	(0.1)	(0.1)
Unrealized net loss on investments, net of tax of \$0.8	(1.3)	—
Minimum pension liability, net of tax of \$0.7 and \$1.0	(1.1)	(1.5)
Total	(12.9)	1.6
Comprehensive income	\$ 18.5	\$ 39.3

## STEELCASE INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

Components of Comprehensive Income	Six Months Ended	
	August 29, 2008	August 24, 2007
Net income	\$ 53.6	\$ 71.3
Other comprehensive (loss) income:		
Foreign currency translation	(2.9)	13.2
Derivative adjustments, net of tax of \$0.0 and \$0.1	(0.1)	(0.2)
Unrealized net gain on investments, net of tax of \$(1.3)	2.9	—
Minimum pension liability, net of tax of \$1.1 and \$1.6	(2.2)	(2.6)
Total	(2.3)	10.4
Comprehensive income	<u>\$ 51.3</u>	<u>\$ 81.7</u>

**6. FAIR VALUE**

We adopted SFAS No. 157 as of March 1, 2008. SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. SFAS No. 157 also specifies a fair value hierarchy based upon the observability of inputs used in valuation techniques. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. In accordance with SFAS No. 157, fair value measurements are classified under the following hierarchy:

*Level 1* — Quoted prices for identical instruments in active markets.

*Level 2* — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets.

*Level 3* — Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be other significant inputs that are readily observable.

Assets and liabilities measured at fair value in our Condensed Consolidated Balance Sheet as of August 29, 2008 are summarized below:

Fair Value of Financial Instruments	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Managed investment portfolio	\$ 50.8	\$ —	\$ —	\$50.8
Auction rate securities	—	—	23.1	23.1
Available-for-sale securities	7.1	—	—	7.1
Canadian asset-backed commercial paper	—	—	3.9	3.9
Foreign exchange forward contracts	—	3.2	—	3.2
Privately-held equity investments	—	—	0.3	0.3
Total assets	<u>\$ 57.9</u>	<u>\$ 3.2</u>	<u>\$ 27.3</u>	<u>\$88.4</u>

STEELCASE INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

***Managed Investment Portfolio and Available-for-Sale Securities***

Our managed investment portfolio consists of short-term investments, U.S. Government agency and corporate debt instruments. Fair values for investments in our managed investment portfolio and our available-for-sale securities are based upon valuations for identical instruments in active markets.

***Auction Rate Securities***

As of August 29, 2008, we held auction rate securities (“ARS”) totaling \$26.5 of par value for which the auction market remains effectively shut-down. We recorded unrealized losses of \$2.9 in previous quarters in *Accumulated other comprehensive income* on the Condensed Consolidated Balance Sheet, as we believe the impairment is temporary. During Q2 2009, we recorded an additional unrealized loss of \$0.5. We concluded no permanent impairment loss occurred as of the end of Q2 2009 as the decline in market value is due to general market conditions. We have the intent and ability to hold these securities until a recovery in market value occurs given our current liquidity and capital structure. We estimated the fair value of the ARS based on prices provided by the firm holding our investments, supported by our own analysis. Our estimates were based on assumptions we believe market participants would use in pricing the assets in a current transaction, which could change significantly over time based on market conditions.

***Canadian Asset-Backed Commercial Paper***

As of August 29, 2008, we held one investment in Canadian asset-backed commercial paper (“ABCP”) with an original cost of Canadian \$5.0. As a result of a lack of liquidity in the Canadian ABCP market, the ABCP did not settle on maturity and is considered to be in default. We recorded an impairment of our investment in Q4 2008 of \$0.9. A restructuring was effected in June 2008 which will result in the exchange of the ABCP currently held by investors for a variety of new long-term floating-rate notes. The restructuring is expected to close in October 2008. We expect the majority of our replacement notes to receive a AA credit rating by Dominion Bond Rating Service, the highest credit rating issued for Canadian commercial paper.

Using a discounted cash flow analysis, based on the types of securities we expect to receive from the restructuring plan, we evaluated our investment for impairment as of August 29, 2008. Our analysis concluded that no additional impairment was necessary.

***Foreign Exchange Forward Contracts***

From time to time, we enter into forward contracts to mitigate the risk of translation into U.S. dollars of certain foreign-denominated net income, assets and liabilities. We primarily hedge intercompany working capital loans and certain forecasted transactions. The fair value of foreign exchange forward contracts is based on a valuation model that discounts cash flows resulting from the differential between the contract price and the market-based forward rate.

***Privately-Held Equity Investments***

Privately-held equity investments are carried at the lower of cost or estimated fair value. For these non-quoted investments, we review the underlying performance of the privately-held companies to determine if potential declines in estimated fair value exist and are other than temporary.

## STEELCASE INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

Below is a roll-forward of assets and liabilities measured at fair value using Level 3 inputs for the six months ended August 29, 2008.

Rollforward of Fair Value Using Level 3 Inputs	Auction Rate Securities	Canadian Asset-Backed Commercial Paper	Privately-Held Equity Investments
Balance as of March 1, 2008	\$ 23.9	\$ 4.1	\$ 1.7
Reclassified to Level 1 available-for-sale securities	—	—	(1.3)
Unrealized loss on investments	(0.8)	—	(0.1)
Currency translation adjustment	—	(0.2)	—
Balance as of August 29, 2008	<u>\$ 23.1</u>	<u>\$ 3.9</u>	<u>\$ 0.3</u>

## 7. INVENTORIES

Following is a summary of inventories as of August 29, 2008 and February 29, 2008:

Inventories	August 29, 2008	February 29, 2008
Finished goods	\$ 97.2	\$ 87.9
Work in process	21.8	20.9
Raw materials	73.9	67.5
	192.9	176.3
LIFO reserve	(33.9)	(29.6)
	<u>\$ 159.0</u>	<u>\$ 146.7</u>

The portion of inventories determined by the LIFO method aggregated \$59.8 as of August 29, 2008 and \$54.4 as of February 29, 2008.

## 8. EMPLOYEE BENEFIT PLAN OBLIGATIONS

Components of Expense	Three Months Ended			
	Pension Plans		Post-Retirement Plans	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Service cost	\$ 0.5	\$ 0.6	\$ 0.2	\$ 0.3
Interest cost	1.3	1.1	2.1	1.9
Amortization of prior year service gain	—	—	(1.8)	(1.8)
Expected return on plan assets	(0.9)	(0.9)	—	—
Adjustment due to plan curtailment	—	—	—	(0.1)
Amortization of unrecognized net actuarial loss	0.1	0.1	—	—
Net expense	<u>\$ 1.0</u>	<u>\$ 0.9</u>	<u>\$ 0.5</u>	<u>\$ 0.3</u>

## STEELCASE INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

Components of Expense	Six Months Ended			
	Pension Plans		Post-Retirement Plans	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Service cost	\$ 1.0	\$ 1.1	\$ 0.5	\$ 0.6
Interest cost	2.6	2.3	4.1	3.8
Amortization of prior year service gain	—	—	(3.6)	(3.5)
Expected return on plan assets	(1.8)	(1.8)	—	—
Adjustment due to plan curtailment	—	—	—	(0.5)
Amortization of unrecognized net actuarial loss	0.2	0.2	—	—
Net expense	<u>\$ 2.0</u>	<u>\$ 1.8</u>	<u>\$ 1.0</u>	<u>\$ 0.4</u>

We expect to contribute approximately \$3 to our pension plans and \$12 to our post-retirement benefit plans during 2009. As of August 29, 2008, contributions of approximately \$1.6 and \$6.1 have been made to our pension and post-retirement plans, respectively.

We expect to receive approximately \$1.2 in Medicare Part D subsidy reimbursements during 2009. During the first two quarters of 2009, we received \$0.1 in Medicare Part D subsidy reimbursements.

## 9. PRODUCT WARRANTY

The accrued liability for warranty costs, included within *Accrued expenses: Other* on the Condensed Consolidated Balance Sheets, is based on an estimated amount needed to cover future warranty obligations for products sold as of the balance sheet date and is determined by historical product data and management's knowledge of current events and actions.

Product Warranty	Amount
Balance as of February 29, 2008	\$ 21.6
Accruals for warranty charges	6.1
Settlements and adjustments	(7.8)
Balance as of August 29, 2008	<u>\$ 19.9</u>

## 10. REPORTABLE SEGMENTS

We operate within two reportable segments (North America and International), plus an "Other" category. Our Other category includes the Coalesse Group (formerly the Premium Group), PolyVision and IDEO subsidiaries.

Prior to Q1 2009, the Other category also included our Financial Services subsidiary. In recent years, we have significantly reduced the capital invested in, and related operations of, Financial Services. We now use third parties to provide lease funding to customers and have reduced the nature and level of financing services provided to our dealers. As a result, we integrated the remaining operations of Financial Services into the North America segment beginning in Q1 2009. Due to the change in the nature of the operations, we have not reclassified prior year financial results of Financial Services to North America; accordingly, the 2008 financial results remain in the Other category. Unallocated corporate expenses are reported as Corporate.

## STEELCASE INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)

Revenue and operating income (loss) for the three and six months ended August 29, 2008 and August 24, 2007 and total assets as of August 29, 2008 and February 29, 2008 by segment are presented below:

Reportable Segment Income Statement Data	Three Months Ended		Six Months Ended	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
<b>Revenue</b>				
North America	\$ 499.7	\$ 489.2	\$ 930.4	\$ 962.4
International	253.2	188.9	506.0	384.8
Other	148.9	147.1	281.1	286.4
Consolidated revenue	<u>\$ 901.8</u>	<u>\$ 825.2</u>	<u>\$ 1,717.5</u>	<u>\$ 1,633.6</u>
<b>Operating income (loss)</b>				
North America	\$ 40.1	\$ 49.5	\$ 74.4	\$ 83.9
International	12.9	5.9	25.3	19.0
Other	1.4	6.3	(2.8)	14.0
Corporate	(8.4)	(6.7)	(14.1)	(13.6)
Consolidated operating income	<u>\$ 46.0</u>	<u>\$ 55.0</u>	<u>\$ 82.8</u>	<u>\$ 103.3</u>

Reportable Segment Balance Sheet Data	August 29, 2008	(Restated) February 29, 2008
<b>Total assets</b>		
North America	\$ 794.6	\$ 743.0
International	534.8	546.8
Other	310.9	375.4
Corporate	380.1	459.2
Consolidated total assets	<u>\$ 2,020.4</u>	<u>\$ 2,124.4</u>

**11. RESTRUCTURING ACTIVITIES**

The following actions announced in March 2008 are targeted toward further modernizing our industrial system, rebalancing our workforce to better align with our growth opportunities and improving profitability at PolyVision.

Within the North America segment, we are closing one manufacturing facility and transferring its production, along with certain products from another facility, to other manufacturing facilities within our network. We expect these actions to be completed by the end of Q3 2009. During Q2 2009, we recorded \$4.7 in costs associated with these actions which included employee termination costs, impairment of certain fixed assets and relocation costs. We have incurred a cumulative total of \$9.0 in costs related to this initiative.

We recorded a charge of \$3.7 in our Other category during Q2 2009 related to the closure of our Oakland, California (Metro) manufacturing facility, as we continue to consolidate front office and manufacturing operations with other Coalesse Group and North America locations. As of the end of Q2 2009, we incurred a cumulative total of \$7.0 in costs related to employee termination, relocation and impairment of certain fixed assets in connection with this initiative. We expect to complete this initiative by the end of Q3 2009.

Also within the Other Category, we closed a PolyVision facility during Q1 2009. This closure was linked to a decision to exit a portion of the public-bid contractor whiteboard fabrication business where profit margins are the lowest. During Q2 2009, we incurred \$0.5 in employee termination costs and relocation costs associated with this action, resulting in cumulative costs of \$1.2. We also recorded a credit of \$0.9 related to the disposition of a product line within PolyVision's business.

We launched various white-collar "reinvention" initiatives across our business in an effort to curb the automatic replacement of future attrition and retirements and to rebalance our workforce to better align with our growth opportunities. In connection with these efforts, we are estimating a net reduction of 200 to 250 white-collar jobs across our North America segment and Other category by the end of 2010. Some of those jobs will relocate to a company-owned shared service center, some to third parties and some may be eliminated as we continue to modernize our processes. We incurred \$1.0 in costs in Q2 2009, for a cumulative total of \$3.5 in employee termination costs associated with these initiatives.

Restructuring costs are summarized in the following table:

Restructuring Costs	Three Months Ended		Six Months Ended	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Cost of sales:				
North America	\$ 5.1	—	\$ 7.9	\$ 1.7
International	—	\$ (1.6)	(0.4)	(1.6)
Other	3.6	(0.1)	6.0	(0.1)
	<u>8.7</u>	<u>(1.7)</u>	<u>13.5</u>	<u>—</u>
Operating expenses:				
North America	0.6	—	1.4	—
International	—	—	0.7	—
Other	(0.3)	—	0.6	—
	<u>0.3</u>	<u>—</u>	<u>2.7</u>	<u>—</u>
Totals	<u>\$ 9.0</u>	<u>\$ (1.7)</u>	<u>\$ 16.2</u>	<u>\$ —</u>

Below is a summary of the net additions, payments and adjustments to the restructuring reserve balance during 2009:

Restructuring Reserve	Workforce Reductions	Business Exits and Related Costs	Total
Reserve balance as of February 29, 2008	\$ 2.5	\$ 2.6	\$ 5.1
Additions, net	15.1	1.1	16.2
Payments, net	(8.5)	(0.6)	(9.1)
Adjustments	—	(2.0)	(2.0)
Reserve balance as of August 29, 2008	<u>\$ 9.1</u>	<u>\$ 1.1</u>	<u>\$10.2</u>

The reserve balance as of August 29, 2008 is primarily related to employee termination costs associated with our recently announced restructuring activities.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations:**

This management's discussion and analysis of financial condition and results of operations should be read in conjunction with our February 29, 2008 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission on April 28, 2008. Unless the context otherwise indicates, reference to a year relates to the fiscal year, ended in February of the year indicated, rather than the calendar year. Additionally, Q1, Q2, Q3 and Q4 reference the first, second, third and fourth quarter,

respectively, of the fiscal year indicated. All amounts are in millions, except share and per share data, data presented as a percentage or as otherwise indicated.

**Financial Summary**

**Results of Operations (Unaudited)**

Income Statement Data	Three Months Ended				Six Months Ended			
	August 29, 2008		August 24, 2007		August 29, 2008		August 24, 2007	
Revenue	\$901.8	100.0%	\$825.2	100.0%	\$1,717.5	100.0%	\$1,633.6	100.0%
Cost of sales	615.1	68.2	549.1	66.5	1,159.7	67.5	1,091.7	66.8
Restructuring costs	8.7	1.0	(1.7)	(0.2)	13.5	0.8	—	—
Gross profit	278.0	30.8	277.8	33.7	544.3	31.7	541.9	33.2
Operating expenses	231.7	25.7	222.8	27.0	458.8	26.7	438.6	26.9
Restructuring costs	0.3	—	—	—	2.7	0.2	—	—
Operating income	46.0	5.1	55.0	6.7	82.8	4.8	103.3	6.3
Interest expense and other income, net	—	—	6.8	0.8	(2.8)	(0.2)	9.9	0.6
Income before income tax expense	46.0	5.1	61.8	7.5	80.0	4.6	113.2	6.9
Income tax expense	14.6	1.6	24.1	2.9	26.4	1.5	41.9	2.5
Net income	<u>\$ 31.4</u>	<u>3.5%</u>	<u>\$ 37.7</u>	<u>4.6%</u>	<u>\$ 53.6</u>	<u>3.1%</u>	<u>\$ 71.3</u>	<u>4.4%</u>

**Overview**

Net income decreased by \$6.3 in Q2 2009 to \$31.4, or \$0.23 per share, compared to \$37.7, or \$0.26 per share, in the same quarter last year. The decrease was primarily the result of increased restructuring costs, less interest income, lower performance within our Other category and significant commodity inflation, which has out-paced benefits of previous pricing actions.

Net income decreased by \$17.7 year-to-date to \$53.6, or \$0.39 per diluted share, compared to \$71.3, or \$0.49 per diluted share, in the same period last year. The year-to-date decrease was primarily the result of lower performance within our Other category, increased restructuring costs and less interest income.

Revenue was \$901.8 in Q2 2009, compared to \$825.2 in the same quarter last year. Revenue increased by 34.0% in our International segment primarily due to strength in Germany, China, the United Kingdom, Angola, Mexico and India. In addition, International revenue included approximately \$22 of favorable currency translation effects versus the same quarter last year and a \$4 unfavorable impact due to net dispositions during the last four quarters. Revenue increased by 2.1% in our North America segment, which included a \$14 unfavorable impact related to net dispositions during the last four quarters.

Year-to-date revenue increased \$83.9 or 5.1% compared to the same period last year. Revenue increased by 31.5% in our International segment offset in part by a 3.3% decrease in our North America segment compared to the same period last year. Year-to-date revenue included approximately \$53 of favorable currency translation effects and an unfavorable impact of \$15 related to net dispositions during the last four quarters.

Cost of sales increased as a percentage of revenue by 170 basis points during Q2 2009 and 70 basis points year-to-date, compared to the same periods last year, primarily due to significant commodity inflation. In addition, cost of sales continued to be negatively impacted by International business mix shifts and currency effects in the United Kingdom, and temporary inefficiencies related to

restructuring actions in the Other category. The 2009 increase in cost of sales and higher restructuring charges resulted in gross margin of 30.8% in Q2 2009 compared to 33.7% in Q2 2008, and 31.7% year-to-date compared to 33.2% in the same period last year.

Operating expenses increased by \$8.9 in Q2 2009 and by \$20.2 year-to-date, compared to the same periods last year, but decreased significantly as a percentage of revenue due to volume leverage. The increase in operating expenses for the quarter was primarily due to unfavorable currency translation effects. The year-to-date increase in operating expenses was due to unfavorable currency translation effects, increased product development and showroom spending, increased spending related to the launch of our Coalesse brand and additional growth-related spending in Asia.

Q2 2009 operating income was \$46.0, a decrease of \$9.0 compared to the prior year. Year-to-date operating income of \$82.8 decreased by \$20.5 compared to the prior year. The decrease was primarily due to higher restructuring costs and lower performance in our Other category.

Restructuring costs of \$9.0 incurred in Q2 2009 and \$16.2 year-to-date primarily related to the restructuring activities we announced in March 2008. See Note 11 to the condensed consolidated financial statements for additional information.

Our effective tax rate in Q2 2009 was 31.7%, which included certain tax adjustments associated with the sale of a non-core business in our North America segment. See Note 3 to the condensed consolidated financial statements for additional information. We expect our effective tax rate to approximate 35% for 2009.

### Interest Expense and Other Income, Net

Interest Expense and Other Income, Net	Three Months Ended		Six Months Ended	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Interest expense	\$ (4.3)	\$ (4.0)	\$ (8.6)	\$ (8.3)
Other income, net:				
Interest income	1.4	6.4	3.6	12.8
Equity in income of unconsolidated ventures	1.2	1.1	2.2	2.2
Elimination of minority interest in consolidated dealers	(2.0)	(2.8)	(2.6)	(4.0)
Foreign exchange (loss) gain	(0.8)	0.8	(1.1)	1.4
Other income, net	4.5	5.3	3.7	5.8
Total other income, net	4.3	10.8	5.8	18.2
Total interest expense and other income, net	\$ —	\$ 6.8	\$ (2.8)	\$ 9.9

Interest income in Q2 2009 and year-to-date was lower than the prior year due to lower average cash balances as a result of the \$1.75 per share special cash dividend paid in Q4 2008 and lower interest rates earned on those balances.

### Business Segment Review

See additional information regarding our business segments in Note 10 to the condensed consolidated financial statements.

## North America

Income Statement Data — North America	Three Months Ended				Six Months Ended			
	August 29, 2008		August 24, 2007		August 29, 2008		August 24, 2007	
Revenue	\$499.7	100.0%	\$489.2	100.0%	\$930.4	100.0%	\$962.4	100.0%
Cost of sales	344.0	68.8	328.0	67.0	632.2	68.0	653.6	67.9
Restructuring costs	5.1	1.1	—	—	7.9	0.8	1.7	0.2
Gross profit	150.6	30.1	161.2	33.0	290.3	31.2	307.1	31.9
Operating expenses	109.9	22.0	111.7	22.9	214.5	23.0	223.2	23.2
Restructuring costs	0.6	0.1	—	—	1.4	0.2	—	—
Operating income	<u>\$ 40.1</u>	<u>8.0%</u>	<u>\$ 49.5</u>	<u>10.1%</u>	<u>\$ 74.4</u>	<u>8.0%</u>	<u>\$ 83.9</u>	<u>8.7%</u>

Operating income was 8.0% of revenue in Q2 2009 compared to 10.1% of revenue in the same quarter last year. Year-to-date operating income was 8.0% of revenue compared to 8.7% of revenue in the prior year. The decrease was due to increased restructuring charges and significant commodity inflation within cost of sales, which has out-paced benefits of previous pricing actions. During Q2, we increased list prices and announced a commodity surcharge in North America effective September 1, 2008.

North America revenue, which accounted for approximately 54% of consolidated year-to-date revenue, increased by 2.1% from the prior year quarter and decreased by 3.3% year-to-date, including unfavorable impacts from dispositions of approximately \$14 and \$34, respectively. Current year revenue otherwise reflected decreased volume in the financial services sector, offset by increases in the energy, government, higher education, healthcare, and technical/professional sectors. Most other sectors posted modest increases or decreases in revenue versus the same periods last year.

Cost of sales increased as a percentage of revenue by 180 basis points in the current quarter versus the same quarter last year and by 10 basis points year-to-date. The Q2 deterioration was driven by significant commodity inflation and a decrease in the cash surrender value of our company owned life insurance. The year-to-date deterioration was due to significant commodity inflation, partially offset by a favorable property tax settlement, improved pricing yield and continued plant efficiencies. We expect the negative effects of commodity inflation to continue during Q3 2009.

Operating expenses decreased in both dollars and as a percentage of revenue during the quarter and year-to-date. The decrease in operating expense dollars was primarily due to dispositions during the last four quarters.

Restructuring costs of \$5.7 incurred in Q2 2009 and \$9.3 year-to-date primarily related to the restructuring activities we announced in March 2008. See Note 11 to the condensed consolidated financial statements for additional information.

## International

Income Statement Data — International	Three Months Ended				Six Months Ended			
	August 29, 2008		August 24, 2007		August 29, 2008		August 24, 2007	
Revenue	\$253.2	100.0%	\$188.9	100.0%	\$506.0	100.0%	\$384.8	100.0%
Cost of sales	174.4	68.9	127.7	67.6	344.7	68.1	256.2	66.6
Restructuring credits	—	—	(1.6)	(0.8)	(0.4)	(0.1)	(1.6)	(0.4)
Gross profit	78.8	31.1	62.8	33.2	161.7	32.0	130.2	33.8
Operating expenses	65.9	26.0	56.9	30.1	135.7	26.9	111.2	28.9
Restructuring costs	—	—	—	—	0.7	0.1	—	—
Operating income	<u>\$ 12.9</u>	<u>5.1%</u>	<u>\$ 5.9</u>	<u>3.1%</u>	<u>\$ 25.3</u>	<u>5.0%</u>	<u>\$ 19.0</u>	<u>4.9%</u>

International reported operating income of 5.1% of revenue in Q2 2009 compared to 3.1% of revenue in the same quarter last year. Year-to-date operating income was 5.0% of revenue compared to 4.9% of revenue in the prior year. The increases were driven by a significant improvement in operating expense leverage and higher volume, partially offset by increases in cost of sales due to commodity inflation, unfavorable currency impacts, and higher costs in a few small markets.

International revenue represented approximately 30% of consolidated year-to-date revenue. Revenue increased by 34.0% from the same quarter last year and 31.5% year-to-date. The Q2 and year-to-date revenue growth was primarily due to increases across the majority of our markets, particularly in Germany, Asia-Pacific, Africa and the United Kingdom. Currency translation had the effect of increasing revenue by approximately \$21 during Q2 2009 and \$47 year-to-date as compared to the same periods last year. Net acquisitions completed during the last four quarters had the effect of increasing revenue by approximately \$10 during Q2 2009 and \$19 year-to-date as compared to the same periods last year.

Cost of sales as a percentage of revenue increased by 130 basis points in Q2 2009 and 150 basis points year-to-date compared to 2008. The deterioration was due to commodity inflation, unfavorable currency impacts in the United Kingdom and higher costs in a few of our smaller markets, including China and Morocco.

Operating expenses increased by \$9.0 during Q2 2009 and \$24.5 year-to-date compared to the same periods last year, but decreased significantly as a percentage of revenue due to volume leverage. The Q2 and year-to-date increases were driven by unfavorable currency translation effects and net acquisitions completed during the last four quarters. The year-to-date increase was also due to additional growth-related spending in Asia.

**Other**

Income Statement Data — Other	Three Months Ended				Six Months Ended			
	August 29, 2008		August 24, 2007		August 29, 2008		August 24, 2007	
Revenue	\$148.9	100.0%	\$147.1	100.0%	\$281.1	100.0%	\$286.4	100.0%
Cost of sales	96.7	64.9	93.4	63.5	182.8	65.0	181.9	63.5
Restructuring costs	3.6	2.5	(0.1)	(0.1)	6.0	2.2	(0.1)	—
Gross profit	48.6	32.6	53.8	36.6	92.3	32.8	104.6	36.5
Operating expenses	47.5	31.9	47.5	32.3	94.5	33.6	90.6	31.6
Restructuring costs	(0.3)	(0.2)	—	—	0.6	0.2	—	—
Operating income (loss)	<u>\$ 1.4</u>	<u>0.9%</u>	<u>\$ 6.3</u>	<u>4.3%</u>	<u>\$ (2.8)</u>	<u>(1.0)%</u>	<u>\$ 14.0</u>	<u>4.9%</u>

Our Other category includes the Coalesse Group, PolyVision and IDEO subsidiaries. As discussed in Note 10 to the condensed consolidated financial statements, prior to Q1 2009, the Other category also included our Financial Services subsidiary. The Other category included approximately \$1 of operating income from Financial Services in Q2 2008 and \$5 in the first two quarters of 2008 which primarily related to residual gains from early lease terminations that we had originated and funded in prior years.

The Other category had \$1.4 of operating income during Q2 2009 and an operating loss of \$2.8 year-to-date, representing a decrease of \$4.9 and \$16.8, compared to respective prior periods. The decreases were primarily due to lower operating income performance within the Coalesse Group, current year restructuring costs and prior year gains within Financial Services. Net restructuring costs of \$3.3 incurred in Q2 2009 and \$6.6 year-to-date primarily related to the closure of two manufacturing facilities; one within the Coalesse Group and one at PolyVision.

The Coalesse Group recorded lower operating income in both quarters of 2009 versus the same quarters last year due to higher cost of sales as a result of temporary inefficiencies associated with the

consolidation of manufacturing activities announced in March 2008 and investments related to the launch of the Coalesce brand and various new products.

PolyVision results improved compared to Q2 2008 on a quarter and year-to-date basis despite lower sales associated with exiting a portion of the public-bid contractor whiteboard fabrication business. We incurred restructuring costs in Q1 and Q2 2009 related to the closure of a manufacturing facility that supported this portion of the business.

Q2 and year-to-date sales and operating income at IDEO increased modestly compared to the same periods in the prior year.

**Corporate**

Income Statement Data — Corporate	Three Months Ended		Six Months Ended	
	August 29, 2008	August 24, 2007	August 29, 2008	August 24, 2007
Operating expenses	\$ 8.4	\$ 6.7	\$ 14.1	\$ 13.6

Approximately 85% of corporate expenses are charged to the operating segments as part of a corporate allocation. Unallocated portions of these expenses are considered general corporate costs and are reported as Corporate. Corporate costs include executive and portions of shared service functions such as information technology, human resources, finance, legal, research and development and corporate facilities.

**Liquidity and Capital Resources**

The following table summarizes our statements of cash flows for the six months ended August 29, 2008 and August 24, 2007:

Cash Flow Data	Six Months Ended	
	August 29, 2008	August 24, 2007
Net cash (used in) provided by:		
Operating activities	\$ (33.9)	\$ 62.4
Investing activities	(15.9)	(45.8)
Financing activities	(91.4)	(139.1)
Effect of exchange rate changes on cash and cash equivalents	(1.9)	5.2
Net decrease in cash and cash equivalents	(143.1)	(117.3)
Cash and cash equivalents, beginning of period	213.9	527.2
Cash and cash equivalents, end of period	<u>\$ 70.8</u>	<u>\$ 409.9</u>

We believe we currently need approximately \$50 to fund the day-to-day operations of our business. Our current target is to maintain an additional \$100 of cash and short-term investments as available liquidity for funding investments in growth initiatives and as a cushion against volatility in the economy. Our actual cash and short-term investment balances will fluctuate from quarter to quarter due to slight seasonality in our business and the timing of certain disbursements. These are general guidelines; we may modify our approach in response to changing market conditions or opportunities. As of the end of Q2 2009, we held a total of \$128.7 in cash and short-term investments. We plan to modestly build cash over the next two quarters by retaining cash generated from operations.

**Cash (used in) provided by operating activities**

Cash Flow Data — Operating Activities	Six Months Ended	
	August 29, 2008	August 24, 2007
Net income	\$ 53.6	\$ 71.3
Depreciation and amortization	45.3	44.7
Changes in operating assets and liabilities	(146.9)	(59.4)
Other, net	14.1	5.8
Net cash (used in) provided by operating activities	<u>\$ (33.9)</u>	<u>\$ 62.4</u>

The change in net cash used in operating activities during the first two quarters of 2009 compared to the prior year primarily related to changes in accrued expenses and employee compensation, utilization of prior year tax receivables in lieu of tax payments and higher working capital requirements to support the increases in revenue.

**Cash used in investing activities**

Cash Flow Data — Investing Activities	Six Months Ended	
	August 29, 2008	August 24, 2007
Capital expenditures	\$ (44.9)	\$ (31.2)
Net purchases of investments	(0.9)	(35.7)
Proceeds from disposal of fixed assets	4.0	14.8
Business divestitures	15.8	(3.0)
Other, net	10.1	9.3
Net cash used in investing activities	<u>\$ (15.9)</u>	<u>\$ (45.8)</u>

Cash used in investing activities during the current year primarily related to capital expenditures. The increase in capital expenditures compared to the prior year is primarily related to an \$11.8 progress payment in the second quarter associated with a replacement corporate aircraft. Business divestitures in the current year related to the sale of a non-core business in our North America segment in Q2 2009.

**Cash used in financing activities**

Cash Flow Data — Financing Activities	Six Months Ended	
	August 29, 2008	August 24, 2007
Dividends paid	\$ (40.5)	\$ (43.7)
Common stock repurchases	(54.2)	(109.8)
Common stock issuances	0.3	10.5
Other, net	3.0	3.9
Net cash used in financing activities	<u>\$ (91.4)</u>	<u>\$ (139.1)</u>

The primary uses of cash in financing activities continue to relate to share repurchases and dividends.

We paid common stock dividends of \$0.15 per share during each of the first two quarters of 2009 and 2008.

During the first two quarters of 2009, we repurchased 4.6 million shares of common stock for \$54.2, which included \$24.2 repurchased under a \$100 share repurchase program completed in March 2008. As of the end of Q2 2009, we had \$220 available under the \$250 share repurchase

program approved by our Board of Directors in December 2007. We have no outstanding share repurchase commitments.

Share repurchases of Class A common stock to enable participants to satisfy tax withholding obligations upon vesting of restricted stock and restricted stock units, pursuant to the terms of our Incentive Compensation Plan, were \$1.7 in 2009 and \$2.7 in 2008.

**Off-Balance Sheet Arrangements**

During the first two quarters of 2009, no material change in our off-balance sheet arrangements occurred.

**Contractual Obligations**

During the first two quarters of 2009, there were no material changes to our contractual obligations.

**Liquidity Facilities**

Our total liquidity facilities as of August 29, 2008 consisted of:

Liquidity Facilities	Amount
Global committed bank facility	\$200.0
Various uncommitted lines	113.8
Total credit lines available	313.8
Less:	
Borrowings outstanding	7.0
Standby letters of credit	22.0
Available capacity (subject to covenant constraints)	<u>\$284.8</u>

We have the option of increasing the global committed bank facility from \$200 to \$300, subject to customary conditions. Borrowings under this facility are unsecured and unsubordinated. There are currently no borrowings outstanding under this facility. The facility requires us to satisfy financial covenants including a maximum debt ratio covenant and a minimum interest coverage ratio covenant. We were in compliance with all covenants under our financing facilities during Q2 2009, and they are fully available for our use, although the various uncommitted lines are subject to change or cancellation by the banks at any time.

Total consolidated debt as of August 29, 2008 was \$257.9. Our debt primarily consisted of \$249.6 in term notes due in 2012 with an effective interest rate of 6.3%.

We currently have investments in auction rate securities (“ARS”) and one Canadian asset-backed commercial paper (“ABCP”) investment with a total par value of \$31.2 and an estimated fair value of \$27.0. These securities are included in *Other assets* on the Condensed Consolidated Balance Sheets due to the tightening of the U.S. credit markets, failure of ARS to clear at auctions and lack of liquid markets for ARS or ABCP. We intend to hold these investments until the market recovers and do not anticipate the need to sell these investments in order to operate our business. See Note 6 to the condensed consolidated financial statements for additional information.

The current cash and short-term investment balances, cash generated from future operations and available credit facilities are expected to be sufficient to finance our known or foreseeable liquidity needs.

Our long-term debt rating is BBB with a stable outlook from Standard & Poor’s and Baa3 with a stable outlook from Moody’s Investor Services.

**Recently Issued Accounting Standards**

See Note 2 to the condensed consolidated financial statements.

## Forward-looking Statements

From time to time, in written and oral statements, we discuss our expectations regarding future events and our 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 our 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; our restructuring activities; currency fluctuations; changes in customer demand; and the other risks and contingencies detailed in this Report, our most recent Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. We undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events, or otherwise.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk:

### Foreign Exchange Risk

During the first two quarters of 2009, no material change in foreign exchange risk occurred.

### Interest Rate Risk

During the first two quarters of 2009, no material change in interest rate risk occurred.

### Fixed Income and Equity Price Risk

During the first two quarters of 2009, no material change in fixed income and equity price risk occurred.

## Item 4. Controls and Procedures:

(a) *Disclosure Controls and Procedures.* Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of August 29, 2008. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of August 29, 2008, our disclosure controls and procedures were effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Exchange Act.

(b) *Internal Control Over Financial Reporting.* There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act) during our second fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:

## Issuer Purchases of Equity Securities

The following is a summary of share repurchase activity during Q2 2009.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (1)
5/31/08 — 7/4/08	—	\$ —	—	\$ 227.8
7/5/08 — 8/1/08	724,200	\$ 9.74	724,200	\$ 220.8
8/2/08 — 8/29/08	78,067	\$ 9.98	77,800	\$ 220.0
Total	<u>802,267</u> (2)	\$ 9.77	<u>802,000</u>	

- (1) In December 2007, our Board of Directors approved a share repurchase program permitting the repurchase of up to \$250 of shares of our common stock. This program has no specific expiration date.
- (2) 267 of these shares were repurchased to satisfy participants' tax withholding obligations upon the vesting of restricted stock and restricted stock unit grants, pursuant to the terms of our Incentive Compensation Plan.

## Item 4. Submission of Matters to a Vote of Security Holders

The Company held its annual meeting of shareholders on June 26, 2008. At that meeting, shareholders voted on one proposal presented in the Company's definitive proxy statement. The results of the votes follow:

Proposal to elect four directors to serve three-year terms expiring at the 2011 annual meeting.

	For	Withheld
Earl D. Holton	561,060,799	1,932,869
Michael J. Jandernoa	556,475,917	6,517,750
Peter M. Wege II	557,638,487	5,355,180
Kate Pew Wolters	561,272,047	1,721,620

There were no votes cast against, abstentions or broker non-votes with respect to any nominee named above. Directors continuing in office: William P. Crawford, James P. Hackett, David W. Joos, Elizabeth Valk Long, Robert C. Pew III, Cathy D. Ross and P. Craig Welch, Jr.

## Item 5. Other Information:

On October 1, 2008, the Compensation Committee of our Board of Directors approved the amendment and restatement of the Steelcase Inc. Restoration Retirement Plan. This plan is intended to restore, to an extent, the retirement benefits lost by executives due to the limits on the compensation that may be considered under qualified retirement plans by the Internal Revenue Code. This amendment and restatement changes the vesting period for the plan from five-year tiered vesting to two-year cliff vesting and amends certain other provisions to comply with Section 409A of the Internal Revenue Code. The amended and restated Restoration Retirement Plan will be effective January 1, 2009 and is filed as Exhibit 10.1 to this Form 10-Q.

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Also on October 1, 2008, the Compensation Committee approved the following:

- (1) Amended and Restated Steelcase Inc. Non-Employee Director Deferred Compensation Plan;
- (2) Amended and Restated Steelcase Inc. Deferred Compensation Plan;
- (3) 2009-1 Amendment to the Steelcase Inc. Management Incentive Plan;
- (4) 2009-1 Amendment to the Steelcase Inc. Incentive Compensation Plan;
- (5) 2009-1 Amendment to the Steelcase Inc. Executive Severance Plan;
- (6) 2009-1 Amendment to the Steelcase Inc. Executive Supplemental Retirement Plan; and
- (7) 2009-1 Amendment to the Steelcase Inc. Deferred Compensation Agreement between Steelcase Inc. and James P. Hackett.

These amendments and restatements reflect changes being made to comply with Section 409A of the Internal Revenue Code and are filed as Exhibits 10.2 through 10.8 to this Form 10-Q. Items (1) and (2) will be effective January 1, 2009, and items (3) through (7) were effective October 1, 2008.

### **Item 6. Exhibits:**

See Exhibit Index.



Exhibit Index

Exhibit No.	Description
10.1	Steelcase Inc. Restoration Retirement Plan, as amended and restated effective January 1, 2009
10.2	Steelcase inc. Non-Employee Director Deferred Compensation Plan, as amended and restated effective January 1, 2009
10.3	Steelcase Inc. Deferred Compensation Plan, as amended and restated effective January 1, 2009
10.4	2009-1 Amendment to the Steelcase Inc. Management Incentive Plan, as amended and restated as of February 24, 2007
10.5	2009-1 Amendment to the Steelcase Inc. Incentive Compensation Plan, as amended and restated as of February 24, 2007
10.6	2009-1 Amendment to the Steelcase Inc. Executive Severance Plan
10.7	2009-1 Amendment to the Steelcase Inc. Executive Supplemental Retirement Plan, as amended and restated as of March 27, 2003
10.8	2009-1 Amendment to Deferred Compensation Agreement dated January 12, 1998, between Steelcase Inc. and James P. Hackett
31.1	Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**STEELCASE INC.  
RESTORATION RETIREMENT PLAN  
Restated Effective January 1, 2009**

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**STEELCASE INC.  
RESTORATION RETIREMENT PLAN**

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**Article 1**

**Establishment and Purpose**

**1.1 History of the Plan**

Steelcase Inc. (the "Company") established the Steelcase Inc. Restoration Retirement Plan (the "Plan") as of March 1, 1998. The Plan has periodically been amended.

**1.2 This Document**

By this document, the Company is amending and restating the Plan as of January 1, 2009.

**1.3 Purpose**

The Company desires to retain the services of a select group of executives who contribute to the profitability and success of the Company. The Company maintains the Plan to restore, to an extent, the retirement benefits lost by executives due to the limits on the Compensation that may be considered under qualified retirement plans by the Internal Revenue Code.

**1.4 Status of Plan Under ERISA**

The Plan is intended to be "unfunded" and maintained "primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" for purposes of ERISA. Accordingly, the Plan is not intended to be covered by Parts 2 through 4 of Subtitle B of Title I of ERISA. The existence of any Trust Fund is not intended to change this characterization of the Plan.

**1.5 Compliance with Section 409A**

To the extent the Plan provides deferred compensation under Section 409A of the Internal Revenue Code, the Plan is intended to comply with Section 409A. The Plan is intended to be interpreted consistent with the requirements of Section 409A of the Internal Revenue Code.

**Article 2**

**Definitions**

The following terms shall have the definition stated, unless the context requires a different meaning:

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## **2.1 Account**

“Account” means the bookkeeping account set up by the Company to record amounts contributed under Section 6.1.

## **2.2 Administrative Committee**

“Administrative Committee” means the Chief Executive Officer, the Chief Financial Officer, the Chief Administrative Officer and the Assistant Secretary of the Company and/or any other individuals designated by the Compensation Committee of the Company’s Board of Directors to administer this Plan and any other plan designated by the Compensation Committee.

## **2.3 Affiliate**

“Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations of the Exchange Act.

## **2.4 Beneficial Owner or Beneficial Ownership**

“Beneficial Owner” or “Beneficial Ownership” shall have the meaning ascribed to such term in the Rule 13d-3 of the General Rules and Regulations of the Exchange Act.

## **2.5 Beneficiary**

“Beneficiary” means the individual, trust, or other entity designated by the Participant to receive any amounts payable with respect to the Participant under the Plan after the Participant’s death. A Participant may designate or change a Beneficiary by filing a signed designation with the Administrative Committee in a form approved by the Administrative Committee. A Participant’s will is not effective for this purpose. If the Participant has not designated a Beneficiary or none so designated survive, the Beneficiary will be the Participant’s surviving Spouse, if any; otherwise the Participant’s children, including those by adoption, dividing the distribution equally among the Participant’s children, with the living issue of any deceased child taking their parent’s share by right of representation; if none, the Participant’s parents, in equal shares; if none, the Participant’s living brothers and sisters in equal shares; if none the Participant’s estate, if under active administration, and if not, the Participant’s heirs under the laws of Intestacy of the State of Michigan. Notwithstanding the above, if the Participant designates his or her Spouse as a Beneficiary, and the Participant later divorces that Spouse, the Participant’s designation of his or her Spouse as Beneficiary shall be null and void, and the portion of the Participant’s benefits that would, but for this provision, be payable to the Participant’s Spouse will be payable instead as designated in the Participant’s designation of Beneficiary as if the Spouse had predeceased the Participant.

## **2.6 Board or Board of Directors**

“Board” or “Board of Directors” means the Board of Directors of the Company.

## **2.7 Change in Control**

“Change in Control” of the Company shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(a) Any Person (other than any Initial Holder or Permitted Transferee):

(1) Is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (1) of paragraph (c) below; and

(2) The combined voting power of the securities of the Company that are Beneficially Owned by such Person exceeds the combined voting power of the securities of the Company that are Beneficially Owned by all Initial Holders and Permitted Transferees at the time of such acquisition by such Person or at any time thereafter; or

(b) The following individuals cease for any reason to constitute a majority of the number of Directors then serving: individuals who, on the date hereof, constitute the Board and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of Directors of the Company) whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) There is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with or involving any other corporation, other than:

(1) A merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereto), at least fifty-five percent (55%) of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(2) A merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Initial Holder or Permitted Transferee) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities; or

(d) The shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty-five percent (55%) of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

However, in no event shall a Change in Control be deemed to have occurred, with respect to a Participant, if the Participant is part of a purchasing group which consummates the Change in Control transaction. A Participant shall be deemed "part of a purchasing group" for purposes of the preceding sentence if the Participant is an equity participant in the purchasing company or group (except for: (i) passive ownership of less than three percent (3%) of the stock of the purchasing company; or (ii) ownership of equity participant in the purchasing company or group which is otherwise not significant, as determined prior to the Change in Control by a majority of the non-employee continuing Directors).

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership, directly or indirectly, in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

### **2.8 Company**

"Company" means Steelcase Inc.

### **2.9 Compensation**

"Compensation" has the same meaning given to it under the Steelcase Inc. Retirement Plan, except that it is not limited as required by Internal Revenue Code Section 401(a)(17).

### **2.10 Determination Period**

"Determination Period" means the Calendar Year preceding the Calendar Year during which an Employee has a Separation from Service.

### **2.11 Director**

“Director” means any individual who is a member of the Board.

### **2.12 Eligible Compensation**

“Eligible Compensation” means a Participant’s Compensation in excess of the limit described in Internal Revenue Code Section 401(a) (17) during a Fiscal Year, but not in excess of twice that limit.

### **2.13 Employee**

“Employee” means any individual who is on the payroll of the Company or a Related Employer and is considered to be a common-law employee of the Company or a Related Employer. An individual who is treated by the Company or a Related Employer as an independent contractor for tax purposes is not an Employee.

### **2.14 ERISA**

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

### **2.15 Exchange Act**

“Exchange Act” means the Securities and Exchange Act of 1934, as amended from time to time, or any successor act thereto.

### **2.16 Initial Holder**

“Initial Holder” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company.

### **2.17 Key Employee**

“Key Employee” means any Employee who at any time during the Determination Period was:

(a) An officer of the Company or a Related Employer whose annual Compensation from the Company and all Related Employer is more than \$145,000 (as adjusted under Section 416(i)(1) of the Internal Revenue Code for Plan Years beginning after December 31, 2007);

(b) A person having more than a 5% ownership interest in the Company or a Related Employer; or

(c) A person having more than a 1% ownership interest in the Company or a Related Employer and whose annual Compensation from the Company and all Related Employers is more than \$150,000.

The determination of who is a Key Employee shall be made in accordance with Sections 409A and 416(i)(1) of the Internal Revenue Code and the applicable regulations and guidance.

**2.18 MIP**

“MIP” means the Steelcase Inc. Management Incentive Plan.

**2.19 Participant**

“Participant” means an Employee who is a member of the MIP for the full Fiscal Year and whose Compensation is in excess of the compensation limit specified in Internal Revenue Code Section 401(a)(17).

**2.20 Permitted Transferee**

“Permitted Transferee” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company and include a Permitted Trustee solely in its capacity as a trustee of a Permitted Trust.

**2.21 Permitted Trust**

“Permitted Trust” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company.

**2.22 Permitted Trustee**

“Permitted Trustee” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company.

**2.23 Person**

“Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that such term shall not include:

- (a) The Company or any of its subsidiaries;
- (b) A trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates;
- (c) An underwriter temporarily holding securities pursuant to an offering of such securities; or
- (d) A corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

#### **2.24 Plan Year**

“Plan Year” means the fiscal year of the Company, as in effect from time to time, or such other 12-month period as the Compensation Committee of the Board of Directors of the Company shall establish.

#### **2.25 Pre-2005 Account**

“Pre-2005 Account” means the vested amount that was credited to the Participant’s Account on December 31, 2004, as adjusted for earnings or losses under Section 6.1(b).

#### **2.26 Post-2004 Account**

“Post-2004 Account” means the amount credited to the Participant’s Account minus the Participant’s Pre-2005 Account.

#### **2.27 Related Employer**

“Related Employer” means

- (a) Any member of a controlled group of corporations in which the Company is a member, as defined in Section 414(b) of the Internal Revenue Code;
- (b) Any other trade or business under common control of or with the Company, as defined in Section 414(c) of the Internal Revenue Code;
- (c) Any member of an affiliated service group with the Company, as defined in Section 414(m) of the Internal Revenue Code; and
- (d) Any other entity required to be aggregated with the Company pursuant to regulations issued under Section 414(o) of the Internal Revenue Code.

#### **2.28 Separation from Service**

“Separation from Service” means a “separation from service” under Section 409A of the Internal Revenue Code. Generally, this occurs if the Employee is reasonably anticipated to have a substantial permanent reduction in the bona fide level of services provided to the Company and all Related Employers (whether provided as an employee or an independent contractor). The reduction shall be “substantial” only if the reduced bona fide level of services is less than 20% of the average bona fide level of services provided by the Employee to the Company and all Related Employers during the immediately preceding 36 months (or the Participant’s entire period of service, if less than 36 months).

## **2.29 Spouse**

“Spouse” means the husband or wife to whom a Participant is married on the date benefit payments are scheduled to begin to the Participant. The legal existence of the spousal relationship shall be governed by the law of Michigan.

## **Article 3**

### **Administration of Plan**

#### **3.1 Administrative Committee**

The Plan shall be administered by the Administrative Committee. The Administrative Committee shall have full discretionary authority in the operation and administration of the Plan. The Administrative Committee shall act by vote or consent of a majority of its members. To the extent necessary or appropriate, the Administrative Committee will adopt rules, policies, and forms for the administration, interpretation, and implementation of the Plan. All decisions, determinations, and interpretations of the Plan by the Administrative Committee shall be final and binding on all parties. The Administrative Committee may delegate any of its responsibilities to others and may allocate any of its responsibilities among its members.

A member of the Administrative Committee shall not participate in and shall not be counted as a member with respect to any action of the Administrative Committee directly affecting only that member.

#### **3.2 Responsibility; Indemnification**

A member of the Administrative Committee shall not be personally responsible or liable for any act or omission in connection with performance of powers or duties or the exercise of discretion or judgment in the administration and implementation of the Plan. The Company shall hold harmless and indemnify each member of the Administrative Committee, and any other individual exercising delegated authority or responsibility with respect to the Plan, from any and all liabilities and costs arising from any act or omission related to the performance of duties or the exercise of discretion and judgment with respect to the Plan.

## **Article 4**

### **Eligibility**

#### **4.1 Participation**

Participation in the Plan is limited to Employees designated by the Administrative Committee for participation in the MIP and whose Compensation exceeds the limit in Internal Revenue Code Section 401(a)(17).

#### **4.2 Termination of Participation**

Participation in the Plan shall terminate upon the earlier of the date the Participant is not an Employee and has been paid the full amount due under the Plan or the date of the Participant's death. Active participation by any Employee will cease if the Employee no longer meets the criteria for participation in Section 4.1 above, and any Employee's active participation may be terminated by the Administrative Committee at any time. If an Employee's active participation terminates, subsequent employment by the Employee with the Company or a Related Employer will continue to count for vesting purposes.

### **Article 5**

#### **Vesting**

##### **5.1 Vesting Service**

A Participant's years of vested service for purposes of determining the vesting percentage under the Plan shall be equal to the "Years of Vested Service" as determined and defined under the Steelcase Inc. Retirement Plan.

##### **5.2 Vested Percentage**

The Participant's vested percentage shall be determined by the following schedule:

<u>Years of Vested Service</u>	<u>Vested Percentage</u>
Less than 2 years	0%
2 years or more	100%

### **Article 6**

#### **Benefits**

##### **6.1 Amount and Form of Benefit**

(a) **Principal Credits** The Company shall credit to the Participant's Account for each Fiscal Year a percentage of the Participant's Eligible Compensation that is equal to the percentage of Compensation allocated to the Participant's account under the Steelcase Inc. Retirement Plan for that Fiscal Year, taking into account only the Participant's Compensation up to the Internal Revenue Code Section 401 (a)(17) limit. Contributions will be deemed to have been credited as of the last day of each Fiscal Year, and will only be credited if the Participant is still employed and still a member of the MIP on that last day.

(b) **Investment Credits** Each Participant's Account shall be credited with earnings or debited with losses at a rate equal to the Participant's actual rate of return on the assets credited to the Participant's Account in the Steelcase Inc. Retirement

Plan. On and after the date of the Participant's Separation from Service, however, no earnings or losses will be credited.

### **6.2 Payment of Pre-2005 Accounts**

(a) **During Life** The vested portion of the Participant's Pre-2005 Account shall be paid or begin to be paid on or about the April 1 following the end of the Fiscal Year in which the Participant has a Separation from Service. A Participant may elect, subject to the approval of the Administrative Committee, to have the payment made in either of the following ways or any combination thereof:

(1) In one lump sum, or

(2) In annual installments over four years using the "declining digits" method (i.e., the first payment is  $\frac{1}{4}$  of the vested portion of the Pre-2005 Account balance, the second  $\frac{1}{3}$  of the remaining vested balance, the third  $\frac{1}{2}$  of the remaining vested balance and the fourth the entire remaining vested balance).

The Participant's election under this Section shall be filed in writing with the Administrative Committee. The Participant's initial election shall be effective if filed with the Administrative Committee within 30 days of the date the Administrative Committee provides notice of the election to the Participant, but in any event prior to the date payment would otherwise be made. Elections filed after that time, and any change in an election, shall be effective only if the individual remains employed for the following 12-month period.

(b) **Death** In the event of the death of a Participant before payment of all benefits due, the vested amount remaining in the Participant's Pre-2005 Account will be paid to the Participant's Beneficiary in a single lump sum or in annual installments over a four year period, using the declining digits method, provided the Participant so elected in accordance with subsection (a) above.

(c) **Cash Outs** Notwithstanding anything in this Section 6.2 to the contrary, the Administrative Committee may elect to distribute the entire vested balance of the Participant's Pre-2005 Account in a single lump sum payment to the Participant or his or her Beneficiary if the vested balance of the Participant's Pre-2005 Account is less than \$50,000, or in the event of the Participant's Total Disability or death.

### **6.3 Payment of Post-2004 Account**

(a) **During Life** The vested portion of the Participant's Post-2004 Account shall be paid or begin to be paid on the April 1 following the end of the Fiscal Year in which the Participant has a Separation from Service. A Participant may elect to have the payment made in either of the following ways or any combination thereof:

(1) In one lump sum, or

(2) In annual installments over four years using the “declining digits” method (i.e., the first payment is  $\frac{1}{4}$  of the vested portion of the Post-2004 Account balance, the second  $\frac{1}{3}$  of the remaining vested balance, the third  $\frac{1}{2}$  of the remaining vested balance and the fourth the entire remaining vested balance).

The Participant’s election under this Section shall be filed in writing with the Administrative Committee. The Participant’s election shall be effective if filed with the Administrative Committee by the later of December 31, 2008 or the last day of the Fiscal Year preceding the first Fiscal Year for which an amount is credited to the Participant’s Account. If no timely election is made by a Participant, payment shall be made in one lump sum payment.

**(b) Death** In the event of the death of a Participant before payment of all benefits due, the vested amount remaining in the Participant’s Post-2004 Account will be paid to the Participant’s Beneficiary in a single lump sum or in annual installments over a four year period, using the declining digits method, provided the Participant so elected in accordance with subsection (a) above.

**(c) Key Employees** Notwithstanding the preceding provisions of this Section 6.3, no payment shall be made from a Key Employee’s Post-2004 Account for at least six months after such Key Employee’s Separation from Service, unless the Participant dies prior to the end of the six-month period.

#### **6.4 Forfeiture of Benefits**

The non-vested portion of the Participant’s Account shall be forfeited upon the commencement of payments to the Participant or his or her Beneficiary pursuant to Section 6.2. A Participant’s right to any portion of his or her Account remaining under this Plan shall be forfeited upon occurrence of any of the following events:

**(a) Termination for Cause** Termination of the Participant’s employment for cause, as determined in the sole discretion of the Administrative Committee.

**(b) Competition** The Participant directly or indirectly engages in competition with the Company or any Related Employer at any time during employment with the Company or a Related Employer, or during the three-year period following termination of employment with the Company or a Related Employer, without prior approval of the Administrative Committee. A Plan Participant engages in competition if that person participates directly or indirectly in the manufacturing, design or distribution of any products of the same type as those of the Company or a Related Employer, including, but not limited to, office furniture, office systems or architectural products, or the providing of any related services, for or on behalf of any person or entity other than the Company or a Related Employer and their authorized dealers, at any location within or without the United States of America. It is intended that this definition shall be enforced to the fullest extent permitted by law. If any part of this definition shall be construed to be invalid or unenforceable, in whole or in part, then such definition shall be

construed in a manner so as to permit its enforceability to the fullest extent permitted by law.

## **Article 7**

### **Change In Control**

#### **7.1 Vesting**

A Participant shall be 100% vested upon a Change in Control.

#### **7.2 Payment**

Upon a Change in Control, amounts credited to the Participant's Account shall be paid in a single lump sum as soon as reasonably practicable, but in no event later than 60 days following the date of the Change in Control; provided, however, that Participants' Accounts that are in payment status under Section 6.2 or 6.3 of the Plan shall continue to be paid in annual installments in accordance with Section 6.2 or 6.3 of the Plan.

## **Article 8**

### **Amendment and Termination**

#### **8.1 Amendment**

This Plan may be amended in any manner at any time by the Board of Directors of the Company. No amendment may, however, decrease or eliminate the Account of a Participant as of the date of the amendment.

#### **8.2 Termination**

The Plan may be terminated at any time by the Board of Directors of the Company. Upon termination of the Plan, the Board shall specify the extent to which the Pre-2005 Accounts of Participants employed by the Company or a Related Employer shall be preserved or terminated. Upon termination of the Plan, all benefits of previously retired and deceased Participants that are being paid or are payable at a future date and all Post-2004 Accounts shall continue to be paid in accordance with the terms of the Plan in effect at the time of termination. However, the Board of Directors may pay the Accounts of previously retired and deceased Participants and all Post-2004 Accounts to Participants immediately after the Plan is terminated if the payment is permitted by Internal Revenue Code Section 409A.

## Article 9

### General Provisions

#### **9.1 No Right to Participate**

Nothing in this Plan shall be deemed or interpreted to provide a Participant or any non-participating Employee with any contractual right to participate in or receive benefits of the Plan. The right to participate and the duration of active participation shall be determined in the sole discretion of the Administrative Committee.

#### **9.2 No Employment Right**

Participation in this Plan shall not be construed as constituting a commitment, guarantee, agreement, or understanding of any kind that the Company or a Related Employer or any subdivision of the Company or a Related Employer will continue to employ any individual, and this Plan shall not be construed or applied as any type of employment contract or obligation. Nothing herein shall abridge or diminish the rights of the Company or a Related Employer or any employing subdivision of the Company or a Related Employer to determine the terms and conditions of employment of any Participant or other Employee or to terminate the employment of any Participant or other Employee with or without cause at any time.

#### **9.3 No Assignment or Transfer**

Neither a Participant nor any Beneficiary or other representative of a Participant shall have any right to assign, transfer, attach, or hypothecate any amount or credit, potential payment, or right to future payments or any other benefit provided under this Plan. Payment of any amount due or to become due under this Plan shall not be subject to the claims of creditors of the Participant or to execution by attachment or garnishment or any other legal or equitable proceeding or process.

#### **9.4 Withholding and Payroll Taxes**

The Company shall deduct from any payment made under this Plan all amounts required by federal, state, and local tax laws to be withheld and shall subject any payments made under the Plan to all applicable payroll taxes and assessments.

#### **9.5 Incompetent Payee**

If the Administrative Committee determines that a person entitled to a payment hereunder is incompetent, it may cause benefits to be paid to another person or entity for the use or benefit of the Participant or the Participant's Beneficiary at the time or times otherwise payable hereunder, in total discharge of the Plan's obligations to the Participant or Beneficiary.

#### **9.6 Governing Law**

The provisions of the Plan shall be construed and governed under the laws of the State of Michigan, except to the extent preempted by ERISA or other federal laws.

### **9.7 Construction**

The singular includes the plural, and the plural includes the singular, and terms connoting gender include both the masculine and feminine, unless the context clearly indicates the contrary. Capitalized terms, except those at the beginning of a sentence or part of a heading, have the meaning defined in the Plan.

### **9.8 Disputes**

In the event of any dispute under this Plan, the Administrative Committee will afford the individual affected with a right to a review that complies with the claim review procedures of ERISA. The Administrative Committee has the full discretionary authority to consider and resolve any and all questions regarding the Plan and the Administrative Committee's decision is intended to be binding on all provided the Administrative Committee members act in good faith and do not engage in intentional wrongdoing.

### **Signature**

The Company has signed the amended and restated Steelcase Inc. Restoration Retirement Plan this 3 day of October, 2008.

### **STEELCASE INC.**

By: /s/ Nancy W. Hickey

Nancy W. Hickey

Its: Senior Vice President

Chief Administrative Officer

**STEELCASE INC.  
NON-EMPLOYEE DIRECTOR  
DEFERRED COMPENSATION PLAN  
Restated Effective as of January 1, 2009**

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## **Article 1**

### **Establishment and Purpose**

#### **1.1 History of Plan**

Steelcase Inc. (the "Company") established the Steelcase Inc. Non-Employee Director Deferred Compensation Plan. The Plan was established as of June 23, 1999 and has been periodically amended.

#### **1.2 Purpose**

The Company adopted the Plan to provide its Non-Employee Directors who participate in the Plan with the opportunity to defer a portion of their Directors Fees and have additional retirement income.

#### **1.3 This Document**

By this document, the Company is amending and restating the Plan as of January 1, 2009.

#### **1.4 Status of Plan Under ERISA**

Because the Plan does not cover employees, the Plan is not intended to be covered by any part of ERISA. The existence of any Trust Fund is not intended to change this characterization of the Plan.

#### **1.5 Compliance with Section 409A**

To the extent the Plan provides deferred compensation under Section 409A of the Internal Revenue Code, the Plan is intended to comply with Section 409A. The Plan is intended to be interpreted consistent with the requirements of Section 409A of the Internal Revenue Code.

## **Article 2**

### **Definitions**

The following words and phrases, wherever capitalized, shall have the following meanings, unless the context requires otherwise:

#### **2.1 Administrative Committee**

"Administrative Committee" means a committee consisting of the Company's Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer and the Assistant Secretary of the Company and/or any other individuals designated by the Compensation Committee of the Company's Board of Directors.

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## **2.2 Beneficiary**

“Beneficiary” means the individual, trust, or other entity designated by the Participant to receive any amounts payable with respect to the Participant under the Plan after the Participant’s death. A Participant may designate or change a Beneficiary by filing a signed designation with the Administrative Committee on a form approved by the Administrative Committee. A Participant’s will is not effective for this purpose. If the Participant has not designated a Beneficiary or none so designated survive, the Beneficiary will be the Participant’s surviving Spouse, if any; otherwise the Participant’s children, including those by adoption, dividing the distribution equally among the Participant’s children, with the living issue of any deceased child taking their parent’s share by right of representation; if none, the Participant’s parents, in equal shares; if none, the Participant’s living brothers and sisters in equal shares; if none the Participant’s estate, if under active administration, and if not, the Participant’s heirs under the laws of Intestacy of the State of Michigan. Notwithstanding the above, if the Participant designates the Participant’s Spouse as a Beneficiary, and the Participant later divorces that Spouse, the Participant’s designation of the Spouse as Beneficiary shall be null and void, and the portion of the Participant’s benefits that would, but for this provision, be payable to the Participant’s Spouse will be payable instead as designated in the Participant’s designation of Beneficiary as if the Spouse had predeceased the Participant.

## **2.3 Deferral Account**

“Deferral Account” means the bookkeeping account established by the Administrative Committee with respect to the Participant pursuant to Article 5 for the purpose of recording the amount of the Director’s Fees being deferred pursuant to this Plan and the amount of any earnings, profits, gains or losses credited/debited thereto pursuant to Article 5. A Participant’s Deferral Account shall be divided into a Pre-2005 Deferral Account and a Post-2004 Deferral Account.

## **2.4 Deferral Date**

“Deferral Date” means the date the amount of deferred Director’s Fees otherwise would have been paid to the Participant but for the Participant’s deferral of the payment of such fees under Article 4.

## **2.5 Determination Period**

“Determination Period” means the Calendar Year preceding the Calendar Year during which an Employee has a Separation from Service.

## **2.6 Director’s Fees**

“Director’s Fees” means any amount payable to a Participant for service as a Non-Employee Director, including quarterly retainer fees and fees for meetings of the Board of Directors or any Committee of the Board of Directors.

## **2.7 Election Period**

“Election Period” means the period designated by the Administrative Committee before each Plan Year during which elections under Article 4 must be made with respect to that Plan Year. For a new Participant, the Election Period means the first 30 days of participation in the Plan. For all other Participants, the Election Period shall end no later than December 31 of the calendar year preceding the first day of the Plan Year.

## **2.8 Key Employee**

“Key Employee” means any Non-Employee Director who at any time during the Determination Period was:

(a) An officer of the Company or a Related Employer whose annual Compensation from the Company and all Related Employers is more than \$145,000 (as adjusted under Section 416(i)(1) of the Internal Revenue Code for Plan Years beginning after December 31, 2007);

(b) A common law employee of the Company or a Related Employer having more than a 5% ownership interest in the Company or a Related Employer; or

(c) A common law employee of the Company or a Related Employer having more than a 1% ownership interest in the Company or a Related Employer and whose annual Compensation from the Company and all Related Employers is more than \$150,000.

The determination of who is a Key Employee shall be made in accordance with Sections 409A and 416(i)(1) of the Internal Revenue Code and the applicable regulations and guidance.

## **2.9 Non-Employee Director**

“Non-Employee Director” means any individual who serves as a member of the Board of Directors of the Company and who is not an employee of the Company or any Related Employer.

## **2.10 Participant**

“Participant” means a Non-Employee Director of the Company who participates in the Plan pursuant to Article 3.

## **2.11 Payment Date**

“Payment Date” means the date payment of a Deferral Account is made pursuant to Section 6.1.

## **2.12 Performance Deferral**

“Performance Deferral” means the amount of a Participant’s quarterly retainer fees deferred, if any, pursuant to Section 4.1. The Performance Deferral includes the mandatory deferrals that were required under the Plan for periods prior to September 1, 2003.

## **2.13 Plan Year**

“Plan Year” means the fiscal year of the Company, as in effect from time to time, or such other 12-month period as the Compensation Committee of the Board of Directors of the Company shall establish.

## **2.14 Pre-2005 Account**

“Pre-2005 Account” means the vested amount that was credited to the Participant’s Account on December 31, 2004, as adjusted for earnings or losses under Section 5.2.

## **2.15 Post-2004 Account**

“Post-2004 Account” means the amount credited to the Participant’s Account minus the Participant’s Pre-2005 Account.

## **2.16 Related Employer**

“Related Employer” means:

- (a) Any member of a controlled group of corporations in which the Company is a member, as defined in Section 414(b) of the Internal Revenue Code;
- (b) Any other trade or business under common control of or with the Company, as defined in Section 414(c) of the Internal Revenue Code;
- (c) Any member of an affiliated service group with the Company, as defined in Section 414(m) of the Internal Revenue Code; and
- (d) Any other entity required to be aggregated with the Company pursuant to regulations issued under Section 414(o) of the Internal Revenue Code.

## **2.17 Separation from Service**

“Separation from Service” means a “separation from service” under Section 409A of the Internal Revenue Code. Generally, this occurs if the Non-Employee Director resigns from the Board of Directors of the Company, is not re-elected to the Board of Directors of the Company or ceases being a member of the Board of Directors of the Company for any other reason.

## **2.18 Spouse**

“Spouse” means the husband or wife to whom a Participant is married on the date benefit payments are scheduled to begin to the Participant. The legal existence of the spousal relationship shall be governed by the law of Michigan.

## **2.19 Valuation Date**

“Valuation Date” means the last day of the Plan Year, or such other dates as may be designated by the Administrative Committee.

## **Article 3**

### **Participation**

A Non-Employee Director shall participate in the Plan on the first day of the individual’s term as a Non-Employee Director. A member of the Board of Directors of the Company who becomes a Non-Employee Director after the first day of his or her first term as a member of the Board of Directors of the Company shall become a Participant on the day after the Valuation Date coincident with or following the date the Participant becomes a Non-Employee Director.

## **Article 4**

### **Director Payment and Deferrals**

#### **4.1 Participant Election Between Deferral and Stock**

Fifty percent (50%) of the Participant’s quarterly retainer fees shall not be paid in the form of cash, but shall instead be deferred and distributed later to the Participant (or in the event of the Participant’s death, to his or her Beneficiary) in accordance with the provisions of Article 6 of this Plan. Notwithstanding the preceding sentence, a Participant may elect during the applicable Election Period to receive such amount in the form of Steelcase Inc. Class A Common Stock in lieu of deferral.

#### **4.2 Participant Election Between Cash and Deferral.**

During the applicable Election Period, a Participant may elect a percentage (in one percent (1%) increments, up to one hundred percent (100%)) of the Participant’s Director’s Fees remaining following application of Section 4.1, to be earned in the following Plan Year, that shall not be paid in cash, but shall instead be deferred and distributed later to the Participant (or in the event of the Participant’s death, to his or her Beneficiary) in accordance with the provisions of Article 6. All elections under this Section 4.2 shall be made separately with respect to the Participant’s meeting fees and the portion of quarterly retainer fees remaining following application of Section 4.1.

### **4.3 Initial and Subsequent Election Periods**

Any elections made pursuant to Sections 4.1 and 4.2 by a new Participant during the Participant's initial Election Period shall apply only to Director's Fees earned for the remainder of the Plan Year following the date of the election and shall be irrevocable. All other deferral elections are irrevocable after the December 31 preceding the first day of the Plan Year for which they are in effect. Elections shall remain in effect for all subsequent Plan Years unless a new election is made during a subsequent Election Period.

## **Article 5**

### **Deferral Account**

#### **5.1 Deferral Accounts**

The Administrative Committee shall establish a Deferral Account for each Participant. The portion of each Participant's Director's Fees deferred pursuant to Article 4 shall be credited to the Participant's Deferral Account as of the applicable Deferral Date. The Administrative Committee shall maintain records for each Deferral Account until the balance of the Deferral Account has been paid in full pursuant to Article 6. The Administrative Committee shall provide each Participant with a written statement reflecting the amounts credited to his or her Deferral Account at least annually. The Administrative Committee may engage the services of any third parties it deems appropriate to provide assistance with record keeping.

#### **5.2 Debits/Credits to Deferral Accounts**

As of each Valuation Date subsequent to the establishment of the Participant's Deferral Account, until such time as the Deferral Account is paid to the Participant, the Administrative Committee shall credit/debit the Deferral Account with earnings, profits, gains or losses that would have been credited/debited if assets equal to the balance of the Deferred Account had been invested since the preceding Valuation Date in the investment media described in Section 5.3.

#### **5.3 Investment Media**

The Administrative Committee, in its sole discretion may periodically designate certain mutual funds or other investment media among which the Participant may request that his or her Deferral Account should, for the purposes of Section 5.2, be deemed invested. Current investment media include a Steelcase Stock Fund, an index equity fund, a balanced fund and a money market fund. The Steelcase Stock Fund valuation will be based on the weighted average price of the stock traded on the relevant Deferral Date or Valuation Date. The Performance Deferral shall be deemed invested in the Steelcase Stock Fund. The remainder of the Participant's Deferral Account shall be deemed invested as the Participant elects. The Participant may alter his or her selection among the investment media either for the Participant's existing Deferral Account balance and/or future deferrals in one percent increments (or such other increments that the Administrative Committee may specify) once each Plan Year (or at such other intervals as the Administrative Committee may specify); provided that Performance Deferral, as adjusted pursuant to Section 5.2, must remain deemed invested in the Steelcase

Stock Fund. In the absence of any written direction, the Participant's entire Deferral Account shall be deemed invested in the Steelcase Stock Fund. A Participant's deemed investment selection shall remain in effect until changed by the Participant.

The Administrative Committee may elect either to invest funds equal to the amounts credited to the Participant's Deferral Account as elected by the Participant, invest funds targeted to pay Plan obligations in any other manner or not make investments in connection with Plan obligations. The actual investment shall not affect the obligation of the Company to provide a benefit as if the Deferral Account were actually invested as suggested by the Participant. The Administrative Committee shall establish such procedures and forms as are appropriate to implement the fund selection process of this Section 5.3.

## **Article 6**

### **Payments**

#### **6.1 Timing**

The Participant's Deferral Account shall be paid or begin to be paid to the Participant, or to his or her Beneficiary in the event of the Participant's death, no later than 90 days after the end of the Plan Year during which the Participant has a Separation from Service. The amount to be paid shall be determined by the value of the Participant's Deferral Account as of the last day of that Plan Year. In no event, however, will any payment be made to a Key Employee earlier than the six-month anniversary of the date of the Participant's Separation from Service, unless the Participant dies prior to the end of the six-month period. The delay of a payment as a result of the Key Employee rule will not delay the payment of any future payment to which the Participant is entitled.

#### **6.2 Form of Payment**

The Participant may elect the period over which the balance in his or her Deferral Account shall be paid by the Company to the Participant (or to his or her Beneficiary, in the event of the Participant's death) from among the following:

- (a) One lump sum, or
- (b) Annual installment payments over five years, or
- (c) Annual installment payments over ten years.

The Participant's election with respect to Directors Fees earned prior to January 1, 2005 must be made prior to the Plan Year during which the Participant ceases to be a member of the Board of Directors of the Company. The Participant's election with respect to Directors Fees earned on or after January 1, 2005 must be made during the first Election Period that applies to Directors Fees earned after December 31, 2004, during which the Non-Employee Director is a Participant. Any election made after the dates set forth above shall not be effective.

In the event the Participant fails to timely elect the form of payment for his or her Pre-2005 Deferral Account or Post-2004 Deferral Account, his or her Pre-2005 Deferral Account balance and/or Post-2004 Deferral Account balance shall be paid in one lump sum. The benefit of a Participant who has elected an installment payment option and dies after beginning to receive installment payments shall continue to be paid to the Participant's Beneficiary in such installments. The Participant may designate a form of payment for death benefits to be paid in the event the Participant dies before benefits to him or her begin that is different than the election for the payments to be made during the Participant's lifetime.

### **6.3 Payment Medium**

The payments made by the Company with respect to the Participant's Deferral Account pursuant to Sections 6.1 and 6.2 above shall be made in cash (reduced by applicable tax withholdings). Annual payments made in accordance with Sections 6.2(b) and 6.2(c) shall be in an amount equal to a percentage of the Participant's Deferral Account balance as of the Valuation Date on or immediately preceding the Payment Date, determined by dividing that balance by the remaining years of the payment term.

## **Article 7**

### **Miscellaneous**

#### **7.1 No Trust**

Nothing contained in this Plan and no action taken pursuant to the provisions hereof shall create or deem to create a trust of any kind, or a fiduciary relationship between the Company and the Participant, the Participant's Beneficiary or any other person. To the extent that any person acquires the right to receive benefits from the Company under this Plan, such right shall be no greater than the right of any other unsecured general creditor of the Company, and such person shall have no claim on, or any beneficial interest in, any assets of the Company. The Company may establish bookkeeping reserves or any funding media, including grantor trusts, to cover its obligation to make the payments contemplated under Article 6, but amounts designated in such bookkeeping reserves or contained in such funding media as are established shall remain solely those of the Company and shall be subject to the claims of the creditors of the Company until actually paid to the Participant or to the Participant's Beneficiary. The provisions of this Plan do not operate as a guarantee that sufficient assets will exist for the Company to pay any Plan benefits.

#### **7.2 Nonforfeatability**

The Participant's rights to any payments under this Plan shall at all times be nonforfeitable.

#### **7.3 Spendthrift Provision**

Benefits, payments, proceeds, claims, rights or interest of the Participant or the Participant's Beneficiary to or under this Plan shall not be subject in any manner to any claims, attachments or encumbrances due to the death, contracts, liabilities, engagements or torts of the

Participant or the Participant's Beneficiary, directly or indirectly, or be subject to any claim of any creditor of the Participant or the Participant's Beneficiary, through legal process or otherwise; nor shall the Participant or the Participant's Beneficiary be able or permitted in any manner to transfer, encumber, pledge, anticipate, alienate, sell, or assign any such benefits, payments, proceeds, claims, rights or interest, contingent or otherwise.

#### **7.4 Successors, Etc.**

This Plan shall be binding upon and benefit the Company and its successors, and the Participant and the Participant's Beneficiary, their heirs and personal representatives, all in accordance and subject to the terms of this Plan.

#### **7.5 Severability**

Each provision of this Plan shall be independent of and separable from every other provision of this Plan and should any provision of this Plan be deemed or be declared to be contrary to or unenforceable under any law, whether constitutional, statutory or otherwise, all of the remaining provisions of this Plan shall remain in full force and effect.

#### **7.6 Governing Law**

This Plan shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, under the laws of the State of Michigan, except to the extent superseded by federal law.

#### **7.7 Number Construction**

In all cases where they would so apply, words used in the singular shall be construed to include the plural.

#### **7.8 Amendment and Termination of Plan**

The Compensation Committee of the Board of Directors may amend or terminate this Plan at any time. The amendment or termination of the Plan shall not reduce amounts already credited to the Participant's Deferral Account. In the event the Plan is terminated, the Administrative Committee may, in its sole discretion, immediately distribute the balance of the Participant's Pre-2005 Deferral Account.

The Participant shall be entitled to receive the amount credited to his Post-2004 Deferral Account upon satisfying the requirements for payment of benefits under the Plan. However, the Company may pay the Participant the amount credited to the Participant's Post-2004 Deferral Account at any time after the Plan is terminated if the payment is permitted by Section 409A of the Internal Revenue Code.

#### **7.9 Interpretation and Implementation**

The Administrative Committee shall have exclusive and final authority and sole and absolute discretion with respect to (a) the interpretation and implementation of the terms and

provisions of this Plan, (b) exercising any of its powers or duties under this Plan and (c) the adoption or amendment of such procedures or practices as it deems necessary, helpful or appropriate, for purposes of administering this Plan.

**7.10 Administrative Committee**

The Administrative Committee may delegate any of its powers, authorities or responsibilities under the Plan to any other person or committee so designated by it in writing. The Administrative Committee may employ the agents or advisors it deems appropriate to fulfill its duties under the Plan. No member of the Administrative Committee shall be personally liable to any person for any action taken or omitted in connection with performing its duties under the Plan, unless due to that member's own willful misconduct, gross negligence, or lack of good faith.

**7.11 Claims and Appeals**

In the event Participants or Beneficiaries believe they are entitled to a payment from the Company that has not been made, they may submit a claim for benefits to the Administrative Committee. Any denial of a claim shall be made by the Administrative Committee in writing and shall specify the Plan provisions upon which the denial is based and any additional information or documentation which the Participant or Beneficiary would need to submit to perfect his or her claim. The Participant or Beneficiary may appeal in writing to the Administrative Committee any denial of his or her claim within 90 days following the denial, and shall include any additional information or documentation helpful to support the claim. The Administrative Committee's decision shall be made in writing within a reasonable time period following receipt of the appeal and shall be final and binding on the Participant, any Beneficiary and the Company.

**Signature**

The Company has signed the amended and restated Steelcase Inc. Non-Employee Director Deferred Compensation Plan this 3 day of October, 2008.

**STEELCASE INC.**

Attest: By: /s/ John Hagenbush

By: /s/ Nancy W. Hickey

Its: John Hagenbush  
Director, Global Compensation

Its: Nancy W. Hickey  
Senior Vice President  
Chief Administrative Officer

**STEELCASE INC.  
DEFERRED COMPENSATION PLAN  
Restated Effective January 1, 2009**

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**STEELCASE INC.  
DEFERRED COMPENSATION PLAN**

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**Article 1**

**Establishment and Purpose**

**1.1 History of the Plan**

Steelcase Inc. (the "Company") established the Steelcase Inc. Deferred Compensation Plan (the "Plan") effective as of September 1, 1999. The Plan has periodically been amended.

**1.2 This Document**

By this document, the Company is amending and restating the Plan as of January 1, 2009.

**1.3 Purpose**

The Company desires to retain the services of a select group of executives who contribute to the profitability and success of the Company. The Company maintains the Plan to provide the executives who participate in the Plan with the opportunity to defer a portion of their Compensation.

**1.4 Status of Plan Under ERISA**

The Plan is intended to be "unfunded" and maintained "primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" for purposes of ERISA. Accordingly, the Plan is not intended to be covered by Parts 2 through 4 of Subtitle B of Title I of ERISA. The existence of any Trust Fund is not intended to change this characterization of the Plan.

**1.5 Compliance with Section 409A**

To the extent the Plan provides deferred compensation under Section 409A of the Code, the Plan is intended to comply with Section 409A. The Plan is intended to be interpreted consistent with the requirements of Section 409A of the Code.

**Article 2**

**Definitions**

The following words and phrases, wherever capitalized, shall have the following meanings, unless the context requires otherwise:

---

## **2.1 Administrative Committee**

“Administrative Committee” means the Chief Executive Officer, the Chief Financial Officer, the Chief Administrative Officer and the Assistant Secretary of the Company and/or any other individuals designated by the Compensation Committee of the Company’s Board of Directors to administer this Plan and any other plan designated by the Compensation Committee.

## **2.2 Base Salary**

“Base Salary” means a Participant’s regular salary (unreduced by any deferrals made on a pre-tax basis to any plan under Code Sections 401(k) or 125), exclusive of any Bonus, deferred compensation payments, fringe benefits, and other special items, such as stock options.

## **2.3 Beneficiary**

“Beneficiary” means the individual, trust, or other entity designated by the Participant to receive any amounts payable with respect to the Participant under the Plan after the Participant’s death. A Participant may designate or change a Beneficiary by filing a signed designation with the Administrative Committee on a form approved by the Administrative Committee. A Participant’s will is not effective for this purpose. If the Participant has not designated a Beneficiary or none so designated survive, the Beneficiary will be the Participant’s surviving Spouse, if any; otherwise the Participant’s children, including those by adoption, dividing the distribution equally among the Participant’s children, with the living issue of any deceased child taking their parent’s share by right of representation; if none, the Participant’s parents, in equal shares; if none, the Participant’s living brothers and sisters in equal shares; if none the Participant’s estate, if under active administration, and if not, the Participant’s heirs under the laws of Intestacy of the State of Michigan. Notwithstanding the above, if the Participant designates his or her Spouse as a Beneficiary, and the Participant later divorces that Spouse, the Participant’s designation of his or her spouse as Beneficiary shall be null and void, and the portion of the Participant’s benefits that would, but for this provision, be payable to the Participant’s Spouse will be payable instead as designated in the Participant’s designation of Beneficiary as if the Spouse had predeceased the Participant.

## **2.4 Bonus**

“Bonus” means, with respect to any Plan Year, the annual bonus paid to the Participant for the Company’s related fiscal year under the Steelcase Inc.’s Management Incentive Plan, excluding the long-term incentive portion of such bonus, and any additional amount which is designated by the Administrative Committee as a bonus available for deferral for that Plan Year for purposes of this Plan.

## **2.5 Code**

“Code” means the Internal Revenue Code of 1986, as amended.

## **2.6 Company**

“Company” means Steelcase Inc.

## **2.7 Competition**

“Competition” means directly or indirectly engaging in competition with the Company or any subdivision, subsidiary or affiliate of the Company at any time during employment with the Company or during the three (3) year period following termination of employment with the Company, without prior approval of the Administrative Committee. A Plan Participant engages in competition if that person participates directly or indirectly in the manufacture, design or distribution of any products of the same type as those of the Company, including, but not limited to, office furniture, office systems or architectural products, or the providing of any related services, for or on behalf of any person or entity other than the Company and its authorized dealers, at any location within or without the United States of America. It is intended that this definition shall be enforced to the fullest extent permitted by law. If any part of this definition shall be construed to be invalid or unenforceable, in whole or in part, then such definition shall be construed in a manner so as to permit its enforceability to the fullest extent permitted by law.

## **2.8 Deferral Account**

“Deferral Account” means the bookkeeping account established by the Administrative Committee with respect to the Participant pursuant to Article 5 for the purpose of recording the amount of the Participant’s Base Salary and Bonus being deferred pursuant to this Plan and the amount of any earnings, profits, gains or losses credited/debited thereto pursuant to Article 5.

## **2.9 Deferral Date**

“Deferral Date” means the date on which the deferred portion of the Base Salary and/or Bonus would have been paid to the Participant had the Participant not made an election to defer under Section 4.1.

## **2.10 Deferral Period**

“Deferral Period” means the interval between the Deferral Date and the first Payment Date.

## **2.11 Deferral Year**

“Deferral Year” means a Plan Year during which Base Salary or Bonus is earned by a Participant and is deferred pursuant to Article 4.

## **2.12 Determination Period**

“Determination Period” means the Calendar Year preceding the Calendar Year during which an Employee has a Separation from Service.

### **2.13 Disabled or Disability**

“Disabled” or “Disability” means the Participant meets one of the following requirements:

(a) The Participant is unable to engage in any substantial gainful activity by reason of any medically determinable mental or physical impairment which can be expected to result in death or can be expected to last for a continuous period of at least 12 months; or

(b) The Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a Company-sponsored disability plan.

The existence of a Disability shall be established by the certification of a physician or physicians selected by the Plan Administrator, unless the Plan Administrator determines that an examination is unnecessary. Alternatively, a Participant shall be considered to have a Disability if the Participant is determined to be disabled by the Social Security Administration.

### **2.14 Election Period**

“Election Period” means the once-per-year period designated by the Administrative Committee before each Deferral Year during which elections under Article 4 and Article 6 must be made with respect to that Deferral Year. The Election Period shall end no later than December 31 of the calendar year preceding the first day of the Deferral Year.

### **2.15 Employee**

“Employee” means any individual who is on the payroll of the Company or a Related Employer and is considered to be a common-law employee of the Company or a Related Employer. An individual who is treated by the Company or a Related Employer as an independent contractor for tax purposes is not an Employee.

### **2.16 ERISA**

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

### **2.17 Gross Misconduct**

“Gross Misconduct” means any conduct determined to be “gross misconduct” by the Administrative Committee.

## **2.18 Key Employee**

“Key Employee” means any Employee who at any time during the Determination Period was:

- (a) An officer of the Company or a Related Employer whose annual Compensation from the Company and all Related Employers is more than \$145,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2007);
- (b) A person having more than a 5% ownership interest in the Company or a Related Employer; or
- (c) A person having more than a 1% ownership interest in the Company or a Related Employer and whose annual Compensation from the Company and all Related Employers is more than \$150,000.

The determination of who is a Key Employee shall be made in accordance with Sections 409A and 416(i)(1) of the Code and the applicable regulations and guidance.

## **2.19 Participant**

“Participant” means an Employee who:

- (a) Participates in the Steelcase Inc. Management Incentive Plan and has a minimum Base Salary in an amount determined by the Administrative Committee; or
- (b) Is designated by the Administrative Committee as eligible to participate in the Plan for a particular period; and
- (c) Consents in writing to the Company’s purchase and ownership of insurance on his or her life.

A list of the Participants for each Deferral Year shall be maintained by the Administrative Committee and is hereby incorporated by reference.

## **2.20 Payment Date**

“Payment Date” means the date payments of a Deferral Account commence pursuant to Section 6.1 and each annual anniversary of that date.

## **2.21 Plan**

“Plan” means the Steelcase Inc. Deferred Compensation Plan.

## **2.22 Plan Year**

“Plan Year” means the fiscal year of the Company, as in effect from time to time, or such other 12-month period as the Compensation Committee of the Board of Directors of the Company shall establish.

## **2.23 Related Employer**

“Related Employer” means:

- (a) Any member of a controlled group of corporations in which the Company is a member, as defined in Section 414(b) of the Code;
- (b) Any other trade or business under common control of or with the Company, as defined in Section 414(c) of the Code;
- (c) Any member of an affiliated service group with the Company, as defined in Section 414(m) of the Code; and
- (d) Any other entity required to be aggregated with the Company pursuant to regulations issued under Section 414(o) of the Code.

## **2.24 Separation from Service**

“Separation from Service” means a “separation from service” under Section 409A of the Code. Generally, this occurs if the Employee is reasonably anticipated to have a substantial permanent reduction in the bona fide level of services provided to the Company and all Related Employers (whether provided as an employee or an independent contractor). The reduction shall be “substantial” only if the reduced bona fide level of services is less than 20% of the average bona fide level of services provided by the Employee to the Company and all Related Employers during the immediately preceding 36 months (or the Participant’s entire period of service, if less than 36 months).

## **2.25 Spouse**

“Spouse” means the husband or wife to whom a Participant is married on the date benefit payments are scheduled to begin to the Participant. The legal existence of the spousal relationship shall be governed by the law of Michigan.

## **Article 3**

### **Eligibility**

Prior to the Election Period before each Deferral Year, the Administrative Committee shall identify the Participants who shall be eligible to make an election to defer their Base Salary and/or Bonus for the following Deferral Year.

## **Article 4**

### **Deferral of Base Salary or Bonus**

#### **4.1 Deferral Elections**

During the Election Period for the first Deferral Year in which a Participant is eligible to participate in the Plan, the Participant may elect a specified dollar amount of his or her Base Salary and/or a specified percentage (in whole percentages only) of his or her Bonus to be earned in the following Deferral Year which shall not be paid in cash, but shall instead be deferred and distributed to the Participant (or in the event of the Participant's death, to his or her Beneficiary) in accordance with the provisions of Article 6. The minimum annual deferral amount is \$2,500. The maximum annual deferral amount is 25% of the Participant's Base Salary and 50% of the Participant's Bonus. The Administrative Committee may further limit or increase, at any time prior to the expiration of an Election Period, the maximum amount of Base Salary or Bonus that can be deferred by any Participant annually in the following Deferral Years. Any election to defer shall not be effective unless the Participant also completes any forms as may be required by the Administrative Committee, including, but not limited to, the selection of investment media in which his or her Deferral Account shall be deemed invested pursuant to Section 5.3 and any life insurance forms.

Any deferral election made by a Participant for a Deferral Year shall continue in effect for all subsequent Deferral Years unless the Participant completes a new election form and delivers it to the Administrative Committee during a subsequent Election Period.

#### **4.2 Changes and Revocations in Elections**

Elections may not be changed on or after the last day of the Election Period for the Deferral Year for which they are in effect. Notwithstanding the preceding sentence, if a Participant receives a hardship withdrawal under the Steelcase Inc. Retirement Plan, the Participant's deferral election under the Plan shall be cancelled and no additional amount of the Participant's Base Salary or Bonus shall be deferred until the later of the six-month anniversary of the date the hardship distribution was made and the first day of the Plan Year beginning after the hardship distribution was made.

## **Article 5**

### **Deferral Account**

#### **5.1 Deferral Accounts**

The Administrative Committee shall establish a Deferral Account for each Participant. The portion of each Participant's Base Salary and Bonus deferred pursuant to Article 4 shall be credited to his or her Deferral Account as of the applicable Deferral Date. The Administrative Committee may establish subaccounts within each Deferral Account for each Deferral Year, as may be necessary to properly record each Participant's deferral. The Administrative Committee shall maintain records for each Deferral Account and any

subaccounts until the balance of the Deferral Account has been paid in full pursuant to Article 6. The Administrative Committee may engage the services of any third parties it deems appropriate to provide assistance with record keeping.

### **5.2 Debits/Credits to Deferral Accounts**

As of the dates as may be designated by the Administrative Committee subsequent to the establishment of the Participant's Deferral Account, until the first day of the Plan Year following the Participant's Separation from Service, death, or Disability, the Administrative Committee shall credit/debit the Deferral Account with earnings, profits, gains or losses that would have been credited/debited if assets equal to the balance of the Deferral Account had been invested in certain designated mutual funds or other investment media. Thereafter, the Administrative Committee shall credit the Deferral Account with a rate of interest to be determined by the Administrative Committee until the entire Deferral Account is distributed. In the event the Participant is terminated from employment on account of Gross Misconduct or subsequent to his or her termination of employment engages in Competition with the Company, the Participant's Deferral Account to be paid pursuant to Article 6 shall be reduced by any credits previously made to the Deferral Account under this Section 5.2 (but shall reflect debits if the Participant's Deferral Account is less than the total amount of the Participant's Elective Deferrals).

### **5.3 Investment Media**

The Administrative Committee, in its sole discretion, may periodically designate certain mutual funds or other investment media (having varying risk/return characteristics) from which the Participant may request that his or her Deferral Account should, for purposes of Section 5.2, be deemed invested. The Participant may request that he or she be permitted to alter his or her selection among any such funds, either for the Participant's existing Deferral Account balance and/or future deferrals, in one percent increments (or in such other increments as the Administrative Committee may specify), once in each Plan Year quarter (or at other intervals selected by the Administrative Committee), to be effective as of the first day of the next Plan Year quarter (or at other times specified by the Administrative Committee). Subaccounts within each Deferral Account shall be deemed invested pro rata within the funds selected by the Participant. The Administrative Committee may elect either to invest deferred amounts as elected by the Participant, invest the deferred amounts in any other manner or not invest the deferred amounts. The actual investment of any Deferral Account shall not affect the obligation of the Company to provide a benefit as if the Deferral Account were actually invested as suggested by the Participant. The Administrative Committee shall establish such procedures and forms as are appropriate to implement the fund selection process of this Section 5.3.

## **Article 6**

### **Payments**

#### **6.1 Timing**

The Participant's Deferral Account shall be paid or begin to be paid to the Participant, or to his or her Beneficiary in the event of his or her death, as soon as administratively feasible, but no later than 60 days, following the end of the Plan Year in which the Participant has a Separation from Service, becomes Disabled, or dies. In no event, however, will any payment be made to a Key Employee earlier than the six-month anniversary of the date of the Participant's Separation from Service, unless the Participant dies prior to the end of the six-month period. The delay of a payment as a result of the Key Employee rule will not delay the payment of any future payment to which the Participant is entitled.

#### **6.2 Form for Payment**

The Participant shall elect in writing, as part of his or her initial deferral election under Section 4.1, the period over which the balance of his or her Deferral Account shall be paid by the Company to the Participant (or in the event of his or her death, to his or her Beneficiary) from among the following:

- (a) One lump sum,
- (b) Annual payments over a period of five years, or
- (c) Annual payments over a period of ten years;

provided, however, that the Administrative Committee shall distribute the entire nonforfeitable balance of the Deferral Account, as described in Section 7.3, in a single lump sum payment to the Participant or his or her Beneficiary if the balance of the Deferral Account is less than \$10,000 at the time of the initial payment. The Participant is permitted to change his or her election one time, but a change of election shall not be effective unless the Participant remains employed with the Company or a Related Employer for at least 12 months after the change of election is filed with the Administrative Committee.

In the event a Participant changes his or her payment election, the Participant's Deferral Account will be paid or begin to be paid as soon as administratively feasible following the end of the fifth Plan Year following the Plan Year which includes the Participant's Separation from Service.

#### **6.3 Payment Medium**

The payments made by the Company with respect to the Participant's Deferral Account pursuant to Sections 6.1 and 6.2 above shall be made in cash (reduced by applicable tax withholdings) and annual payments made in accordance with Section 6.2(b) or (c) shall be in an amount equal to a percentage of his or her relevant subaccount balance on the relevant Payment

Date, determined by dividing the subaccount balance at the applicable Payment Date by the total remaining years of the payout term.

Example: Assume the Participant elected a five-year payout. An amount equal to the subaccount balance would be paid out as indicated below.

<b>Payment Date</b>	<b>Percentage of Sub-Account Balance Paid</b>
First Payment Date	20%
Second Payment Date	25%
Third Payment Date	33
Fourth Payment Date	<sup>1</sup> / 3%
Fifth Payment Date	100%

## **Article 7**

### **Miscellaneous**

#### **7.1 No Trust**

Nothing contained in this Plan and no action taken pursuant to the provisions hereof shall create or deem to create a trust of any kind, or a fiduciary relationship between the Company and the Participant, his or her Beneficiary or any other person. To the extent that any person acquires the right to receive benefits from the Company under this Plan, such right shall be no greater than the right of any other unsecured general creditor of the Company, and such person shall have no claim on, or any beneficial interest in, any assets of the Company. The Company may establish bookkeeping reserves or any funding media, including grantor trusts, to cover its obligation to make the payments contemplated under Article 6, but amounts designated in such bookkeeping reserves or contained in such funding media as are established shall remain solely those of the Company and shall be subject to the claims of the creditors of the Company until actually paid to the Participant or his or her Beneficiary. The provisions of this Plan do not operate as a guarantee that sufficient assets will exist for the Company to pay any Plan benefits.

#### **7.2 Funding Arrangements**

It is the Company's intention that the amounts deferred under this Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA. All such amounts shall continue for all purposes to be part of the general funds of the Company and the Plan shall constitute a mere promise by the Company to make benefit payments in the future. The Company may, but is not required to, deposit in an insurance contract(s) or a trust, amounts sufficient to pay benefits under the Plan. Any trust created by the Company and any assets held by the trust to assist the Company in meeting its obligations under the Plan will conform to the terms of the model trust as described in Revenue Procedure 92-64. Any amounts deposited in an insurance contract or trust will be subject to the Company's general creditors in the event of the Company's insolvency or under such other circumstances as may be specified by the insurance contract or trust agreement.

### **7.3 Nonforfeitability**

The Participant's rights to any payments under this Plan, shall at all times be nonforfeitable, except that in the event the Participant's employment is terminated for Gross Misconduct, or the Participant engages in Competition with the Company subsequent to his or her termination of employment, the Participant shall forfeit any earnings credited to his or her Deferral Account and the Participant shall be entitled only to the lesser of the amount of Bonus and Base Salary he or she has deferred under the Plan and the balance of his Deferral Account on the Payment Date.

### **7.4 Spendthrift Provision**

Benefits, payments, proceeds, claims, rights or interest of the Participant or his or her Beneficiary to or under this Plan shall not be subject in any manner to any claims, attachments or encumbrances due to the death, contracts, liabilities, engagements or torts of the Participant or his or her Beneficiary, directly or indirectly, or be subject to any claim of any creditor of the Participant or his or her Beneficiary, through legal process or otherwise; nor shall the Participant or his or her Beneficiary be able or permitted in any manner to transfer, encumber, pledge, anticipate, alienate, sell, or assign any such benefits, payments, proceeds, claims, rights or interest, contingent or otherwise.

### **7.5 Successors, Etc**

This Plan shall be binding upon and benefit the Company and its successors, and the Participant and his or her Beneficiary, their heirs and personal representatives, all in accordance and subject to the terms of this Plan.

### **7.6 Severability**

Each provision of this Plan shall be independent of and separable from every other provision of this Plan and should any provision of this Plan be deemed or be declared to be contrary to or unenforceable under any law, whether constitutional, statutory or otherwise, all of the remaining provisions of this Plan shall remain in full force and effect.

### **7.7 Governing Law**

This Plan shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, under the laws of the State of Michigan, except to the extent superseded by federal law.

### **7.8 No Employment Rights**

The Participant's relationship with the Company is that of an employee at will and the Company may terminate his or her employment with the Company at any time, with or without cause, except as may otherwise be set forth in a separate written agreement with the Participant. Nothing contained in this Plan shall be construed as conferring upon the Participant the right to continue in the employ of the Company as an executive or in any other capacity. For

purposes of this Section 7.8, the term “Company” includes any subsidiary or affiliate of the Company that employs the Participant.

**7.9 Number Construction**

In all cases where they would so apply, words used in the singular shall be construed to include the plural.

**7.10 Amendment and Termination of Plan**

The Company may amend or terminate this Plan at any time with respect to amounts not yet credited to the Participant’s Deferral Account; provided however, no such termination shall affect the Participant’s interest in amounts previously deferred. In the event the Plan is terminated, the Company may, in its sole discretion, immediately distribute the balance of the Participants’ Deferral Accounts regardless of the Deferral Periods elected pursuant to Section 6.1, provided the payment is permitted under Code Section 409A and is made in compliance with the final regulations under Code Section 409A.

**7.11 Extension of Coverage**

The Compensation Committee of the Board of Directors may, in its discretion, authorize extension of Plan coverage to eligible Employees of entities related to the Company.

**7.12 Interpretation and Implementation**

The Administrative Committee shall have exclusive and final authority and sole and absolute discretion with respect to:

- (a) The interpretation and implementation of the terms and provisions of this Plan;
- (b) Exercising any of its powers or duties under this Plan; and
- (c) The adoption or amendment of such procedures or practices as it deems necessary, helpful or appropriate, for purposes of administering this Plan.

**7.13 Administrative Committee**

The Administrative Committee may delegate any of its powers, authorities or responsibilities under the Plan to any other person or committee so designated by it in writing. The Administrative Committee may employ the agents or advisors it deems appropriate to fulfill its duties under the Plan. No member of the Administrative Committee shall be personally liable to any person for any action taken or omitted in connection with performing its duties under the Plan, unless due to that member’s own willful misconduct, gross negligence, or lack of good faith. Members of the Administrative Committee shall not participate in any action with respect to benefits they may receive as Participants in the Plan.

#### **7.14 Claims and Appeals**

In the event a Participant or Beneficiary believes he or she is entitled to a payment from the Company which has not been made, he or she may submit a claim for benefits to the Administrative Committee. Any denial of the claim shall be made by the Administrative Committee in writing and shall specify the Plan provisions upon which the denial is based and any additional information or documentation which the Participant would need to submit to perfect his or her claim. The Participant may appeal in writing to the Administrative Committee any denial of his or her claim within 90 days following the denial, and shall include any additional information or documentation helpful to support his or her claim. The Administrative Committee's decision shall be made in writing within 90 days of receipt of the appeal and shall be final and binding on the Participant and the Company.

#### **7.15 Other Benefits**

Any other benefits which are based on the Participant's compensation level (e.g., disability, life, or pension benefits) shall be construed to be based on the Participant's compensation before reduction under this Plan, except to the extent such construction would conflict with the terms of that benefit plan. If a conflict exists, the Company shall use its best efforts to revise the other plan to the extent permitted by law.

#### **Signature**

The Company has signed the amended and restated Steelcase Inc. Deferred Compensation Plan this 3 day of October, 2008.

**STEELCASE INC.**

By: /s/ Nancy W. Hickey

Nancy W. Hickey  
Its: Senior Vice President  
Chief Administrative Officer

**2009-1 AMENDMENT  
TO THE  
STEELCASE INC.  
MANAGEMENT INCENTIVE PLAN  
Amended and Restated as of February 24, 2007**

This 2009-1 Amendment to the STEELCASE INC. MANAGEMENT INCENTIVE PLAN (the “Plan”) is adopted by Steelcase Inc. (the “Company”). The amendment is effective as of October 1, 2008.

Pursuant to Section 9.1 of the Plan, the Company amends the Plan as follows:

**A.**

Section 7 is amended and replaced in its entirety with the following:

**SECTION 7  
DETERMINATION AND PAYMENT OF INCENTIVE AMOUNTS**

**7.1 Final Plan Year EVA**

EVA and EVA performance, including any necessary or appropriate adjustments required or permitted hereunder, shall be determined as soon as administratively feasible following the availability of final financial results for the Plan Year. The Committee shall certify, in writing, the attainment of year end EVA results and the associated bonus multiple with respect to any award designed to qualify for the Performance Based Exception.

**7.2 Determination of Incentive Compensation**

Under rules established by the Committee, the incentive compensation for each Participant for each Plan Year shall be calculated by the following steps:

**(a) Bonus Multiple.** The bonus multiple shall be calculated based on (i) the actual level of EVA performance and (ii) growth of EVA for a Plan Year. The Committee shall determine the relative weight of each component to derive the bonus multiple.

**(b) Incentive Compensation.** Annual and long-term incentive compensation for each Participant for the Plan Year shall be the result obtained by multiplying the Participant’s individual target annual or long-term incentive percentage for the Plan Year by the applicable bonus multiple for the Plan Year and then multiplying the resulting percentage by the Participant’s base pay for the Plan Year to determine the dollar amount of the Participant’s incentive

compensation. If a Participant's base pay changes during a Plan Year, proportionate annual and long-term incentive compensation shall be calculated, under the rules established by the Committee, for each period of the Plan Year that each level of base pay was in effect. The proportionate incentive compensation for each level of base pay shall be calculated by annualizing that level of base pay, multiplying by the applicable annual or long-term target incentive percentage for that level of base pay and the bonus multiple, and then multiplying the resulting amount by a fraction, the numerator of which is the number of days during the Plan Year that the level of base pay was in effect and the denominator of which is the number of days in the Plan Year.

(c) **Maximum.** Notwithstanding the foregoing and subject to Section 6.3, the Committee may determine the maximum amount of annual and long-term incentive compensation for each Participant in a Plan Year.

### **7.3 Payment of Incentive Amounts**

(a) **Annual Component.** The dollar amount of the annual incentive compensation for a Plan Year shall be paid to the participant as soon as feasible following the completion of the incentive compensation calculations for the Plan Year; provided, however, that no amount shall be paid with respect to any award designed to qualify for the Performance Based Exception until the Committee has certified the EVA and attainment of EVA performance targets with respect to such award in accordance with Section 7.1; provided, further, that payment shall be made no later than 2 <sup>1</sup>/<sub>2</sub> months following the end of the calendar year in which such Plan Year ends.

(b) **Long-Term Component.** The amount of the long-term incentive compensation for a Plan Year that is payable to the Participant in cash shall be paid to the Participant in three annual installments. The first installment for a Participant shall be paid after the end of the Participant's second Plan Year of participation in the Plan in accordance with subsection (c)(iii) below. The long-term incentive amounts payable to the Participant shall be credited contingently to a long-term incentive compensation recordkeeping account maintained for each Participant in accordance with subsection (c) below; provided, however, that no amount with respect to an award designed to qualify for the Performance Based Exception may be credited to a Participant's account until the Committee has certified the EVA and attainment of EVA performance targets with respect to such Participant in accordance with Section 7.1. The account shall be credited at the end of each succeeding Plan Year with any long-term incentive dollar amount earned by the Participant. Within the account, a separate record or sub-account shall be maintained for each Plan Year for which long-term incentive compensation is credited.

(c) In addition to any applicable long-term incentive dollar amount, at the end of the second Plan Year of participation and each subsequent Plan Year, each sub-account within the Participant's account shall be

credited with such reasonable interest rate as the Committee shall determine. Until the Committee determines otherwise, such interest rate shall equal the three-year U.S. Treasury rate, as adjusted for Steelcase's credit rating as of the end of the previous applicable Plan Year (the applicable interest rate, "Interest Rate" and the interest, "Interest").

The separate sub-account for each Plan Year shall be credited Interest and paid as follows:

(i) The sub-account shall be established for and as of the end of the Plan Year; and

(ii) As of the end of the second Plan Year (the Plan Year following the Plan Year for which the sub-account was established), the amount in the sub-account shall be divided into three equal parts and each of such parts shall be credited Interest for the second Plan Year; and

(iii) As soon as feasible following the end of the second Plan Year but in no event later than 90 days following the end of the second Plan Year, one of the three parts of the sub-accounts shall be paid to the Participant; and

(iv) As of the end of the third Plan Year, the two remaining parts of the sub-account shall be credited Interest for the third Plan Year; and

(v) As soon as feasible following the end of the third Plan Year but in no event later than 90 days following the end of the third Plan Year, one of the two remaining parts shall be paid to the Participant; and

(vi) As of the end of the fourth Plan Year, the amount remaining in the sub-account shall be credited Interest for the fourth Plan Year and the resulting amount shall be paid to the Participant as soon as feasible following the end of the fourth Plan Year but in no event later than 90 days following the end of the fourth Plan Year.

Pursuant to the foregoing each Participant may be receiving payments from as many as three different sub-accounts following the end of a Plan Year.

The dollar amount of long-term compensation credited to a Participant for each Plan Year shall be entirely contingent and shall be unconditionally earned only when actually paid. In the event a Participant ceases to be a Participant but continues to be an Employee, Interest shall continue to be credited until the account is exhausted or until terminated under Section 7.4.

The Committee in its discretion may determine that any portion or all of the long-term incentive compensation that is payable to a Participant shall be paid in property other than cash (including without limitation stock options granted under the Company's Incentive Compensation Plan). Any portion of the long-term incentive compensation that is payable to a Participant in property other than cash shall be paid on such terms and conditions as determined by the Committee.

#### **7.4 Partial Year Participation, Employment Changes and Forfeitures**

**(a) Partial Year Participation.** If an Employee is designated to become a Participant in a Plan Year as of a date other than the first day of the Plan Year, the Participant's incentive award compensation for the Plan Year shall be determined, under rules established and maintained by the Committee for this purpose from time to time, on the basis of the Participant's time of participation during the Plan Year.

**(b) Employment Changes.** Target incentive percentages and incentive awards for a Participant for a Plan Year will be prorated under rules established and maintained by the Committee for this purpose from time to time, in the event of any change in compensation or employment status or location, or any other change that would effect the determination for the Plan Year, in proportion to the duration of each applicable factor during the Plan Year. The balance in the Participant's long-term compensation account as of the end of the Plan Year shall not be modified by reason of any change in any applicable factor in a subsequent Plan Year.

**(c) Retirement, Death or Disability.** If a Participant's employment terminates during a Plan Year by reason of Retirement, death or Total Disability, (i) the annual component of the Participant's incentive compensation dollar amount for the Plan Year, if any, shall be prorated, and (ii) the long-term component of the Participant's incentive compensation dollar amount for the Plan Year, if any, shall be prorated, under rules established and maintained by the Committee for such purpose, based on the Participant's time of active employment as a Participant during the Plan Year. The annual compensation payment shall be paid to the Participant or the Participant's beneficiary at the time the annual incentive compensation payments are made under the Plan. The balance in the Participant's long-term incentive compensation account (including the prorated amount for the Plan Year) as of the end of the Plan Year, after appropriate crediting of Interest for the Plan Year, shall be paid to the Participant or the Participant's beneficiary at the time long-term incentive compensation payments are made under the Plan for each Plan Year until the account is exhausted in accordance with sections 7.3(b) and 7.3(c).

**(d) Other Termination of Employment.** Except as otherwise provided in this subsection (d) or pursuant to subsection (e), upon termination of a Participant's employment during a Plan Year for any reason other than Retirement, death, or Total Disability, the Participant shall not be entitled to

the payment of incentive compensation for the Plan Year and the balance in the Participant's long-term incentive compensation account shall be forfeited. Notwithstanding the preceding sentence, the Committee shall have full discretion to determine that any or all of the following: payment of a prorated annual component, crediting of the Participant's long-term incentive compensation account, or payments from the long-term account until exhausted, may be made when termination of the Participant's employment results from job elimination, reduction in work force or other similar company initiative, or is encouraged or induced by incentives offered by the Company; provided, that such actions would not cause any payment to result in deferred compensation that is subject to the additional tax under Section 409A of the Code.

**(e) Competition.** A Participant shall not be entitled to the payment of incentive compensation for the Plan Year and the balance in the Participant's long-term incentive compensation account shall be forfeited in the event the Participant directly or indirectly engages in Competition with Steelcase Inc. Competition means directly or indirectly engaging in competition with the Company or any subdivision, subsidiary, or affiliate of the Company (collectively, the "Company Group") at any time during employment with the Company Group or during the three (3) year period following termination of employment with the Company Group, without prior approval of the Committee. A Plan Participant engages in competition if that person participates directly or indirectly in the manufacture, design or distribution of any products of the same type as those of the Company Group, including, but not limited to, office furniture, office systems or architectural products, or the providing of any related services, for or on behalf of any person or entity other than the Company and its authorized dealers, at any location within or without the United States of America. It is intended that this definition shall be enforced to the fullest extent permitted by law. If any part of this definition shall be construed to be invalid or unenforceable, in whole or in part, then such definition shall be construed in a manner so as to permit its enforceability to the fullest extent permitted by law.

**(f) Committee Discretion.** Pursuant to the powers conferred in Section 9, the Committee may make other rules and exceptions applicable to participation and employment changes.

## **7.5 Reports**

From time to time during each Plan Year and as of the end of each Plan Year, the Committee shall provide to each Participant information concerning current and cumulative EVA performance, Interest credited in the account and the balance in the Participant's long-term incentive compensation account.

**B.**

Section 11 is amended and replaced in its entirety with the following:

**SECTION 11**  
**GENERAL PROVISIONS**

**11.1 Benefits Not Guaranteed**

Neither the establishment and maintenance of the Plan nor participation in the Plan shall provide any guarantee or other assurance that incentive compensation will be payable under the Plan. The success of Steelcase Inc. and its subdivisions and affiliates, as determined hereunder, and adjusted as provided herein, and application of the administrative rules and determinations by the Committee shall determine the extent to which Participants are entitled to receive incentive compensation payments and credits hereunder.

**11.2 Clawback**

If the Company's financial results are materially restated, the Committee may review the circumstances surrounding the restatement and determine whether and which Participants will be required to forfeit the right to receive any future payments under Section 7 of the Plan and/or repay any prior payments determined by the Committee to have been inappropriately received by the Participant. If the Company's financial results are restated due to fraud, any Participant who the Committee determines participated in or is responsible for the fraud causing the need for the restatement forfeits the right to receive any future payments under Section 7 of the Plan and must repay any amounts paid in excess of the amounts that would have been paid based on the restated financial results. Any repayments required under this Section 11.2 must be made by the Participant within ten (10) days following written demand from the Company. This Section 11.2 applies only to Participants in the Plan who also participate in the Steelcase Inc. Executive Severance Plan.

**11.3 No Right to Participate**

Nothing in this Plan shall be deemed or interpreted to provide a Participant or any non-participating Employee with any contractual right to participate in or receive benefits of the Plan. No designation of an Employee as a Participant for all or any part of a Plan Year shall create a right to incentive compensation or other benefits of the Plan for any other Plan Year.

**11.4 No Employment Right**

Participation in this Plan shall not be construed as constituting a commitment, guarantee, agreement, or understanding of any kind that the Company or any subdivision of the Company will continue to employ an individual, and this Plan shall not be construed or applied as any type of employment contract or obligation. Nothing herein shall abridge or diminish the rights of the Company or the employing subdivision of the Company to determine the terms and conditions of

employment of any Participant or other employee or to terminate the employment of any Participant or other Employee with or without cause at any time.

#### **11.5 No Assignment or Transfer**

Neither a participant nor any beneficiary or other representative of a Participant shall have any right to assign, transfer, attach, or hypothecate any incentive compensation amount or credit, potential payment, or right to future payments of any incentive compensation amount or credit, or any other benefit provided under this Plan. Payment of any amount due or to become due under this Plan shall not be subject to the claims of creditors of the Participant or to execution by attachment or garnishment or any other legal or equitable proceeding or process.

#### **11.6 Withholding and Payroll Taxes**

The Company shall deduct from any payment made under this Plan all amounts required by federal, state, and local tax laws to be withheld and shall subject any payments made under the Plan to all applicable payroll taxes and assessments.

#### **11.7 Incompetent Payee**

If the Committee determined that a person entitled to a payment hereunder is incompetent, it may cause benefits to be paid to another person for the use or benefit of the Participant or the Participant's beneficiary at the time or times otherwise payable hereunder, in total discharge of the Plan's obligations to the Participant or beneficiary.

#### **11.8 Section 409A**

The intent of the parties is that payments under this Plan comply with Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, a Participant shall not be considered to have terminated employment with the Company for purposes of this Plan unless the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable pursuant to this Plan during the six-month period immediately following a Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or death, if earlier). The Plan may be amended in any respect deemed by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

#### **11.9 Governing Law**

The provisions of the Plan shall be construed and governed under the laws of the State of Michigan.

**11.10 Construction**

The singular includes the plural, and the plural includes the singular, and terms connoting gender include both the masculine and feminine, unless the context clearly indicates the contrary. Capitalized terms, except those at the beginning of a sentence or part of a heading, have the meaning defined in the Plan.

**C.**

In all other respects, the Plan remains unchanged.

IN WITNESS OF WHICH, the Company executes this 2009-1 Amendment to the Plan.

**STEELCASE INC.**

Dated: October 3, 2008

By: /s/ Nancy W. Hickey  
Nancy W. Hickey  
Its: Senior Vice President  
Chief Administrative Officer

**2009-1 AMENDMENT  
TO THE  
STEELCASE INC.  
INCENTIVE COMPENSATION PLAN  
Amended and Restated as of February 24, 2007**

This 2009-1 Amendment to the STEELCASE INC. INCENTIVE COMPENSATION PLAN (the "Plan") is adopted by Steelcase Inc. (the "Company"). The amendment is effective as of October 1, 2008.

Pursuant to Section 18.1 of the Plan, the Company amends the Plan as follows:

**A.**

Articles 9 and 10 are amended and replaced in their entirety with the following:

**ARTICLE 9. Performance Units, Performance Shares, and Cash-Based Awards**

**9.1 Grant of Performance Units/Shares and Cash-Based Awards.** Subject to the terms of the Plan, Performance Units, Performance Shares and/or Cash-Based Awards may be granted at any time or from time to time, as shall be determined by the Board; provided, however, that Performance Units, Performance Shares and/or Cash-Based Awards designed to qualify for the Performance-Based Exception shall be granted only by the Committee.

**9.2 Award Agreement.** Each Performance Unit, Performance Share and/or Cash-Based Awards grant shall be evidenced by an Award Agreement that shall specify the Performance Period(s) and such other provisions as the Board shall determine.

**9.3 Value of Performance Units/Shares and Cash-Based Awards.** Each Performance Unit shall have an initial value that is established by the Board at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. Each Cash-Based Award shall have a value as may be determined by the Board. The Board shall set performance goals in its discretion which, depending on the extent to which they are met, will determine the number and/or value of Performance Units/Shares and Cash-Based Award that will be paid out to the Participant. The performance goals with respect to Awards designed to qualify for the Performance-Based Exception shall be established in writing by the Committee prior to the earlier of (a) ninety (90) days after the commencement of the Performance Period or (b) the date on which 25% of the Performance Period will elapse, provided, that in either case, achievement of the performance goals is substantially uncertain on such date.

**9.4 Earning of Performance Units/Shares and Cash-Based Awards.** Subject to the terms of this Plan, after the applicable Performance Period has ended, the holder of Performance Units/Shares and Cash-Based Awards shall be entitled to receive payment with respect to the number and value of Performance Units/Shares and of Cash-Based Awards earned by the

Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance goals have been achieved.

**9.5 Form and Timing of Payment of Performance Units/Shares and Cash-Based Awards.** Payment of earned Performance Units/Shares and Cash-Based Awards shall be made in lump-sum payments at such time or times designated by the Board following the close of the applicable Performance Period, but in no event later than 2 <sup>1</sup>/<sub>2</sub> months following the end of the calendar year in which the Performance Period closes. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned Performance Units/Shares and Cash-Based Awards in the form of cash or in Shares (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares and Cash-Based Awards at the close of the applicable Performance Period plus or minus any investment return from the close of the Performance Period to the date of payment as determined by the Board in its discretion; provided, however, that payment shall not be made with respect to Awards designed to qualify for the Performance-Based Exception prior to the Committee's certification, in writing, that the performance goals relating to such Awards have been satisfied. Such Shares may be granted subject to any restrictions deemed appropriate by the Board. The determination of the Board with respect to the form and timing of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

At the discretion of the Board and subject to the requirements of Section 409A of the Code, Participants may be entitled to receive any dividends declared with respect to Shares which have been earned in connection with grants of Performance Units and/or Performance Shares which have been earned, but not yet distributed to Participants (such dividends shall be subject to the same accrual, forfeiture, and payout restrictions as those that apply to dividends earned with respect to Shares of Restricted Stock, as set forth in Section 8.5 herein). In addition, Participants may, at the discretion of the Board, be entitled to exercise their voting rights with respect to such Shares.

## **ARTICLE 10. Phantom Shares**

**10.1 Grant of Phantom Shares.** Subject to the terms of the Plan, Phantom Shares may be granted to Participants in such amounts and upon such terms, and at any time and from time to time, as shall be determined by the Board; provided, however, that Phantom Shares designed to qualify for the Performance-Based Exception shall be granted only by the Committee.

**10.2 Award Agreement.** Each Phantom Share grant shall be evidenced by an Award Agreement that shall specify the terms and conditions of such Award and such other provisions as the Board shall determine

**10.3 Value of Phantom Shares.** Each Phantom Share shall have an initial value equal to the Fair Market Value of a Share on the date of grant. The Board shall establish the terms and conditions of such Award, including any vesting provisions and performance goals. The performance goals with respect to Awards designed to qualify for the Performance-Based Exception shall be established in writing by the Committee prior to the earlier of (a) ninety (90) days after the commencement of the Performance Period or (b) the date on which 25% of the

Performance Period will elapse, provided, that in either case, achievement of the performance goals is substantially uncertain on such date.

**10.4 Earning of Phantom Shares.** Subject to the terms of this Plan, the holder of any vested Phantom Shares shall be entitled to receive payout on the number and value of Phantom Shares earned by the Participant over the Performance Period, to be determined by the extent to which the corresponding performance goals have been achieved.

**10.5 Form and Timing of Payment of Phantom Shares.** Payment of earned Phantom Shares shall be made in a single lump sum at such time as designated by the Board, but in no event later than 2 <sup>1</sup>/<sub>2</sub> months following the end of the calendar year in which the Phantom Shares vest. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned Phantom Shares in the form of cash or in Shares (or in a combination thereof) which have an aggregate Fair Market Value equal to the value of the earned Phantom Shares at such time as designated by the Board; provided, however, that payment shall not be made with respect to Awards designed to qualify for the Performance-Based Exception prior to the Committee's certification, in writing, that the performance goals relating to such Awards have been satisfied. Such Shares may be granted subject to any restrictions deemed appropriate by the Board. The determination of the Board with respect to the form of payout of such Awards shall be set forth in the Award Agreement pertaining to the grant of the Award.

At the discretion of the Board and subject to the requirements of Section 409A of the Code, Participants may be entitled to receive any dividends declared with respect to Shares which have been earned in connection with grants of Phantom Shares which have been earned, but not yet distributed to Participants (such dividends shall be subject to the same accrual, forfeiture, and payout restrictions as those that apply to dividends earned with respect to Shares of Restricted Stock, as set forth in Section 8.5 herein).

**B.**

Article 16 is amended and replaced in its entirety with the following:

**ARTICLE 16. Change in Control**

**16.1 Treatment of Outstanding Awards.**

- (a) **Vesting on Change in Control.** Upon the occurrence of a Change in Control, unless otherwise specifically prohibited under applicable laws, or by the rules and regulations of any governing governmental agencies or national securities exchanges:
  - (i) Any and all Options and SARs granted hereunder shall become immediately exercisable, and shall remain exercisable throughout their entire term;
  - (ii) Any restriction periods and restrictions imposed on Restricted Shares which are not performance-based shall lapse;

- (iii) The target payout opportunities attainable under all outstanding Awards of performance-based Restricted Stock, Performance Units, Performance Shares, and Cash-Based Awards and Share-Based Awards shall be deemed to have been fully earned for the entire Performance Period(s) as of the effective date of the Change in Control. The vesting of all Awards denominated in Shares shall be accelerated as of the effective date of the Change in Control, and there shall be paid out to Participants within thirty (30) days following the effective date of the Change in Control a pro rata number of shares based upon an assumed achievement of all relevant targeted performance goals and upon the length of time within the Performance Period which has elapsed prior to the Change in Control. Awards denominated in cash shall be paid pro rata to participants in cash within thirty (30) days following the effective date of the Change in Control, with the proration determined as a function of the length of time within the Performance Period which has elapsed prior to the Change in Control, and based on an assumed achievement of all relevant targeted performance goals; and
  - (iv) Notwithstanding anything to the contrary, if the Change in Control event does not constitute a change in ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company under Section 409A of the Code, and if the Company determines any Award constitutes deferred compensation subject to Section 409A of the Code, then the vesting of such Award shall be accelerated as of the effective date of the Change in Control in accordance with clauses (i), (ii) and (iii) above, but the Company shall pay such Award on its original payment date, but in no event more than 90 days following the original payment date.
- (b) **Cashout of Awards** . Notwithstanding any other provision of the Plan, in the event of a Change in Control in which the consideration paid to the holders of Shares is solely cash, the Board may, in its discretion, provide that each Award shall, upon the occurrence of a Change in Control, be cancelled in exchange for a payment in an amount equal to (i) the excess of the consideration paid per Share in the Change in Control over the exercise or purchase price (if any) per Share subject to the Award multiplied by (ii) the number of Shares granted under the Award.

**16.2 Termination, Amendment, and Modifications of Change in Control Provisions.** Notwithstanding any other provision of this Plan (but subject to the limitations of Section 18.3 hereof) or any Award Agreement provision, the provisions of this Article 16 may not be terminated, amended, or modified on or after the date of a Change in Control to affect adversely any Award

theretofore granted under the Plan without the prior written consent of the Participant with respect to said Participant's outstanding Awards; provided, however, the Board may terminate, amend, or modify this Article 16 at any time and from time to time prior to the date of a Change in Control.

C.

Article 23 is amended and replaced in its entirety with the following:

**Article 23. Legal Construction**

**23.1 Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

**23.2 Severability.** In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

**23.3 Requirements of Law.** The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**23.4 Securities Law Compliance.** With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions or Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the plan or action by the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

**23.5 Section 409A .** The intent of the parties is that payments and benefits under this Plan comply with Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, a Participant shall not be considered to have terminated employment with the Company for purposes of this Plan unless the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six-month period immediately following a Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or death, if earlier). The Plan and any Award Agreements issued thereunder may be amended in any respect deemed by the Board or the Committee to be necessary in order to preserve compliance with Section 409A of the Code.

**23.6 Governing Law.** To the extent not preempted by federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Michigan.

**D.**

In all other respects, the Plan remains unchanged.

IN WITNESS OF WHICH, the Company executes this 2009-1 Amendment to the Plan.

**STEELCASE INC.**

Dated: October 3, 2008

By: /s/ Nancy W. Hickey  
Nancy W. Hickey  
Its: Senior Vice President  
Chief Administrative Officer

**2009-1 AMENDMENT  
TO THE  
STEELCASE INC.  
EXECUTIVE SEVERANCE PLAN**

This 2009-1 Amendment to the STEELCASE INC. EXECUTIVE SEVERANCE PLAN (the “Plan”) is adopted by Steelcase Inc. (the “Company”). The amendment is effective as of October 1, 2008.

Pursuant to Section 6 of the Plan, the Company amends the Plan as follows:

**A.**

Sections 1, 2 and 3 are amended and replaced in their entirety with the following:

SECTION 1. DEFINITIONS. As used herein:

SECTION 1.1 “Act” shall mean the Securities Exchange Act of 1934, as amended.

SECTION 1.2 “Affiliate” shall have the meaning set forth in Rule 12b-2 of the General Rules and Regulations of the Act.

SECTION 1.3 “Auditor” means the Company’s independent registered public accounting firm immediately prior to the Change in Control.

SECTION 1.4 “Base Salary” means the annual base salary or wages (excluding bonuses, commissions, premium pay, and similar compensation) immediately prior to the Severance Date (without regard to any reduction therein which constitutes Good Reason, if applicable).

SECTION 1.5 “Beneficial Owner” or “Beneficial Ownership” shall have the meaning set forth in Rule 13d-3 of the General Rules and Regulations of the Act.

SECTION 1.6 “Board” means the Board of Directors of the Company, or any successor thereto.

SECTION 1.7 “Cause” means (i) the willful and continued failure of the Eligible Employee to perform substantially the Eligible Employee’s duties with the Company or the Affiliate then employing the Eligible Employee (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Eligible Employee by the Company or the Affiliate that specifically identifies the alleged manner in which the Eligible Employee has not substantially performed the Eligible Employee’s duties, or (ii) the willful engaging by the Eligible Employee in illegal conduct or gross misconduct that is materially and demonstrably injurious to the Company. For purposes of

this provision, no act or failure to act, on the part of the Eligible Employee, shall be considered “willful” unless it is done, or omitted to be done, by the Eligible Employee in bad faith or without reasonable belief that the Eligible Employee’s action or omission was in the best interests of the Company or the Affiliate then employing the Eligible Employee.

SECTION 1.8 “Change in Control” of the Company shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred, but only if such event constitutes a change in ownership or effective control of the Company or a change in ownership of a substantial portion of the assets of the Company within the meaning set forth in Section 409A of the Code:

- (a) any Person (other than any Initial Holder or Permitted Transferee) (i) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (i) of paragraph (c) below, and (ii) the combined voting power of the securities of the Company that are Beneficially Owned by such Person exceeds the combined voting power of the securities of the Company that are Beneficially Owned by all Initial Holders and Permitted Transferees at the time of such acquisition by such Person or at any time thereafter; or
- (b) the following individuals cease for any reason to constitute a majority of the number of Directors then serving: individuals who, on the date hereof, constitute the Board and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of Directors of the Company) whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or
- (c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with or involving any other corporation, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereto), at least fifty-five percent (55%) of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Initial Holder or Permitted Transferee) is or becomes the Beneficial Owner,

directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities; or

- (d) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least fifty-five percent (55%) of the combined voting power of the voting securities of which are owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

However, in no event shall a Change in Control be deemed to have occurred, with respect to an Eligible Employee, if the Eligible Employee is part of a purchasing group which consummates the Change in Control transaction. An Eligible Employee shall be deemed "part of a purchasing group" for purposes of the preceding sentence if the Eligible Employee is an equity participant in the purchasing company or group (except for: (i) passive ownership of less than three percent (3%) of the stock of the purchasing company; or (ii) ownership of equity participant in the purchasing company or group which is otherwise not significant, as determined prior to the Change in Control by a majority of the non-employee continuing Directors).

Notwithstanding the foregoing, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership, directly or indirectly, in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

SECTION 1.9 "CIC LT Bonus." shall be the amount equal to the Eligible Employee's bonus at target under the long-term component of the MIP (or any successor plan thereto) with respect to the Company's performance during the fiscal year in which the Severance Date occurs, pro-rated for the period of the Eligible Employee's employment with the Company or an Affiliate during the fiscal year in which the Severance Date occurs; provided, that the CIC LT Bonus will be reduced by an amount relating to the bonus that has already been paid for the fiscal year in which the Severance Date occurs under the long-term component of the MIP, or any successor plan thereto.

SECTION 1.10 "CIC Pro Rata Bonus." shall be the amount equal to the Eligible Employee's Target Bonus, pro-rated for the period of the Eligible Employee's employment with the Company or an Affiliate during the fiscal year in which the Severance Date occurs; provided, that the CIC Pro Rata Bonus will be reduced by an amount relating to the bonus that has already

been paid for the fiscal year in which the Severance Date occurs under the annual component of the MIP, or any successor plan thereto.

SECTION 1.11 “CIC SERP Benefit” means the present value of a Severed Employee’s benefit determined under the terms of the SERP, as if the Severed Employee had met the conditions for Normal Retirement (as such term is defined in the SERP) or Early Retirement (as such term is defined in the SERP), with the following modifications:

- (a) the Severed Employee’s “Vested Percentage” (as such term is used in Section 5 of the SERP) shall be 100%;
- (b) such benefit, as modified by clause (a) above, multiplied by the following fraction:
  - (1) the numerator of which is the Severed Employee’s sum of age and years of service (as determined for purposes of the Steelcase Inc. Retirement Plan and hereinafter referred to as “Points”) at the Severance Date after adjustment under clause (c) below; and
  - (2) the denominator of which is the lesser of (A) 80 or (B) the number of Points the Severed Employee would have accumulated by continuing in the employment of the Company to age 65.

Notwithstanding subclauses (1) and (2) above, the fraction will be set to 1 for any Severed Employee who has either attained age 65 or accumulated 80 Points as of the Severance Date (inclusive of the adjustment in clause (c) below);

- (c) the calculation of the Severed Employees’ Points shall be adjusted by adding six (6) Points to the total Points as of the Severance Date of a Level 1 Employee and by adding four (4) Points as of the Severance Date of a Level 2 Employee;

and assuming no pre-retirement mortality and using an interest rate equal to the pre-Change in Control financial accounting discount rate (Financial Accounting Standard No 87, and its successors) for the SERP effective for the fiscal year in which the Change in Control occurs and such discount rate shall be based on the cash-flow matching model utilizing the Citigroup Above Median Pension Curve.

SECTION 1.12 “CIC Severance” means the termination of an Eligible Employee’s employment with the Company or an Affiliate on or within two years following the date of a Change in Control (i) by the Company or an Affiliate other than for Cause or (ii) by the Eligible Employee for Good Reason. Notwithstanding the foregoing, an Eligible Employee will not be considered to have incurred a CIC Severance if his employment is discontinued by reason of the Eligible Employee’s death or a physical or mental condition causing such Eligible Employee’s inability to substantially perform his duties with the Company or the Affiliate then employing the Eligible Employee, if such condition entitles him to benefits under any long-term disability income policy or program of the Company or an Affiliate.

SECTION 1.13 “ CIC Severance Multiplier ” means (i) with respect to each Level 1 Employee, 3 and (ii) with respect to each Level 2 Employee, 2.

SECTION 1.14 “ CIC Severance Pay ” means the payment determined pursuant to Section 2.2 hereof.

SECTION 1.15 “ Code ” means the Internal Revenue Code of 1986, as it may be amended from time to time.

SECTION 1.16 “ Company ” means Steelcase Inc. and (except for determining whether a Change in Control has occurred) any successors thereto.

SECTION 1.17 “ Compensation Committee ” means the compensation committee of the Board, or any successor thereto.

SECTION 1.18 “ Director ” means any individual who is a member of the Board.

SECTION 1.19 “ Effective Date ” means March 1, 2007.

SECTION 1.20 “ Eligible Employee ” means any Level 1 Employee or Level 2 Employee, as designated by the Plan Administrator from time to time.

SECTION 1.21 “ ERISA ” means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

SECTION 1.22 “ Excise Tax ” means any excise tax imposed under section 4999 of the Code.

SECTION 1.23 “ Good Reason ” means the occurrence, on or after the date of a Change in Control and without the affected Eligible Employee’s written consent, of (i) a material reduction in the Eligible Employee’s Base Salary and annual bonus opportunity, (ii) a material adverse alteration in the nature or status of the Eligible Employee’s responsibilities, duties or title from those in effect immediately prior to the Change in Control, including without limitation, if the Eligible Employee was, immediately prior to the Change in Control, an executive officer of a public company, the Eligible Employee ceasing to be an executive officer of a public company, (iii) a relocation of the Eligible Employee’s principal place of employment to a location more than fifty (50) miles from the Eligible Employee’s principal place of employment immediately prior to the Change in Control or (iv) the failure of a successor to assume and agree to perform the obligations under this Plan.

SECTION 1.24 “ Gross-Up Payment ” shall have the meaning set forth in Section 3.1.

SECTION 1.25 “ Initial Holder ” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company.

SECTION 1.26 “ Key Employee ” means any Eligible Employee described in section 409A(a)(2)(B)(i) of the Code.

SECTION 1.27 “Level 1 Employee” shall mean the Chief Executive Officer of the Company and each individual designated by the Plan Administrator from time to time as a Level 1 Employee. The Plan Administrator has designated the individuals set forth in Attachment 1 hereto as Level 1 Employees.

SECTION 1.28 “Level 2 Employee” shall mean each individual designated by the Plan Administrator from time to time as a Level 2 Employee. The Plan Administrator has designated the individuals set forth in Attachment 2 hereto as Level 2 Employees.

SECTION 1.29 “LT Balance” shall mean the payout of the balance, if any, in the Severed Employee’s long-term incentive compensation account under the MIP (or any successor plan thereto) as of the Severance Date, after appropriate interest crediting for such period has occurred in accordance with the terms under the MIP.

SECTION 1.30 “MIP” shall mean the Steelcase Inc. Management Incentive Plan.

SECTION 1.31 “Permitted Transferee” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company and include a Permitted Trustee solely in its capacity as a trustee of a Permitted Trust.

SECTION 1.32 “Permitted Trust” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company.

SECTION 1.33 “Permitted Trustee” shall have the meaning set forth in the Second Restated Articles of Incorporation of the Company.

SECTION 1.34 “Person” shall have the meaning ascribed to such term in Section 3(a)(9) of the Act, as modified and used in Sections 13(d) and 14(d) thereof, including a “group” as defined in Section 13(d) thereof, except that such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

SECTION 1.35 “Plan” means the Steelcase Inc. Executive Severance Plan, as set forth herein, as it may be amended from time to time.

SECTION 1.36 “Plan Administrator” means the Compensation Committee, or any successor thereto.

SECTION 1.37 “Pro Rata Bonus” shall be the amount equal to the Eligible Employee’s Target Bonus, pro-rated for the period of the Eligible Employee’s employment with the Company or an Affiliate during the fiscal year in which the Severance Date occurs.

SECTION 1.38 “Restricted Period” means twenty-four (24) months immediately following the Severance Date.

SECTION 1.39 “ SERP ” means the Steelcase Inc. Executive Supplemental Retirement Plan, or any successor thereto.

SECTION 1.40 “ Severance ” means the termination of an Eligible Employee’s employment prior to a Change in Control by the Company or an Affiliate other than for Cause. Notwithstanding the foregoing, an Eligible Employee will not be considered to have incurred a Severance if his employment is discontinued by reason of the Eligible Employee’s death or a physical or mental condition causing such Eligible Employee’s inability to substantially perform his duties with the Company or the Affiliate then employing the Eligible Employee, if such condition entitles him to benefits under any long-term disability income policy or program of the Company or an Affiliate.

SECTION 1.41 “ Severance Date ” means the date on which an Eligible Employee incurs a Severance or CIC Severance.

SECTION 1.42 “ Severance Multiplier ” means (i) with respect to each Level 1 Employee, 2 and (ii) with respect to each Level 2 Employee, 1.

SECTION 1.43 “ Severance Pay ” means the payment determined pursuant to Section 2.1 hereof.

SECTION 1.44 “ Severed Employee ” is an Eligible Employee (including any Key Employee) who incurs a Severance or CIC Severance.

SECTION 1.45 “ Target Bonus ” means (i) with respect to a Severance, an Eligible Employee’s annual bonus (excluding any bonuses relating to the long-term component under the MIP or any successor plan thereto) for the year in which the Severance occurs determined based on the actual achievement of applicable performance targets and (ii) with respect to a CIC Severance, an Eligible Employee’s target annual bonus (excluding any bonuses relating to the long-term component under the MIP or any successor plan thereto) for the year in which the CIC Severance occurs.

SECTION 1.46 “ Tax Counsel ” means tax counsel reasonably acceptable to the Eligible Employee and selected by the Auditor (which Tax Counsel may be the Company’s internal legal department).

SECTION 1.47 “ Total Payments ” means any payment or benefit (other than the Gross-Up Payment) received in connection with a Change in Control or the termination of an Eligible Employee’s employment, whether pursuant to the terms of the Plan or any other plan, arrangement or agreement.

## SECTION 2. SEVERANCE PAYMENTS AND BENEFITS.

SECTION 2.1 (a) Upon a Severance, each Severed Employee shall be entitled, subject to Section 2.6 hereof, to receive a total amount equal to (i) Severance Pay in an amount equal to the applicable Severance Multiplier times the sum of the Base Salary and Target Bonus (the “Severance Pay”); (ii) the Pro Rata Bonus; and (iii) the LT Balance. The Severance Pay and the LT Balance shall be paid to an eligible Severed Employee in the following manner: (x)

subject to Section 2.6 hereof, the LT Balance and 67% of the total amount of Severance Pay shall be paid on the sixtieth (60) day following the Severance Date and (y) the remaining 33% of the Severance Pay shall be paid at the expiration of the Restricted Period. The Pro Rata Bonus shall be paid as soon as feasible following the completion of the incentive compensation calculations for the plan year; provided, however, that no amount shall be paid with respect to an award designed to qualify under Section 162(m) of the Code until such award has been appropriately certified in accordance with Section 162(m) of the Code; provided, further, that payment shall be made no later than 2 <sup>1</sup>/<sub>2</sub> months following the end of the calendar year in which such plan year ends.

(b) If the Company's financial results are materially restated for a reason other than fraud, the Compensation Committee may review the circumstances surrounding the restatement and determine whether and which Eligible Employees of the Plan will be required to forfeit the right to receive any future payments described in Section 2.1(a) and/or repay any prior payments described in Section 2.1(a) determined by the Compensation Committee to have been inappropriately received by the Eligible Employee. If the Company's financial results are restated due to fraud, any Eligible Employee who the Compensation Committee determines participated in or is responsible for the fraud causing the need for the restatement forfeits the right to receive any future payments described in Section 2.1(a) and will be required to repay any amounts described in Section 2.1(a) paid in excess of the amounts that would have been paid based on the restated financial results. Any repayments required under Section 2.1(b) must be made by the Eligible Employee within ten (10) days following written demand from the Company.

SECTION 2.2 Upon a CIC Severance, each Severed Employee shall be entitled, subject to Section 2.6 hereof, to receive (i) CIC Severance Pay in an amount equal to the applicable CIC Severance Multiplier times the sum of the Base Salary and Target Bonus (the "CIC Severance Pay"); (ii) the CIC Pro Rata Bonus; (iii) the CIC LT Bonus; (iv) the LT Balance; and (v) the CIC SERP Benefit. The CIC Severance Pay, the CIC Pro Rata Bonus, the CIC LT Bonus, the LT Balance and the CIC SERP Benefit shall be paid to an eligible Severed Employee in a cash lump sum on the sixtieth (60) day following the Severance Date. For the avoidance of doubt, the CIC SERP Benefit shall be paid in lieu of payments that may otherwise become payable under the SERP.

SECTION 2.3 The Company shall pay, subject to Section 2.6 hereof, the Severed Employee in a cash lump sum on the sixtieth (60) day following the Severance Date a lump sum amount equal to eighteen (18) multiplied by the monthly premium such Severed Employee would be charged in order to continue his (and his beneficiaries') health plan coverage as in effect immediately prior to Severance Date under Title X of the Consolidated Budget Reconciliation Act of 1985, as amended.

SECTION 2.4 Each Severed Employee shall be entitled, subject to Section 2.6 hereof, to receive outplacement assistance through a company selected at the sole discretion of the Company. The Company shall pay for outplacement services up to a period of eighteen (18) months (or a longer period if extended in writing by the Company) if the Severed Employee commences assistance within sixty (60) days of the Severance Date.

SECTION 2.5 Notwithstanding anything in the Plan to the contrary, Severed Employees shall be entitled to receive payments and benefits under the applicable compensation and benefit plans of the Company and its Affiliates to the extent set forth in such plans, including any amounts earned but not yet paid through the Severance Date.

SECTION 2.6 Notwithstanding anything in the Plan to the contrary, the receipt by a Severed Employee of payments and benefits under this Section 2 of the Plan shall be conditioned on the execution by the Severed Employee of a written release substantially in the form attached as Exhibit A hereto within 45 days following the Severance Date (and subsequent non-revocation) and compliance with the restrictive covenants set forth in Section 5 hereof. In addition, as a condition to the receipt of benefits or payments hereunder, each Severed Employee shall be required, upon the Company's reasonable request, to cooperate with the Company for a period of 30 days following Severance Date with respect to transitioning the Severed Employee's duties, provided that such services shall be provided at such time and place as may be selected by the Severed Employee and in a manner that does not interfere with the Severed Employee's subsequent employment or other business endeavors.

### SECTION 3. EXCISE TAXES.

SECTION 3.1 In the event that any portion of the Total Payments will be subject to the Excise Tax, the Company shall pay to the Eligible Employee an additional amount (the "Gross-Up Payment") such that the net amount retained by the Eligible Employee, after deduction of any Excise Tax on the Total Payments and any federal, state and local income and employment taxes and Excise Tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment, shall be equal to the Total Payments. The Gross-Up Payment shall be paid to the Eligible Employee as soon as reasonably practicable. In no event shall the Gross-Up Payment be paid to the Eligible Employee later than the end of the taxable year following the taxable year in which the Excise Tax is paid.

SECTION 3.2 For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the opinion of Tax Counsel, such payments or benefits (in whole or in part) do not constitute parachute payments, (ii) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the opinion of Tax Counsel, such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the "base amount" within the meaning of Section 280G(b)(3) of the Code allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax, and (iii) the value of any noncash benefits or any deferred payment or benefit shall be determined by the Auditor in accordance with the principles of Sections 280G(d)(3) and (4) of the Code. For purposes of determining the amount of the Gross-Up Payment, the Eligible Employee shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Eligible Employee's residence

on the Severance Date, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

SECTION 3.3 In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-Up Payment, the Eligible Employee shall repay to the Company, within five (5) business days following the time that the amount of such reduction in the Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state and local income and employment taxes imposed on the Gross-Up Payment being repaid by the Eligible Employee), to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in the Eligible Employee's taxable income and wages for purposes of federal, state and local income and employment taxes, plus interest on the amount of such repayment at 120% of the rate provided in section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder in calculating the Gross-Up Payment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Company shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties or additions payable by the Eligible Employee with respect to such excess) within five (5) business days following the time that the amount of such excess is finally determined. The Eligible Employee and the Company shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

SECTION 3.4 Notwithstanding anything in this Section 3 to the contrary, the Plan Administrator shall make such arrangements as it shall deem equitable and appropriate in the event of an Eligible Employee who is not a United States taxpayer in the event of the imposition of the Excise Tax or similar tax on such employee.

**B.**

Section 7 is amended and replaced in its entirety with the following:

**SECTION 7. GENERAL PROVISIONS.**

SECTION 7.1 Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation, by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Eligible Employee under the Plan shall be subject to, any obligation or liability of such Eligible Employee. When a payment is due under the Plan to an Eligible Employee who is unable to care for his affairs, payment may be made directly to his legal guardian or personal representative.

SECTION 7.2 If the Company or an Affiliate is obligated by law or by contract to pay severance pay, a termination indemnity, notice pay, or the like, or if the Company or an Affiliate is obligated by law to provide advance notice of separation, then any Severance Pay or CIC Severance Pay paid to a Severed Employee hereunder shall be reduced (but not below zero)

by the amount of any such severance pay, termination indemnity, notice pay or the like, as applicable, and by the amount of any salary or wages received by the Severed Employee after the Company or an Affiliate provided notice of separation according to Section 7.4 hereof. To the extent that the Company or its Affiliates have an obligation to provide benefits following termination of employment, such benefits shall not be provided hereunder to the extent that to do so would result in duplication of such benefits. Except as specifically set forth in the preceding sentence, amounts payable hereunder shall not be subject to mitigation or offset.

SECTION 7.3 (a) Upon a Severance, determinations of the Plan Administrator shall be final and binding.

(b) Upon a Change in Control, the provisions of the Plan (including Section 4.2) shall not be construed as prohibiting an Eligible Employee from commencing an action, suit or proceeding in any court of competent jurisdiction with respect to such Eligible Employee's rights under the Plan. Except as provided in Section 5.2(c), if the Company and the Eligible Employee become involved in any such action, suit or proceeding, the Company shall reimburse the Eligible Employee for all reasonable expenses (including reasonable attorney's fees) incurred by the Eligible Employee in connection with such action, suit or proceeding provided that the Eligible Employee does not commence such action, suit or proceeding in bad faith. Such costs shall be paid to such Eligible Employee promptly upon presentation of expense statements or other supporting information evidencing the incurrence of such expenses. Determinations of the Plan Administrator shall not be entitled to deference in the event of any action or proceeding described in this Section 7.3(b) regarding the Plan.

SECTION 7.4 All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of receipt when such notice or other communication is sent by facsimile or telex, (c) one day after timely delivery to an overnight delivery courier, or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The address for the Company shall be as follows: Chief Legal Officer, Executive Severance Plan, Steelcase Inc., 901 44<sup>th</sup> Street SE, Grand Rapids, Michigan 49508. The address for each Eligible Employee shall be the address on file with the Company.

SECTION 7.5 Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be retained in the service of the Company or an Affiliate, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

SECTION 7.6 The Company shall have the power and the right to deduct or withhold, or require an Eligible Employee to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan. The intent of the parties is that payments and benefits under this Plan comply with Section 409A of the Code, to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, an Eligible Employee shall not be considered to have terminated

employment with the Company for purposes of this Plan unless the Participant would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the “short term deferral period” as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Plan during the six-month period immediately following an Eligible Employee’s separation from service shall instead be paid on the first business day after the date that is six months following the Eligible Employee’s separation from service (or death, if earlier). To the extent required to avoid an accelerated or additional tax under Section 409A of the Code, amounts reimburseable to the Eligible Employee under this Plan shall be paid to the Eligible Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Eligible Employee) during any one year may not effect amounts reimburseable or provided in any subsequent year. The Plan may be amended in any respect deemed by the Board or the Compensation Committee to be necessary in order to preserve compliance with Section 409A of the Code.

SECTION 7.7 If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions herein, and the Plan shall be construed and enforced as if such provisions had not been included.

SECTION 7.8 The Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Eligible Employee, present and future, and any successor to the Company.

SECTION 7.9 The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan. Whenever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine gender in all cases where they would so apply, and, whenever any words are used herein in the singular form, they shall be construed as though they were also used in the plural form in all cases where they would so apply.

SECTION 7.10 (a) The Plan shall not be funded. Any amounts payable under the Plan shall be paid out of the general assets of the Company and each Eligible Employee and their beneficiaries shall be deemed to be a general unsecured creditor of the Company. No Eligible Employee shall have any right to, or interest in, any assets of any Company which may be applied by the Company to the payment of benefits or other rights under the Plan.

(b) The Company may create a grantor trust to pay its obligations hereunder (a so-called rabbi trust), the assets of which shall be treated, for all purposes, as the assets of the Company, provided, however, that the Company shall not create a rabbi trust if such funding

would have adverse tax consequences under Section 409A of the Code. The terms of the trust will generally conform to the terms of the model trust described Revenue Procedure 92-64.

(c) In all events, it is the intent of the Company that the Plan be treated as unfunded for tax purposes and for purposes of Title I of ERISA.

SECTION 7.11 The Plan shall be construed and enforced according to the laws of the State of Michigan without reference to its choice of law rules. In the event of dispute or controversy arising under or in connection with this Plan that has not been resolved pursuant to Section 4.2 of the Plan, the Eligible Employee irrevocably agrees to submit to the jurisdiction and venue of the courts of the State of Michigan either in state court of the county of Kent or in the federal court of the Western District of Michigan.

**C.**

In all other respects, the Plan remains unchanged.

IN WITNESS OF WHICH, the Company executes this 2009-1 Amendment to the Plan.

**STEELCASE INC.**

Dated: October 3, 2008

By: /s/ Nancy W. Hickey  
Nancy W. Hickey  
Its: Senior Vice President  
Chief Administrative Officer

**2009-1 AMENDMENT  
TO THE  
STEELCASE INC.  
EXECUTIVE SUPPLEMENTAL RETIREMENT PLAN  
AS AMENDED AND RESTATED EFFECTIVE AS OF MARCH 27, 2003**

This 2009-1 Amendment to the STEELCASE INC. EXECUTIVE SUPPLEMENTAL RETIREMENT PLAN (the "Plan") is adopted by Steelcase Inc. (the "Company"). The amendment is effective as of October 1, 2008.

Pursuant to Section 7.1 of the Plan, the Company amends the Plan as follows:

**A.**

Section 2 is amended and replaced in its entirety with the following:

**SECTION 2  
DEFINITIONS**

2.1 "**Active Participant**" means a Participant whose active Plan participation has not yet terminated pursuant to Section 4.2 (Termination of Participation).

2.2 "**Beneficiary**" means the individual, trust, or other entity designated by a Participant to receive any amounts payable with respect to the Participant under the Plan after the Participant's death. A Participant may designate or change a Beneficiary by filing a signed designation with the Committee on a form approved by the Committee. A Participant's Will, Trust or other estate planning document is not effective for this purpose. If a designation has not been completed properly and filed with the Committee prior to the Participant's death, or is ineffective for any other reason, the Beneficiary shall be the Participant's Surviving Spouse.

2.3 "**Committee**" means the committee established to administer the Plan, the members of which are the same individuals as the members of the administrative committee of the Steelcase Inc. Retirement Plan.

2.4 "**Company**" means Steelcase Inc.

2.5 "**Compensation Committee**" means the Compensation Committee of the Board of Directors of Steelcase Inc.

2.6 "**Competition**" means direct or indirect participation in the manufacture, design or distribution of any products of the same type as those of the Company or any subdivision, subsidiary, or affiliate of the Company (collectively the "Company" for purposes of this Section 2.6), including, but not limited to, office furniture, office systems or architectural products, or the

providing of any related services, for or on behalf of any person or entity other than the Company and its authorized dealers, at any location within or without the United States of America. It is intended that this definition shall be enforced to the fullest extent permitted by law. If any part of this definition shall be construed to be invalid or unenforceable, in whole or in part, then such definition shall be construed in a manner so as to permit its enforceability to the fullest extent permitted by law.

2.7 “ **Early Retirement** ” means termination of employment, for any reason other than death, at any time on or after the first date on which the sum of the Participant’s age and years of service equals or exceeds 80 (as determined for purposes of the Steelcase Inc. Retirement Plan) and before the Participant reaches his or her Normal Retirement Age.

2.8 “ **Employee** ” means any employee of the Company, excluding independent contractors, leased employees, and self-employed individuals.

2.9 “ **15-Year Benefit** ” means the benefit described in Section 6.1(b) (15-Year Benefit).

2.10 “ **Final Average Earnings** ” means the average of the Participant’s base salary for the three consecutive calendar years prior to his or her retirement or death. Base salary includes the gross amount payable to the Participant prior to any elective, pre-tax salary deferrals. If base salary is paid in any currency other than U.S. Dollars, the base salary shall be converted into an equivalent amount in U.S. Dollars on the basis of any reasonable method as may be determined by the Committee in its sole discretion.

2.11 “ **5-Year Benefit** ” means the benefit described in Section 6.1(a)(5-Year Benefit).

2.12 “ **Fiscal Year** ” means the financial reporting and taxable year of Steelcase Inc.

2.13 “ **Normal Retirement** ” means termination of employment on or after the Participant attains Normal Retirement Age.

2.14 “ **Normal Retirement Age** ” means age 65.

2.15 “ **Normal Retirement Date** ” means the first Payment Date after the date the Participant reaches his or her Normal Retirement Age.

2.16 “ **Participant** ” means an Employee designated by the Compensation Committee pursuant to Section 4.1 (Participation) who is a member of executive management or other key employee. The term also includes former Active Participants with respect to whom benefits of the Plan remain payable.

2.17 “ **Payment Date** ” means the date following the last day of the Plan Year on which it is determined that payments are administratively feasible.

2.18 “ **Plan Year** ” means the annual period coinciding with the Fiscal Year.

2.19 “ **Spouse or Surviving Spouse** ” means the person to whom the Participant is legally married on the date benefit payments are scheduled to begin to the Participant. The legal existence of a spousal relationship shall be governed by the law of the State of Michigan. For purposes of determining benefit recipients upon the death of the Participant, the Surviving Spouse shall be the person to whom the Participant is legally married on the date of the Participant’s death. If the Participant and Spouse die under circumstances that make the order of their deaths uncertain, it shall be presumed for purposes of this Plan that the Participant survived the Spouse.

2.20 “ **Total Disability** ” means that, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, the individual is unable to engage in any substantial gainful activity or is receiving income replacement benefits under an accident and health plan covering employees of the Company for a period of not less than three months. The determination of Total Disability shall be made by the Committee through procedures established for that purpose and on the basis of reasonable medical examination. The cost of any medical examination shall be an expense of administration of the Plan.

**B.**

Section 6 is amended and replaced in its entirety with the following:

**SECTION 6  
BENEFITS**

6.1 Benefit Amounts . Plan benefits shall consist of the following:

- (a) 5-Year Benefit . The 5-Year Benefit shall be five annual payments, each equal to 70% of a Participant’s Final Average Earnings multiplied by the Participant’s vested percentage determined under Section 5.2 (Vested Percentage).
- (b) 15-Year Benefit . The 15-Year Benefit shall be 15 annual payments, each equal to \$50,000 multiplied by the Participant’s vested percentage determined under Section 5.2 (Vested Percentage).

6.2 Payment of Benefits . Except as otherwise provided in Section 6.3 (Forfeiture of Benefits) or 6.4 (Key Employees), both the 5-Year Benefit and the 15-Year Benefit shall be paid to a Participant as follows:

- (a) Normal Retirement . Upon Normal Retirement, the Participant’s 5-Year Benefit and 15-Year benefit payments shall both commence on the Participant’s Normal Retirement Date.
- (b) Early Retirement . Upon Early Retirement, the Participant’s 5-Year Benefit and 15-Year Benefit shall both commence on his or her Normal Retirement Date;

provided, however, that the Participant, with the consent of the Committee, may elect payment of the portion of either his or her 5-Year Benefit, 15-Year Benefit, or both, that is treated as deferred prior to January 1, 2005, to begin at any other Payment Date prior to his or her Normal Retirement Date that is at least 12 months subsequent to his or her election. If early payment is elected as to either or both benefits, the amount of each annual payment under each benefit elected shall be determined by dividing the total dollar amount of the benefit by the number of reduced equal annual installments that result in the last reduced annual installment of the benefit being paid on the date that the last annual installment would have been paid if benefit payments had commenced on the Participant's Normal Retirement Date. A Participant's election of early commencement of benefit payments must be made in writing on a form provided by the Committee.

The portion of a Participant's 5-Year Benefit and 15-Year Benefit that is treated as deferred on or after January 1, 2005, shall commence on his or her Early Retirement Date, provided, however, that the Participant may make a one-time election to receive payment of either his or her 5-Year Benefit, 15-Year Benefit, or both, beginning at any other Payment Date not later than his or her Normal Retirement Date, that is at least 5 years subsequent to his or her Early Retirement Date. This election must be made at least 12 months prior to the Participant's Early Retirement Date and will only be effective if the Participant's Early Retirement Date is at least 5 years before his or her Normal Retirement Date.

- (c) Total Disability. In the event of the Total Disability of a Participant before benefit payments commence under the Plan, the Participant's 5-Year Benefit and 15-Year Benefit shall both commence on the Payment Date following the date the Participant incurred the Total Disability. The amount and duration of payments will be determined in accordance with the applicable early payment provision for Early Retirement under 6.2(b).
- (d) Death. In the event of a Participant's death before benefit payments commence under the Plan, benefit payments will be made to the Participant's Surviving Spouse, or to any other Beneficiary designated by the Participant prior to death, commencing on the Payment Date following the date of the Participant's death. If a Participant dies after benefit payments begin under the Plan, remaining benefit payments will continue to be made at the times and in the amounts in effect at the Participant's death to the Participant's Surviving Spouse, or to any other Beneficiary designated by the Participant prior to death. Whether paid directly to the Surviving Spouse or to another Beneficiary designated by the Participant, benefit payments shall be made or shall continue, following death of the Participant, only if the Participant has a Surviving Spouse and only as long as the Surviving Spouse is living.

6.3 Forfeiture of Benefits. A Participant's right to any 5-Year Benefit and 15-Year Benefit amounts remaining unpaid under this Plan shall be forfeited upon occurrence of any of the following events:

- (a) Termination Before Retirement – termination of the Participant's employment with the Company before eligibility for Normal Retirement, Early Retirement or Total Disability benefits;
- (b) Termination for Cause – termination of the Participant's employment with the Company for cause;
- (c) No Surviving Spouse – death of the Participant without a Surviving Spouse or death of the Participant's Surviving Spouse following the Participant's death; or
- (d) Competition – the Participant directly or indirectly engages in Competition at any time during his or her employment with the Company or during the three year period following his or her termination of employment with the Company, without prior approval of the Committee.

6.4 Section 409A. The intent of the parties is that payments under this Plan comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Plan be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary and except with respect to amounts that are treated as deferred before January 1, 2005 under Section 409A (the "Grandfathered Amounts"), the Participant shall not be considered to have terminated employment with the Company for purposes of this Agreement unless the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid under this Plan shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Plan that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts (other than the Grandfathered Amounts) that would otherwise be payable pursuant to this Plan during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or death, if earlier). This Plan may be amended in any respect deemed by the Board of Directors of the Company or the Compensation Committee to be necessary in order to preserve compliance with Section 409A of the Code.

C.

In all other respects, the Plan remains unchanged.

IN WITNESS OF WHICH, the Company executes this 2009-1 Amendment to the Plan.

**STEELCASE INC.**

Dated: October 3, 2008

By: /s/ Nancy W. Hickey  
Nancy W. Hickey  
Its: Senior Vice President  
Chief Administrative Officer

**2009-1 AMENDMENT  
TO THE  
JAMES HACKETT  
DEFERRED COMPENSATION AGREEMENT  
DATED JANUARY 12, 1988**

This 2009-1 Amendment to the DEFERRED COMPENSATION AGREEMENT by and between STEELCASE INC. (the "Company") and JAMES HACKETT (the "Agreement"). The amendment is effective as of October 1, 2008.

Pursuant to Section 9 of the Agreement, the Company amends the Agreement as follows:

**A.**

Section 4 is amended and replaced in its entirety with the following:

4. Payments – Grandfathered Amounts. The following provisions shall apply with respect to Grandfathered Amounts. For purposes of this Agreement, the term "Grandfathered Amounts" shall equal the portion of the Executive's account balance as of December 31, 2004, the right to which was earned and vested as of December 31, 2004, plus any future contributions to the account, the right to which was earned and vested as of December 31, 2004, to the extent such contributions are actually made.

(a) General. Attachment A will describe the amount of payments to be made by the Company in respect of the deferral, and any vesting requirements.

(b) Discharge for Cause. If the Executive is discharged for cause, the portion of the compensation actually deferred that qualifies as Grandfathered Amounts, if any, shall be paid to the Executive, without interest, in five equal annual payments commencing in the month of March following the discharge. The Executive shall not be entitled to any further Grandfathered Amounts under this Agreement. Amounts payable under this subparagraph may be prepaid at the option of the Company. For purposes of this Agreement, discharge "for cause" shall mean discharge by reason of gross insubordination, proven dishonesty injurious to the Company, the commission of a felony or misdemeanor injurious to the Company, or the engagement in business or practice in competition with the Company without the company's prior written consent.

(c) Competition. If the Executive enters into competition with the Company, without prior approval of the Board of Directors of the Company, and the benefits paid to the Executive hereunder exceed the amount of compensation actually deferred, no further payments shall be made to the Executive or a designated beneficiary. If the portion of the compensation actually deferred that qualifies as Grandfathered Amounts exceeds the portion of the benefits paid to the Executive that qualifies as Grandfathered Amounts hereunder, then the difference between such amounts shall be paid to the Executive,

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without interest, in five equal annual payments commencing in the month of March following the entry of the Executive into competition with the Company. Amounts payable under this subparagraph may be prepaid at the option of the Company.

(d) Minimum Payments . The Executive, together with his designated beneficiary shall in no event receive an aggregate amount which is less than the total which has been deferred by the Executive.

(e) Payment by Company or Trust . If a trust is established as described in Section 7 below and funds have been set aside in the trust, amounts payable under this Agreement may be paid by the Company or from the trust. The Company shall determine the source of the payments. Establishment of the trust shall not relieve the Company of its obligations under this agreement except to the extent that payments are actually made from the trust.

4A. Payments – Non-Grandfathered Amounts . The following provisions apply with respect to Non-Grandfathered Amounts. For purposes of this Agreement, the term “Non-Grandfathered Amounts” shall equal the Executive’s account balance less the Grandfathered Amounts.

(a) General . Attachment A will describe the amount of payments to be made by the Company in respect of the deferral, and any vesting requirements.

(b) Discharge for Cause . If the Executive is discharged for cause, the portion of the compensation actually deferred that qualifies as Non-Grandfathered Amounts, if any, shall be paid to the Executive, without interest, in 15 equal annual payments each March for 15 years beginning the March following the earlier of when the Executive attains age 70 or the Executive dies. The Executive shall not be entitled to any further Non-Grandfathered Amounts under this Agreement.

(c) Competition . If the Executive enters into competition with the Company, without prior approval of the Board of Directors of the Company, and the benefits paid to the Executive hereunder exceed the amount of compensation actually deferred, no further payments shall be made to the Executive or a designated beneficiary. If the portion of the compensation actually deferred that qualifies as Non-Grandfathered Amounts exceeds the portion of the benefits paid to the Executive that qualifies as Non-Grandfathered Amounts hereunder, then the difference between such amounts shall be paid to the Executive, without interest, in 15 equal annual payments each March for 15 years beginning the March following the earlier of when the Executive attains age 70 or the Executive dies.

## **B.**

A new Section 10 is added as follows:

10. Amendment . The intent of the parties is that payments under this Agreement comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), to the extent subject thereto, and accordingly, to the maximum extent permitted, this Agreement shall be

interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary and except with respect to Grandfathered Amounts, the Executive shall not be considered to have terminated employment with the Company for purposes of this Agreement unless the Executive would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid under this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code, and any payments described in this Agreement that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts (other than Grandfathered Amounts) that would otherwise be payable pursuant to this Agreement during the six-month period immediately following the Executive's separation from service shall instead be paid on the first business day after the date that is six months following the Executive's separation from service (or death, if earlier). This Agreement may be amended in any respect deemed by the Board of Directors of the Company to be necessary in order to preserve compliance with Section 409A of the Code.

**C.**

Attachment A is amended and replaced in its entirety with the following:

**ATTACHMENT A**

Executive: James Hackett

- Date of Deferral Agreement: February 16, 1996
- Deferral Period: 5 years (3/1/96-2/28/2001)
- Deferred Amounts: \$50,000/year
- Annual Benefit Payments: \$300,000, paid each March for 15 years beginning the March after Executive attains age 70, provided that he does attain age 70.
- Vesting Schedule: The vested percentage is determined by the number of whole years of employment following completion of the full deferral:

Years of Vesting Services	Vested Percentage
Less than 1	65%
1	72%

Years of Vesting Services	Vested Percentage
2	79%
3	86%
4	93%
5	100%

100% vesting also occurs at the earlier of age 65 or when the rule of 80 is satisfied according to the Steelcase Benefits Booklet, or in the event of total and permanent disability.

Death Prior to Attaining Age 70:

\$192,000 per year for 15 years; starting March after death, if death occurs prior to age 60 or prior to complete deferral. \$220,000 per year for 15 years; starting March after death, if death occurs during ages 60 through 64 and after complete deferral. \$250,000 per year for 15 years; starting March after death, if death occurs during ages 65 through 69 and after complete deferral.

**D.**

In all other respects, the Agreement remains unchanged.

IN WITNESS OF WHICH, the Company and James Hackett execute this 2009-1 Amendment to the Agreement.

**STEELCASE INC.**

Dated: October 3, 2008

By: /s/ Nancy W. Hickey  
 Nancy W. Hickey  
 Its: Senior Vice President  
 Chief Administrative Officer

Agreed and Accepted:

/s/ James Hackett  
 James Hackett

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
SARBANES-OXLEY ACT SECTION 302**

I, James P. Hackett, President and Chief Executive Officer of Steelcase Inc., certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Steelcase Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James P. Hackett

**Name: James P. Hackett**

**Title: President and Chief Executive Officer**

Date: October 7, 2008

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
SARBANES-OXLEY ACT SECTION 302**

I, David C. Sylvester, Vice President, Chief Financial Officer of Steelcase Inc., certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of Steelcase Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David C. Sylvester

**Name: David C. Sylvester**  
**Title: Vice President, Chief Financial Officer**

Date: October 7, 2008

**CERTIFICATION OF CEO AND CFO PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Steelcase Inc. (the "Company") for the period ended August 29, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James P. Hackett, as Chief Executive Officer of the Company, and David C. Sylvester, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James P. Hackett

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**Name: James P. Hackett**  
**Title: President and Chief Executive Officer**

October 7, 2008

/s/ David C. Sylvester

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**Name: David C. Sylvester**  
**Title: Vice President, Chief Financial Officer**

October 7, 2008

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.