STEELCASE INC
Form 10-K
April 25, 2011

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

FORM 10-K

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended February 25, 2011

OR

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

Commission File Number 1-13873

STEELCASE INC.
(Exact name of registrant as specified in its charter)

Michigan	**38-0819050**
(State of incorporation)	**(IRS employer identification number)**
901 44th Street SE	
Grand Rapids, Michigan	**49508**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (616) 247-2710
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Class A Common Stock	New York Stock Exchange

Securities registered pursuant to 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

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 þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

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

The aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates, computed by reference to the closing price of the Class A Common Stock on the New York Stock Exchange, as of August 27, 2010 (the last day of the registrant s most recently completed second fiscal quarter) was approximately $503 million. There is no quoted market for registrant s Class B Common Stock, but shares of Class B Common Stock may be converted at any time into an equal number of shares of Class A Common Stock.

As of April 22, 2011, 87,435,440 shares of the registrant s Class A Common Stock and 44,199,378 shares of the registrant s Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant s definitive proxy statement for its 2011 Annual Meeting of Shareholders, to be held on July 13, 2011, are incorporated by reference in Part III of this Form 10-K.

STEELCASE INC.
FORM 10-K

YEAR ENDED FEBRUARY 25, 2011

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PART I

Item 1. Business:

The following business overview is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference in this Annual Report on Form 10-K (Report). As used in this Report, unless otherwise expressly stated or the context otherwise requires, all references to Steelcase, we, our, Company and similar referer are to Steelcase Inc. and its subsidiaries in which a controlling interest is maintained. Unless the context otherwise indicates, reference to a year relates to the fiscal year, ended in February of the year indicated, rather than a 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.

Our Business

Steelcase is the global leader in furnishing the work experience in office environments. We aspire to create great experiences, wherever work happens. We provide products and services founded in a research methodology that generates insights about how people work and how spaces can help create great experiences. We offer a comprehensive portfolio of products and services for the workplace, inspired by insights gained from serving the world s leading organizations for nearly 100 years.

We design for a wide variety of customer needs through our three core brands: Steelcase, Turnstone and Coalesse. The primary focus of these brands is the office furniture segment, but we also extend our capabilities to serve needs in areas such as healthcare, education and distributed work. Our strategy is to grow by leveraging our deep understanding of the patterns of work, workers and workplaces to offer solutions to help our existing customers migrate to new ways of working, and to grow our business into new customer markets and new geographies.

Insights are core to everything we do. We study the ways people work, and we collaborate with a global network of research partners including leading universities, research institutes and corporations. We seek to understand and recognize emerging social, spatial and informational patterns and create products and solutions that solve for the intersection of all three. By focusing our insights on the overlap of these elements, we can create products and solutions that enable better social interactions, enhance collaboration and facilitate greater information sharing. This approach is the lens through which we filter opportunities for development.

We create value by translating our insights into products, solutions and experiences that solve our customers critical business issues at competitive prices. Our insights are translated into products, applications and experiences through thoughtful design, which we define as being smart, desirable and viable. When we understand something new about the way people work and address that insight with a product, it s smart. When we create experiences or objects that are considered refined and highly relevant, they are desirable. And when we do this with fewer, more understandable elements, it s viable. We incorporate sustainability in our approach to design, manufacturing, delivery and product life cycle management, and we consider the impact of our work on the environment. At Steelcase our approach to sustainability is holistic, scientific, measureable and long-term in focus.

We offer our products and services to customers around the globe, and we have significant sales, manufacturing and administrative operations in North America, Europe and Asia. We market our products and services primarily through a network of independent and company-owned dealers, and we also sell directly to end-use customers. We extend our reach with a presence in retail and web-based channels.

Founded in 1912, Steelcase became a publicly-traded company in 1998, and our stock is listed on the New York Stock Exchange under the symbol SCS. Headquartered in Grand Rapids, Michigan, U.S.A., Steelcase is a global company with approximately 10,000 employees and 2011 revenue of $2.4 billion.

Our Offerings

Our brands provide an integrated portfolio of furniture systems and seating, user-centered technologies and interior architectural products across a range of price points. Our furniture portfolio includes panel-based and freestanding furniture systems and complementary products such as storage, tables and ergonomic worktools. Our seating products include chairs which are highly ergonomic, seating that can be used in collaborative or casual settings and specialty seating for specific vertical markets such as healthcare and education. Our technology solutions support group collaboration by integrating furniture and technology. Our interior architectural products include full and partial height walls and doors. We also offer services designed to reduce costs and enhance the performance of people, wherever they work. Among these services are workplace strategy consulting, lease origination services and furniture and asset management.

Steelcase Insight-led performance in an interconnected world

The Steelcase brand takes our insights and delivers high performance, sustainable work environments while striving to be a trusted partner. Being a trusted partner means understanding and helping our customers and partners who truly seek to elevate their performance. The Steelcase brand s core customers are leading organizations (such as corporations, healthcare organizations, colleges/universities and government entities) that are often large with complex needs and who have an increasingly global reach. We strive to meet their diverse needs while minimizing complexity by using a platform approach from product components to common processes wherever possible.

Steelcase sub-brands include:

Nurture by Steelcase, which is focused on healthcare environments that can help make patients more comfortable, caregivers more efficient and partners in care more receptive to healthcare delivery. Nurture brings a holistic viewpoint to healthcare environments and works with patients and healthcare professionals to develop valuable insights into environments that promote healing.

Details, which researches, designs and markets worktools and furniture that provide healthy and productive connections between people, their technology, their workplaces and their work.

Turnstone Insight-led simplicity

Turnstone is focused on making it easy and compelling for emerging companies to create great working spaces. Today, emerging companies do not have easy access to solutions that will help them work more effectively. These smaller companies are faced with many of the same complex problems as larger established companies but often without the professional help. Turnstone strives to provide simple solutions for the complex social, spatial and informational problems of emerging companies through thoughtful products and solutions, convenient access and a great experience.

Coalesse Insight-led inspiration

Coalesse is founded on the belief that the boundaries between work and life have blurred and seeks to design solutions that support meaningful experiences and create inspiring spaces for a growing class of high performance knowledge workers. Coalesse collaborates with some of the world s best design talent to create inspired solutions that challenge generic approaches to home and office environments. Coalesse also offers products that knit together the rich design histories of our Brayton, Metro and Vecta brands. Coalesse s clients desire premium performance and versatility in furnishings that can be applied in a home workplace as elegantly as a professional office environment.

Designtex, which is a sub-brand of Coalesse, is a design, marketing, sales and distribution business focused on providing insight-led environment enhancement. Designtex products are premium surface materials designed to enhance seating, walls, work stations, floors and ceilings, and can provide privacy, way-finding, motivation, communications and artistic expression.

PolyVision

PolyVision s main focus is to understand the needs of K-12 teachers and students and to develop tools that bring learning to life in an effort to provide a better learning experience for students globally. PolyVision provides a comprehensive offering of visual communication solutions, including static and interactive electronic whiteboards.

Reportable Segments

We operate on a worldwide basis within our North America and International reportable segments plus an Other category. Additional information about our reportable segments, including financial information about geographic areas, is contained in Item 7: *Management s Discussion and Analysis of Financial Condition and Results of Operations* and Note 18 to the consolidated financial statements.

North America Segment

Our North America segment serves customers in the United States (U.S.) and Canada. Our portfolio of integrated architecture, furniture and technology products is marketed to corporate, government, healthcare, education and retail customers through the Steelcase, Turnstone, Details and Nurture by Steelcase brands.

We serve North America customers mainly through approximately 220 independent and company-owned dealers and we also sell directly to end-use customers. Our end-use customers are distributed across a broad range of industries and vertical markets including healthcare, government, financial services, higher education and technology, but no industry or vertical market individually represented more than 15% of the North America segment revenue in 2011. The healthcare, government and higher education vertical markets collectively represented approximately 39% of 2011 North America revenue.

Each of our dealers maintains its own sales force, which is complemented by our sales representatives who work closely with our dealers throughout the selling process. The largest independent dealer in North America accounted for approximately 6% of the segment s revenue in 2011, and the five largest independent dealers collectively accounted for approximately 17% of the segment s revenue. From time to time, we extend financial support to our dealers. The type of involvement varies, but it most often takes the form of asset-backed lending or term notes to facilitate the transition of a dealership to owners suitable to us. Depending on the situation, accounting rules may require us to consolidate a dealer for a period of time when we extend such financing.

In 2011, the North America segment recorded revenue of $1,322.2, or 54.3% of our consolidated revenue, and as of the end of the year had approximately 5,600 employees, of which approximately 3,600 related to manufacturing.

The North America office furniture industry is highly competitive, with a number of competitors offering similar categories of products. The industry competes on a combination of insight, product performance, design, price and relationships with customers, architects and designers. Our most significant competitors in the U.S. are Haworth, Inc., Herman Miller, Inc., HNI Corporation, Kimball International Inc. and Knoll, Inc. Together with Steelcase, domestic revenue from these companies represents approximately one-half of the U.S. office furniture industry.

International Segment

Our International segment serves customers outside of the U.S. and Canada primarily under the Steelcase brand, with an emphasis on freestanding furniture systems, storage and seating solutions. The international office furniture market is highly competitive and fragmented. We compete with many local and regional manufacturers in many different markets. In many cases, these competitors focus on specific product categories. Our largest presence is in Western Europe, where we have the leading market share in Germany, France and Spain. In 2011, approximately 66% of International revenue was from Western Europe. The remaining revenue was from other parts of Europe, Latin America, Asia Pacific, the Middle East and Africa. No individual country in the International segment represented more than 7% of our consolidated revenue in 2011.

We serve International customers through approximately 440 independent and company-owned dealers. In certain geographic markets, we sell directly to end-use customers. No single independent dealer in the International segment accounted for more than 2% of the segment s revenue in 2011. The five largest independent dealers collectively accounted for approximately 8% of the segment s revenue in 2011.

In 2011, our International segment recorded revenue of $698.9, or 28.7% of our consolidated revenue, and as of the end of the year had approximately 3,300 employees, of which approximately 1,900 related to manufacturing.

Other Category

The Other category includes the Coalesse Group and PolyVision.

The Coalesse Group is comprised of the Coalesse and Designtex brands. Coalesse serves the markets of executive office, conference, lounge, teaming environments and residential live/work solutions utilizing a commissioned sales force with revenue primarily generated through our North America dealer network. Designtex primarily sells products specified by architects and designers directly to end-use customers through a direct sales force.

PolyVision designs and manufactures visual communication products, such as static and interactive electronic whiteboards, including a family of interactive electronic whiteboards called ēno. PolyVision also manufactures steel and ceramic surfaces for sale to third-party fabricators to create static whiteboards sold in the primary and secondary education markets in the U.S. and Europe. PolyVision s sales of visual communication products are primarily through audio-visual resellers and our North America dealer network.

Prior to December 14, 2010, the Other category also included the operations of IDEO, an innovation and design firm. On December 14, 2010, certain members of the management of IDEO who collectively owned 20% of IDEO purchased an additional 60% equity interest in IDEO pursuant to an agreement entered into during 2008. We retained a 20% equity interest in IDEO, and we expect to continue our collaborative relationship. As a result, we deconsolidated the operations of IDEO in Q4 2011 and began to record our share of IDEO s earnings as equity in earnings of unconsolidated affiliates in *Other income (expense), net* on the Consolidated Statements of Operations. In 2011, IDEO accounted for $103.4, or 4% of our consolidated revenue.

In 2011, the Other category accounted for $416.0, or 17.1% of our consolidated revenue, and as of the end of the year had approximately 1,100 employees, of which approximately 600 related to manufacturing.

Corporate

Corporate costs include portions of shared service functions such as information technology, human resources, finance, executive, corporate facilities, legal and research. Approximately 82% of corporate expenses were charged to the operating segments in 2011 as part of a corporate allocation. Unallocated corporate expenses are reported as Corporate.

Joint Ventures and Other Equity Investments

We enter into joint ventures and other equity investments from time to time to expand or maintain our geographic presence, support our distribution network or invest in complementary products and services. As of February 25, 2011, our investment in these unconsolidated joint ventures and other equity investments totaled $45.2. Our share of the earnings from joint ventures and other equity investments is recorded in *Other income (expense), net* on the Consolidated Statements of Operations.

Customer and Dealer Concentrations

Our largest direct-sale customer accounted for 0.4% of our consolidated revenue in 2011, and our five largest direct-sale customers collectively accounted for 1.5% of our consolidated revenue. However, these percentages do not include revenue from various government agencies. In aggregate, entities purchasing under our U.S. General Services Administration contract collectively accounted for approximately 4% of our consolidated revenue. We do not believe our business is dependent on any single or small number of end-use customers, the loss of which would have a material adverse effect on our business.

No single independent dealer accounted for more than 4% of our consolidated revenue in 2011. The five largest independent dealers collectively accounted for approximately 10% of our consolidated revenue. We do not believe our business is dependent on any single dealer, the loss of which would have a sustained material adverse effect upon our business.

Working Capital

Our accounts receivable are from our dealers and direct-sale customers. Payment terms vary by country and region. The terms of our North America segment, and certain markets within the International segment, encourage prompt payment from dealers by offering an early settlement discount. Other international markets have, by market convention, longer payment terms. We are not aware of any special or unusual practices or conditions related to working capital items, including accounts receivable, inventory and accounts payable, which are significant to understanding our business or the industry at large.

Backlog

Our products are generally manufactured and shipped within two to six weeks following receipt of order; therefore, we do not view the amount of backlog at any particular time as a meaningful indicator of longer-term shipments.

Global Manufacturing and Supply Chain

Manufacturing and Logistics

We have manufacturing operations throughout North America (principally in the United States and Mexico), Europe (principally in France, Germany and Spain) and Asia (principally in China and Malaysia).

Our manufacturing model is predominately make-to-order with lead times typically ranging from two to six weeks. We manufacture our products using lean manufacturing principles, which allow us to maintain efficiencies and cost savings by minimizing the amount of inventory on hand. As a result, we purchase direct materials and components as needed to meet demand. We have evolved our manufacturing and supply chain systems significantly over the past several years by implementing continuous one-piece flow, platforming our processes and product offerings and developing a global network of integrated suppliers. Any operation which cannot be part of one-piece flow may be evaluated to see whether outside partners would offer better levels of service, quality and cost. Our global manufacturing operations are centralized under a single organization to serve our customers needs across multiple brands and geographies.

This approach has reduced the capital needs of our business, inventory levels and the footprint of our manufacturing space, while at the same time, allowing us to improve quality, delivery performance and the customer experience. We continue to identify opportunities to improve the fitness of our business and strengthen our long-term competitiveness. In 2011, we substantially completed a project to reorganize our European manufacturing operations, and we announced the planned closure of three additional manufacturing facilities in North America. We expect to move production within these facilities to other Steelcase locations in North America over the next 18 months.

In addition to our ongoing focus on enhancing the efficiency of our manufacturing operations, we also seek to reduce costs through our global sourcing effort. We have capitalized on raw material and component cost savings available through lower cost suppliers around the globe. This global view of potential sources of supply has enhanced our leverage with domestic supply sources, and we have been able to reduce cycle times through improvements from all levels throughout the supply chain.

Our physical distribution system utilizes commercial transport, company-owned and dedicated fleet delivery services. We have implemented a network of regional distribution centers to reduce freight costs and improve service to our dealers and customers. Some of these distribution centers are located within our manufacturing facilities, and we have engaged third-party logistics providers to operate most of these regional distribution centers.

Raw Materials

We source raw materials and components from a significant number of suppliers around the world. Those raw materials include petroleum-based products, steel, other metals, wood, particleboard and other materials and components. To date, we have not experienced any significant difficulties in obtaining these raw materials.

The prices for certain commodities such as steel, aluminum and other metals, wood, particleboard and petroleum-based products have fluctuated significantly in recent years due to changes in global supply and demand. Our global supply chain team continually evaluates current market conditions, the financial viability of our suppliers and available supply options on the basis of cost, quality and reliability of supply.

Research, Design and Development

Our extensive global research a combination of user observations, feedback sessions and sophisticated analysis has helped us develop social, spatial and informational insights into work effectiveness. We maintain collaborative relationships with external world-class innovators, including leading universities, think tanks and knowledge leaders, to expand and deepen our understanding of how people work.

Understanding patterns of work enables us to identify and anticipate user needs across the globe. Our design teams explore and develop prototypical solutions to address these needs. These solutions vary from furniture, architecture and technology solutions to single products or enhancements to existing products, and across different vertical market applications such as healthcare, higher education and professional services. Organizationally, global design leadership directs strategy and project work, which is distributed to design studios across our major businesses and often involves external design services.

Our marketing team evaluates product concepts using several criteria, including financial return metrics, and chooses which products will be developed and launched. Designers then work closely with engineers and suppliers to co-develop products and processes that incorporate innovative user features with efficient manufacturing practices. Products are tested for performance, quality and compliance with applicable standards and regulations.

Exclusive of royalty payments, we invested $32.0, $33.0 and $50.0 in research, design and development activities in 2011, 2010 and 2009, respectively. We continue to invest approximately one to two percent of our revenue in research, design and development each year. Royalties are sometimes paid to external designers of our products as the products are sold. These costs are not included in research and development expenses.

Intellectual Property

We generate and hold a significant number of patents in a number of countries in connection with the operation of our business. We also hold a number of trademarks that are very important to our identity and recognition in the marketplace. We do not believe that any material part of our business is dependent on the continued availability of any one or all of our patents or trademarks or that our business would be materially adversely affected by the loss of any of such, except the Steelcase, Turnstone, Coalesse, PolyVision, Designtex, Details and Nurture by Steelcase trademarks.

We occasionally enter into license agreements under which we pay a royalty to third parties for the use of patented products, designs or process technology. We have established a global network of intellectual property licenses with our subsidiaries.

Employees

As of February 25, 2011, we had approximately 10,000 employees, including 5,100 hourly employees and 4,900 salaried employees. Additionally, we had approximately 800 temporary workers who primarily work in manufacturing. Approximately 160 employees in the U.S. are covered by collective bargaining agreements. Internationally, approximately 900 employees are represented by workers councils that operate to promote the interests of workers. Management promotes positive relations with employees based on empowerment and teamwork.

Environmental Matters

We are subject to a variety of federal, state, local and foreign laws and regulations relating to the discharge of materials into the environment, or otherwise relating to the protection of the environment (Environmental Laws). We believe our operations are in substantial compliance with all Environmental Laws. We do not believe existing Environmental Laws and regulations have had or will have any material effects upon our capital expenditures, earnings or competitive position.

Under certain Environmental Laws, we could be held liable, without regard to fault, for the costs of remediation associated with our existing or historical operations. We could also be held responsible for third-party property and personal injury claims or for violations of Environmental Laws relating to contamination. We are a party to, or otherwise involved in, proceedings relating to several contaminated properties being investigated and remediated under Environmental Laws, including as a potentially responsible party in several Superfund site cleanups. Based on our information regarding the nature and volume of wastes allegedly disposed of or released at these properties, the total estimated cleanup costs and other financially viable potentially responsible parties, we do not believe the costs to us associated with these properties will be material, either individually or in the aggregate. We have established reserves that we believe are adequate to cover our anticipated remediation costs. However, certain events could cause our actual costs to vary from the established reserves. These events include, but are not limited to: a change in governmental regulations or cleanup standards or requirements; undiscovered information regarding the nature and volume of wastes allegedly disposed of or released at these properties; and other factors increasing the cost of remediation or the loss of other potentially responsible parties that are financially capable of contributing toward cleanup costs.

Available Information

We file annual reports, quarterly reports, proxy statements and other documents with the Securities and Exchange Commission (SEC) under the Securities Exchange Act of 1934 (the Exchange Act). The public may read and copy any materials we file with the SEC at the SEC s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549.

The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website at *www.sec.gov* that contains reports, proxy and information statements and other information regarding issuers, including Steelcase, that file electronically with the SEC.

We also make available free of charge through our internet website, *www.steelcase.com,* our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports, as soon as reasonably practicable after we electronically file such reports with or furnish them to the SEC. In addition, our Corporate Governance Principles, Code of Ethics, Code of Business Conduct and the charters for the Audit, Compensation and Nominating and Corporate Governance Committees are available free of charge through our website or by writing to Steelcase Inc., Investor Relations, GH-3C, PO Box 1967, Grand Rapids, Michigan 49501-1967.

We are not including the information contained on our website as a part of, or incorporating it by reference into, this Report.

Item 1A. Risk Factors:

The following risk factors and other information included in this annual report on Form 10-K should be carefully considered. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we do not know about currently, or that we currently believe are less significant, may also adversely affect our business, operating results, cash flows and financial condition. If any of these risks actually occur, our business, operating results, cash flows and financial condition could be materially adversely affected.

Our industry is influenced significantly by cyclical macroeconomic factors which are difficult to predict.

Our revenue is generated predominantly from the office furniture industry, and demand for office furniture is influenced heavily by a variety of macroeconomic factors, such as corporate profits, non-residential fixed investment, white-collar employment and commercial office construction and vacancy rates. During the past 10 years, the U.S. office furniture industry has gone through two major downturns, with consumption declining by more than 30% from calendar year 2000 to 2003 and again from 2007 to 2009, according to the Business and Institutional Furniture Manufacturer s Association. During these downturns, our revenue declined in similar proportion and our profitability was significantly reduced. We have made a number of changes to adapt our business model to these cycles, but our profitability could be impacted in the future by cyclical downturns. In addition, the pace of industry recovery after a cyclical downturn may vary, including by geography or vertical market. These macroeconomic factors are difficult to predict, and if we are unsuccessful in adapting our business as economic cyclical changes occur, our results may be adversely affected.

Failure to respond to changes in workplace trends and the competitive landscape may adversely affect our revenue and profits.

Advances in technology, the globalization of business and shifts in work styles and behaviors are changing the world of work and may have a significant impact on the types of workplace products and services purchased by our customers and the geographic location of the demand. For example, in recent years, these trends have resulted in a reduction in the amount of office floor space allocated per employee, a reduction in size (and price) of a typical workstation and an increase in work occurring in a variety of locations beyond the traditional office. The confluence of these factors could attract new competitors from outside the traditional office furniture industry offering products and services which compete with those offered by us and our dealers. In addition, the traditional office furniture industry is highly competitive, with a number of competitors offering similar categories of products. We compete on a variety of factors, including: brand recognition and reputation, insight from our research, product design and features, price, lead time, delivery and service, product quality, strength of dealers and other distributors and relationships with customers and key influencers, such as architects, designers and facility managers. If we are unsuccessful in developing and offering products which respond to changes in workplace trends, or we or our dealers are unsuccessful in competing with existing competitors and new competitive offerings which could arise from outside our industry, our revenue and profits may be adversely affected.

We may not be able to successfully develop, implement and manage our diversification and growth strategies.

Our longer-term success depends on our ability to successfully develop, implement and manage strategies that will preserve our position as the world s largest office furniture manufacturer, as well as expand our offerings into adjacent and emerging markets. In particular, our diversification and growth strategies include:

translating our research regarding the world of work into innovative solutions which address market needs,

continuing our expansion into adjacent markets such as smaller companies, healthcare clinical spaces and classrooms,

growing our market share in emerging markets such as China, India and the Middle East,

investing in acquisitions and new business ventures and

developing new alliances and additional channels of distribution.

If these strategies are not sufficient to diversify and expand our revenue, our results of operations may be adversely affected.

We may be adversely affected by changes in raw material and commodity costs.

We procure raw materials (including steel, aluminum, other metals, wood, particleboard and petroleum-based products) from a significant number of sources globally. These raw materials are not rare or unique to our industry. The costs of these commodities, as well as fuel and energy costs, have fluctuated significantly in recent years due to changes in global supply and demand, which can also cause supply interruptions. In the short-term, rapid increases in raw material and commodity costs can be very difficult to offset with price increases because of existing contractual commitments with our customers, and it is difficult to find effective financial instruments to hedge against such changes. As a result, our gross margins can be adversely affected by short-term fluctuations in these costs. Also, if we are not successful in passing along higher raw material and commodity costs to our customers over the longer-term because of competitive pressures, our profitability could be negatively impacted.

Our global presence subjects us to risks that may negatively affect our profitability and financial condition.

We have manufacturing facilities and sales, administrative and shared services offices in many countries, and as a result, we are subject to risks associated with doing business globally. Our success depends on our ability to manage the complexity associated with designing, developing, manufacturing and selling our solutions in a variety of countries. Our global presence is also subject to market risks, which in turn could have an adverse effect on our results of operations and financial condition, including:

differing business practices, cultural factors and regulatory requirements,

fluctuations in currency exchange rates and currency controls,

political, social and economic instability, natural disasters, security concerns, including terrorist activity, armed conflict and civil or military unrest, and global health issues and

intellectual property protection challenges.

Our continuing efforts to improve our business model could result in additional restructuring costs and may result in customer disruption.

Over the past decade, we have implemented significant restructuring actions to transform our business through the reinvention of our industrial system and white collar processes. While we believe we have made significant progress, we continue to evolve and optimize our business model to be more flexible and agile in meeting changing demand, and incremental restructuring actions may be necessary. The success of our restructuring initiatives is dependent on several factors, including our ability to manage these actions without disrupting existing customer commitments. Further, these actions may take longer than anticipated and may distract management from other activities, and we may not fully realize the expected benefits of our restructuring activities, either of which would have a negative impact on our results of operations.

We are increasingly reliant on a global network of suppliers.

Our migration to a less vertically integrated manufacturing model has increased our dependency on a global network of suppliers. We are reliant on the timely flow of raw materials, components and finished goods from third-party suppliers. The flow of such materials, components and goods may be affected by:

- fluctuations in the availability and quality of raw materials,
- the financial solvency of our suppliers and their supply chains,
- disruptions caused by labor activities and
- damage and loss of production from accidents, natural disasters and other causes.

Any disruptions in the supply and delivery of raw materials, component parts and finished goods or deficiencies in our ability to manage our global network of suppliers could have an adverse impact on our business, operating results or financial condition.

Disruptions within our dealer network could adversely affect our business.

We rely largely on a network of over 650 independent and company-owned dealers to market, deliver and install our products to customers. From time to time, we or a dealer may choose to terminate our relationship, or the dealer could face financial insolvency or difficulty in transitioning to new ownership. Our business is influenced by our ability to initiate and manage new and existing relationships with dealers, and establishing new dealers in a market can take considerable time and resources. Disruption of dealer coverage within a specific local market could have an adverse impact on our business within the affected market. The loss or termination of a significant number of dealers or the inability to establish new dealers could cause difficulties in marketing and distributing our products and have an adverse effect on our business, operating results or financial condition. In the event that a dealer in a strategic market experiences financial difficulty, we may choose to make financial investments in the dealership which would reduce the risk of disruption but increase our financial exposure.

We may be required to record impairment charges related to goodwill and indefinite-lived intangible assets which would adversely affect our results of operations.

Goodwill and other acquired intangible assets with indefinite lives are not amortized but are evaluated for impairment annually and whenever an event occurs or circumstances change such that it is reasonably possible that an impairment may exist. Poor performance in portions of our business where we have goodwill or intangible assets, or declines in the market value of our equity, may result in impairment charges, which would adversely affect our profitability.

There may be significant limitations to our utilization of net operating loss carryforwards to offset future taxable income.

We have deferred tax asset values related to net operating loss carryforwards (NOLs) totaling $63.5 which reside primarily in various non-U.S. jurisdictions and reflect a $32.6 valuation allowance. We may be unable to generate sufficient taxable income from future operations in the applicable jurisdiction or implement tax, business or other planning strategies to fully utilize the estimated value of our NOLs. We have NOLs in various currencies that are also subject to foreign exchange risk, which could reduce the amount we may ultimately realize. Additionally, future changes in tax laws or interpretations of such tax laws may limit our ability to fully utilize our NOLs.

Item 1B. Unresolved Staff Comments:

None.

Item 2. Properties:

We have operations at locations throughout the U.S. and around the world. None of our owned properties are mortgaged or are held subject to any significant encumbrance. We believe our facilities are in good operating condition and, at present, are in excess of that needed to meet volume needs currently and for the foreseeable future. Our global headquarters is located in Grand Rapids, Michigan, U.S.A. Our owned and leased principal manufacturing and distribution center locations with greater than 50,000 square feet are as follows:

Segment/Category Primarily Supported	Number of Principal Locations	Owned	Leased
North America	11	6	5
International	8	5	3
Other	6	3	3
Total	25	14	11

In 2011, we closed three owned manufacturing facilities (one located in Europe, one located in Asia and one located in the United States) and closed one leased manufacturing facility located in the United States. In addition, we sold and subsequently leased back two manufacturing facilities, one in North America and the other in Asia.

Item 3. Legal Proceedings:

We are involved in litigation from time to time in the ordinary course of our business. Based on known information, we do not believe we are a party to any lawsuit or proceeding that is likely to have a material adverse effect on the Company.

Item 4. (Removed and Reserved)

Supplementary Item. Executive Officers of the Registrant:

Our executive officers are:

Name	Age	Position
Sara E. Armbruster	40	Vice President, WorkSpace Futures and Corporate Strategy
Mark A. Baker	50	Senior Vice President, Global Operations Officer
James P. Hackett	56	President and Chief Executive Officer, Director
Nancy W. Hickey	59	Senior Vice President, Chief Administrative Officer
James P. Keane	51	President, Steelcase Group
Frank H. Merlotti, Jr.	60	President, Coalesse
James G. Mitchell	61	President, Steelcase EMEA
Mark T. Mossing	53	Corporate Controller and Chief Accounting Officer
Lizbeth S. O Shaughnessy	49	Senior Vice President, Chief Legal Officer and Secretary
David C. Sylvester	46	Senior Vice President, Chief Financial Officer

Sara E. Armbruster has been Vice President, WorkSpace Futures and Corporate Strategy since May 2009. Ms. Armbruster was Vice President, Corporate Strategy from 2007 to May 2009. Prior to joining Steelcase in 2007, Ms. Armbruster was employed by Banta Corporation, a printing and supply chain management services company based in Menasha, Wisconsin, where she led Banta s strategy and business development functions, serving as Vice President, Business Development from 2006 to 2007 and Director, Business Development from 2003 to 2006.

Mark A. Baker has been Senior Vice President, Global Operations since September 2004 and has been employed by Steelcase since 1995.

James P. Hackett has been President, Chief Executive Officer and Director since December 1994. Mr. Hackett also serves as a member of the Board of Trustees of the Northwestern Mutual Life Insurance Company and the Board of Directors of Fifth Third Bancorp. Mr. Hackett has been employed by Steelcase since 1981.

Nancy W. Hickey has been Senior Vice President, Chief Administrative Officer since November 2001 and also served as Secretary on an interim basis from March to July 2007. Ms. Hickey has been employed by Steelcase since 1986.

James P. Keane has been President, Steelcase Group since October 2006. Mr. Keane was Senior Vice President, Chief Financial Officer from 2001 to October 2006 and has been employed by Steelcase since 1997.

Frank H. Merlotti, Jr. has been President, Coalesse since October 2006 (Coalesse was known as the Premium Group from 2007 to 2008 and the Design Group from 2006 to 2007). Mr. Merlotti has been employed by Steelcase since 2002, and from 2002 to October 2006, he held the position of President, Steelcase North America.

James G. Mitchell has been President, Steelcase EMEA since April 2011 and was President, Steelcase International from 2004 to April 2011. Mr. Mitchell has been employed by Steelcase since 1993.

Mark T. Mossing has been Corporate Controller and Chief Accounting Officer since April 2008 and served as Vice President, Corporate Controller from 1999 to April 2008. Mr. Mossing has been employed by Steelcase since 1993.

Lizbeth S. O Shaughnessy has been Senior Vice President, Chief Legal Officer and Secretary since April 2011 and was Vice President, Chief Legal Officer and Secretary from 2007 to April 2011 and Assistant General Counsel from 2000 to 2007. From 2005 to 2007, Ms. O Shaughnessy also held the position of Assistant Secretary. Ms. O Shaughnessy has been employed by Steelcase since 1992.

David C. Sylvester has been Senior Vice President, Chief Financial Officer since April 2011 and was Vice President, Chief Financial Officer from 2006 to April 2011 and Vice President, Global Operations Finance from 2005 to 2006. Mr. Sylvester has been employed by Steelcase since 1995.

PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities:

Common Stock

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol SCS. Our Class B Common Stock is not registered under the Exchange Act or publicly traded. See Note 14 to the consolidated financial statements for additional information. As of the close of business on April 22, 2011, we had outstanding 131,634,818 shares of common stock with 8,311 shareholders of record. Of these amounts, 87,435,440 shares are Class A Common Stock with 8,208 shareholders of record and 44,199,378 shares are Class B Common Stock with 103 shareholders of record.

Class A Common Stock Per Share Price Range	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2011				
High	$ 9.47	$ 8.59	$ 9.66	$ 11.23
Low	$ 6.35	$ 6.17	$ 6.17	$ 9.27
Fiscal 2010				
High	$ 5.87	$ 7.54	$ 7.68	$ 7.15
Low	$ 3.03	$ 4.63	$ 4.98	$ 5.37

Dividends

The declaration of dividends is subject to the discretion of our Board of Directors and to compliance with applicable laws. Dividends in 2011 and 2010 were declared and paid quarterly. The amount and timing of future dividends depends upon our results of operations, financial condition, cash requirements, future business prospects, general business conditions and other factors that our Board of Directors may deem relevant at the time.

Our global committed, syndicated credit facility contains a restricted payment covenant which establishes a maximum level of dividends and/or other equity-related distributions or payments (such as share repurchases) we may make in a fiscal year. We are permitted to make dividends and/or other equity-related distributions or payments of up to $25 per year provided we remain compliant with the financial covenants and other conditions set forth in the credit agreement. We are permitted to make dividends and/or other equity-related distributions or payments in excess of $25 in a fiscal year to the extent that our Liquidity and Leverage Ratio (as defined in the credit agreement) meet certain thresholds set forth in the credit agreement. Under this provision, there were no restrictions on our ability to make dividends and/or other equity-related distributions; however, our availability under the credit facility would be reduced if dividends and/or other equity-related distributions exceeded $154 due to financial covenant constraints as of February 25, 2011. See Note 12 to the consolidated financial statements for additional information.

	Total Dividends Paid				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total

2011	$ 5.4	$ 5.4	$ 5.4	$ 5.4	$ 21.6
2010	$ 10.7	$ 5.4	$ 5.4	$ 5.4	$ 26.9

Fourth Quarter Share Repurchases

The following table is a summary of share repurchase activity during Q4 2011:

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
11/27/10 12/31/10	1,829	$ 10.08		$ 210.8
1/1/11 1/28/11	646,441	$ 10.88	645,900	203.8
1/29/11 2/25/11	318,555	$ 10.55	277,600	200.9
Total	966,825 (2)		923,500	

(1) In December 2007, our Board of Directors approved a share repurchase program permitting the repurchase of up to $250 of our common stock. This program has no specific expiration date.

(2) 43,325 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 6. Selected Financial Data:

Financial Highlights	February 25, 2011	February 26, 2010	Year Ended February 27, 2009	February 29, 2008 (1)	February 23, 2007
Operating Results					
Revenue	$ 2,437.1	$ 2,291.7	$ 3,183.7	$ 3,420.8	$ 3,097.4
Gross profit	717.5	649.8	923.1	1,098.6	920.9
Operating income (loss)	51.5	(11.5)	1.0	202.8	113.7
Income (loss) before income tax expense (benefit)	51.4	(31.1)	(8.8)	211.4	124.6
Net income (loss)	20.4	(13.6)	(11.7)	133.2	106.9
Supplemental Operating Data:					
Restructuring costs	$ (30.6)	$ (34.9)	$ (37.9)	$ 0.4	$ (23.7)
Goodwill and intangible assets impairment charges			(65.2)	(21.1)	(10.7)
Variable life COLI income (loss) (2)	10.6	33.1	(41.1)	(0.5)	9.3

Per Share Data:					
Earnings per common share	$ 0.15	$ (0.10)	$ (0.09)	$ 0.93	$ 0.72
Dividends paid per common share (3)	$ 0.16	$ 0.20	$ 0.53	$ 2.35	$ 0.45
Balance Sheet Data:					
Cash and cash equivalents	$ 142.2	$ 111.1	$ 117.6	$ 213.9	$ 527.2
Short-term investments	350.8	68.2	76.0	50.1	33.1
Working capital (4)	275.5	222.9	246.1	267.5	602.8
Total assets	1,996.5	1,677.2	1,750.0	2,124.4	2,399.4
Total debt	546.8	300.8	255.2	258.7	255.1
Total long-term liabilities	541.3	567.0	520.7	556.1	545.5
Total liabilities	1,278.1	979.6	1,017.2	1,213.5	1,161.5
Total shareholders equity	718.4	697.6	732.8	910.9	1,237.9
Statement of Cash Flow Data:					
Net cash provided by (used in):					
Operating activities	$ 72.7	$ (10.9)	$ 104.2	$ 249.7	$ 280.5
Investing activities	(254.3)	(10.0)	(61.1)	(91.3)	(51.9)
Financing activities	211.1	13.0	(132.2)	(484.4)	(127.1)

(1) The fiscal year ended February 29, 2008 contained 53 weeks. All other years shown contained 52 weeks.

(2) Variable life COLI income (loss) represents the net returns in cash surrender value, normal insurance expenses and any death benefit gains (COLI income) related to our investments in variable life company-owned life insurance (COLI) policies. In Q1 2011, we began considering our investments in variable life COLI policies to be primarily a source of corporate liquidity. As a result of this change beginning in Q1 2011, variable life COLI income has been recorded in *Investment income* on the Consolidated Statements of Operations. See Note 9 to the consolidated financial statements for additional information.

(3) Includes special cash dividend of $1.75 per share paid in January 2008.

(4) Working capital equals current assets minus current liabilities, as presented in the Consolidated Balance Sheets.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations:

The following review of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and accompanying notes thereto included elsewhere within this Report.

Non-GAAP Financial Measures

This item contains certain non-GAAP financial measures. A non-GAAP financial measure is defined as a numerical measure of a company s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the consolidated statements of operations, balance sheets or statements of cash flows of the company. We have provided a reconciliation below of non-GAAP financial measures to the most directly comparable GAAP financial measure.

The non-GAAP financial measures used are: (1) organic revenue growth, which represents the change in revenue over the prior year excluding estimated currency translation effects and the impact of dealer deconsolidations and divestitures and the IDEO ownership transition (see Note 19 to the consolidated financial statements for additional information), and (2) adjusted operating income (loss), which represents operating income (loss) excluding restructuring costs, goodwill and intangible assets impairment charges and income (loss) associated with changes in the cash surrender value of variable life company-owned life insurance policies (variable life COLI income (loss)). These measures are presented because management uses this information to monitor and evaluate financial results and trends. Therefore, management believes this information is also useful for investors.

Financial Summary

Results of Operations

Statement of Operations Data Consolidated	February 25, 2011		February 26, 2010		February 27, 2009	
	Year Ended					
Revenue	$ 2,437.1	100.0%	$ 2,291.7	100.0%	$ 3,183.7	100.0%
Cost of sales	1,693.8	69.5	1,619.9	70.7	2,236.7	70.3
Restructuring costs	25.8	1.1	22.0	0.9	23.9	0.7
Gross profit	717.5	29.4	649.8	28.4	923.1	29.0
Operating expenses	661.2	27.1	648.4	28.3	842.9	26.5
Goodwill and intangible assets impairment charges					65.2	2.0
Restructuring costs	4.8	0.2	12.9	0.6	14.0	0.5
Operating income (loss)	51.5	2.1	(11.5)	(0.5)	1.0	0.0
Interest expense, Investment income and Other income (expense), net	(0.1)	0.0	(19.6)	(0.9)	(9.8)	(0.3)
Income (loss) before income tax expense (benefit)	51.4	2.1	(31.1)	(1.4)	(8.8)	(0.3)
Income tax expense (benefit)	31.0	1.3	(17.5)	(0.8)	2.9	0.1
Net income (loss)	$ 20.4	0.8%	$ (13.6)	(0.6)%	$ (11.7)	(0.4)%
Earnings per share:						
Basic	$ 0.15		$ (0.10)		$ (0.09)	
Diluted	$ 0.15		$ (0.10)		$ (0.09)	

Organic Revenue Growth Consolidated	Year Ended February 25, 2011	Year Ended February 26, 2010
Prior year revenue	$ 2,291.7	$ 3,183.7
Dealer deconsolidations and divestitures	(63.0)	(22.0)
IDEO ownership transition	(29.0)	
Currency translation effects (1)	(21.0)	(31.0)
Prior year revenue, adjusted	2,178.7	3,130.7
Current year revenue	2,437.1	2,291.7
Organic revenue growth (decline)	$ 258.4	$ (839.0)

Organic revenue growth (decline) %	12%	(27)%

(1) Currency translation effects represent the net effect of translating prior year foreign currency revenues using the average exchange rate on a quarterly basis during the current year.

Adjusted Operating Income (Loss) Consolidated	**Year Ended February 25, 2011**		**February 26, 2010**		**February 27, 2009**	
Operating income (loss)	$ 51.5	2.1%	$ (11.5)	(0.5)%	$ 1.0	0.0%
Add: Restructuring costs	30.6	1.3	34.9	1.5	37.9	1.2
Add: Goodwill and intangible assets impairment charges					65.2	2.0
Less: Variable life COLI income (loss) (1)			33.1	1.4	(41.1)	(1.3)
Adjusted operating income (loss)	$ 82.1	3.4%	$ (9.7)	(0.4)%	$ 145.2	4.5%

(1) In Q1 2011, we began considering our investments in variable life COLI policies to be primarily a source of corporate liquidity. As a result of this change beginning in Q1 2011, COLI income related to our investments in variable life COLI policies has been recorded in *Investment income* on the Consolidated Statements of Operations. The variable life COLI income (loss) previously included in operating income is excluded for comparative purposes.

Overview

Following a significant reduction in our revenue during 2009 and 2010 in connection with the global economic recession and downturn in our industry, we began experiencing organic revenue growth in our business in Q1 2011 as a result of the broader global economic recovery. This trend strengthened in Q2 2011 as a result of increased customer project activity and accelerated in the second half of 2011 when we posted organic revenue growth over the prior year more broadly across all reporting segments and in most geographies. This growth is consistent with general trends in our industry as companies have been increasing corporate spending.

The organic revenue growth was the primary driver of the significant increase in adjusted operating income from 2010 to 2011. In addition, our current year results benefited from previous restructuring activities and other cost reduction efforts implemented during the downturn, as well as our efforts to improve the profitability across various businesses, including PolyVision, the Coalesse Group and Asia. These benefits were offset in part by the reinstatement of employee salaries and certain retirement benefits to 2009 levels and inflation in commodity costs, which increased significantly in late 2011.

During the downturn in 2009 and 2010, we continued to invest in our growth initiatives, which we believe will help diversify our revenue base and grow our revenues at a faster rate than we would otherwise experience coming out of the downtown. Our growth initiatives include expanding our offerings and penetration in certain vertical markets (such as healthcare, education and government) and emerging geographical markets (such as China, India and the Middle East), as well as developing new products, applications and experiences to meet the evolving business needs of our global customer base.

From 2009 through 2011, in order to reduce our costs and continue the reinvention of our industrial model, we implemented a number of restructuring actions which resulted in more than $100 of annualized fixed cost reductions by the end of 2011. In addition, we are in the process of closing three additional plants in North America which is expected to reduce our annualized costs by an additional $35 once completed over the next 18 months. We also took a number of steps to improve our operating fitness and organize our business as a globally integrated enterprise, including the creation and increased utilization of captive shared service centers in Malaysia and Mexico. We expect to be able to preserve these cost reductions and hold our other fixed costs relatively flat as our industry continues to recover and our revenue grows.

2011 compared to 2010

We recorded net income of $20.4 in 2011 compared to a net loss of $13.6 in 2010. The increase in net income was driven by operating leverage from organic revenue growth across all of our reporting segments and benefits from restructuring activities and other cost reduction efforts, offset in part by lower variable life COLI income and an income tax charge of $11.4 resulting from the U.S. healthcare reform legislation enacted in Q1 2011.

Operating income grew to $51.5 in 2011 compared to an operating loss of $11.5 in 2010. The 2011 adjusted operating income of $82.1 represented an improvement of $91.8 compared to the prior year primarily due to operating leverage from organic revenue growth, benefits from restructuring

activities and other cost reduction efforts and a gain from the IDEO ownership transition totaling $9 (net of incremental variable compensation expense), partially offset by:

higher compensation costs of $12 related to the reinstatement of employee salaries and certain retirement benefits to 2009 levels and

increased commodity costs of approximately $10.

Revenue for 2011 was $2,437.1 compared to $2,291.7 for 2010, representing organic revenue growth of 12% after adjusting for dealer deconsolidations, the IDEO ownership transition and currency translation effects. The organic revenue growth was broad-based, with organic growth of 12% in the North America segment, 14% in the International segment and 8% in the Other category.

Cost of sales decreased to 69.5% of revenue in 2011, a 120 basis point improvement compared to 2010. Higher absorption of fixed costs associated with organic revenue growth and benefits from restructuring activities and other cost reduction efforts were partially offset by the reclassification of variable life COLI income, which beginning in Q1 2011 is reported in *Investment income,* and increased commodity costs.

Operating expenses increased by $12.8 in 2011 compared to 2010. The increase was primarily due to:

higher variable compensation expense of $21 related to our Economic Value Added (EVA)-based compensation plans,

variable life COLI income in the prior year of $13.8,

higher compensation costs of $9 related to the reinstatement of employee salaries and certain retirement benefits to 2009 levels and

increases in other operating costs.

These increases were partially offset by:

a reduction of $31.0 from deconsolidations,

a gain of $13.2 from the IDEO ownership transition,

favorable currency translation effects of approximately $7 and

benefits from restructuring activities and other cost reduction efforts.

We recorded restructuring costs of $30.6 in 2011 compared to $34.9 in 2010. The 2011 charges primarily related to the reorganization of our European manufacturing operations on the basis of specialized competencies and several smaller actions to consolidate manufacturing facilities and reorganize other areas of our business. In addition, Q4 2011 included a $10.6 gain related to the sale and leaseback of a facility in Canada offset by $10.1 of restructuring costs associated with the planned closure of three additional manufacturing facilities in North America. See further discussion and detail of these items in the *Segment Disclosure* analysis below and in Note 20 to the consolidated financial statements.

Our 2011 effective tax rate was 60%, significantly higher than the U.S. federal statutory tax rate of 35%. The difference was primarily driven by a tax charge of $11.4 related to a reduction in deferred tax assets related to the U.S. healthcare reform legislation enacted in Q1 2011. See Note 15 to the consolidated financial statements for additional information.

2010 compared to 2009

We recorded a net loss of $13.6 in 2010 compared to a net loss of $11.7 in 2009. The year over year comparison is significantly impacted by results from variable life COLI, which generated significant income in 2010 compared to significant losses in 2009. 2009 also included $65.2 of goodwill and intangible asset impairment charges. Beyond variable life COLI income and prior year impairment charges, the 2010 deterioration was primarily driven by lower volume, which was partially offset by benefits from restructuring activities and other cost reduction efforts, lower commodity costs and temporary reductions in employee salaries and retirement benefits.

Operating income decreased by $12.5 in 2010 compared to 2009. The 2010 adjusted operating loss of $9.7 represented a decline of $154.9 compared to the prior year due to the reduction in revenue, partially offset by benefits from restructuring activities and other cost reduction efforts, lower commodity costs and temporary reductions in employee salaries and retirement benefits.

Our revenue decreased $892.0 or 28.0% in 2010 compared to 2009, representing an organic revenue decline of 27%. The global economic slowdown and turmoil in the capital markets had the effect of significantly decreasing the demand for office furniture in 2010. 2010 revenue declines were broad-based, significantly affecting almost all of our geographies, vertical markets and product categories. However, percentage declines compared to the prior year began to moderate in Q4 2010, as we entered this downturn beginning in Q3 2009.

Cost of sales increased to 70.7% of revenue in 2010, a 40 basis point deterioration compared to 2009. The deterioration was driven largely by lower absorption of fixed costs associated with the revenue decline, partially mitigated by benefits from restructuring activities and other cost reduction efforts. The deterioration was also offset by approximately:

- 210 basis points due to lower commodity costs,
- 190 basis points due to an increase in variable life COLI income and
- 80 basis points related to temporary reductions in employee salaries and retirement benefits.

Operating expenses decreased by $194.5 compared to 2009. The decrease was primarily due to benefits from restructuring activities and other cost reduction efforts and the following:

- an increase in variable life COLI income of $32,
- a reduction of $27 in variable compensation expense,
- temporary reductions in employee salaries and retirement benefits of $21,
- an $8.5 impairment charge in 2009 related to an asset classified as held for sale, and
- favorable currency translation effects of $7.

There were no goodwill and intangible assets impairment charges in 2010. Goodwill and intangible assets impairment charges in 2009 were primarily related to PolyVision, which is included in the Other category. These charges were primarily due to the impact of the substantial decline in our stock price and market capitalization. As part of our annual goodwill impairment testing, we prepared a reconciliation of the fair value of our reporting units to our adjusted market capitalization as of February 27, 2009. Through this reconciliation process, we determined the fair value of PolyVision (using a discounted cash flow method) was less than its carrying value, resulting in non-cash impairment charges of $63.0 in Q4 2009.

We recorded restructuring costs of $34.9 in 2010 compared to $37.9 in 2009. The 2010 charges primarily related to the consolidation of additional manufacturing and distribution facilities and employee termination costs related to the reduction of our global white-collar workforce. See further discussion and detail of these items in the *Segment Disclosure* analysis below and in Note 20 to the consolidated financial statements.

Our 2010 effective tax rate was favorably impacted by significant non-taxable income associated with increases in cash surrender value of COLI and negatively impacted by increases in valuation allowances of $8.9. See Note 15 to the consolidated financial statements for additional information.

Interest Expense, Investment Income and Other Income (Expense), Net

Interest Expense, Investment Income and Other Income (Expense), Net	Year Ended February 25, 2011	February 26, 2010	February 27, 2009
Interest expense	$ (19.3)	$ (18.2)	$ (17.0)
Investment income	14.0	3.1	5.8
Other income (expense), net:			
Equity in earnings of unconsolidated affiliates	6.3	1.2	4.7
Miscellaneous, net	(1.1)	(5.7)	(3.3)
Total other income (expense), net	19.2	(1.4)	7.2
Total interest expense and other income (expense), net	$ (0.1)	$ (19.6)	$ (9.8)

Beginning in Q1 2011, *Investment income* includes gains and losses from variable life COLI policies. See Note 9 to the consolidated financial statements for additional information.

Equity in earnings of unconsolidated affiliates increased in the current year primarily due to an increase in equity in earnings of our unconsolidated dealer relationships. See Note 11 to the consolidated financial statements for additional information.

Segment Disclosure

We operate on a worldwide basis within North America and International reportable segments plus an Other category. Our Other category includes the Coalesse Group, PolyVision and IDEO (through Q3 2011). Unallocated corporate expenses are reported as Corporate. Additional information about our reportable segments is contained in Item 1: *Business* and Note 18 to the consolidated financial statements included within this report.

North America

Statement of Operations Data North America	Year Ended February 25, 2011		February 26, 2010		February 27, 2009	
Revenue	$ 1,322.2	100.0%	$ 1,237.4	100.0%	$ 1,740.0	100.0%
Cost of sales	940.9	71.2	877.1	70.9	1,256.4	72.2
Restructuring costs	5.6	0.4	7.0	0.5	14.0	0.8
Gross profit	375.7	28.4	353.3	28.6	469.6	27.0
Operating expenses	318.4	24.0	293.5	23.7	394.5	22.7
Restructuring costs	0.8	0.1	3.4	0.3	8.4	0.5
Operating income	$ 56.5	4.3%	$ 56.4	4.6%	$ 66.7	3.8%

Organic Revenue Growth North America	Year Ended February 25, 2011	Year Ended February 26, 2010
Prior year revenue	$ 1,237.4	$ 1,740.0
Dealer deconsolidations and divestitures	(63.0)	(17.0)
Currency translation effects (1)	10.0	(4.0)
Prior year revenue, adjusted	1,184.4	1,719.0
Current year revenue	1,322.2	1,237.4
Organic revenue growth (decline)	$ 137.8	$ (481.6)
Organic revenue growth (decline) %	12%	(28)%

(1) Currency translation effects represent the net effect of translating prior year foreign currency revenues using the average exchange rate on a quarterly basis during the current year.

Adjusted Operating Income North America	Year Ended February 25, 2011		February 26, 2010		February 27, 2009	
Operating income	$ 56.5	4.3%	$ 56.4	4.6%	$ 66.7	3.8%
Add: Restructuring costs	6.4	0.5	10.4	0.8	22.4	1.3
Add: Goodwill and intangible assets impairment charges					1.7	0.1
Less: Variable life COLI income (loss) (1)			32.9	2.7	(40.5)	(2.3)
Adjusted operating income	$ 62.9	4.8%	$ 33.9	2.7%	$ 131.3	7.5%

(1) In Q1 2011, we began considering our investments in variable life COLI policies to be primarily a source of corporate liquidity. As a result of this change beginning in Q1 2011, COLI income related to our investments in variable life COLI policies has been recorded in *Investment income* on the Consolidated Statements of Operations. The variable life COLI income (loss) previously included in operating income is excluded for comparative purposes.

2011 compared to 2010

Operating income in North America remained relatively flat in 2011 compared to 2010, which included $32.9 of variable life COLI income. Adjusted operating income increased by $29.0, primarily driven by operating leverage from organic revenue growth and benefits from restructuring activities and other cost reduction efforts, partially offset by:

- higher compensation costs of $10 related to the reinstatement of employee salaries and certain retirement benefits to 2009 levels, incremental variable compensation expense of approximately $6 related to a gain on sale of a facility, which was recorded as a restructuring item, and a gain from the IDEO ownership transition, which was recorded in Corporate,

current year charges related to a product recall and an impairment related to an asset held for sale totaling $8 and

increased commodity costs of approximately $8.

North America revenue represented 54.3% of consolidated revenue in 2011. Revenue for 2011 was $1,322.2 compared to $1,237.4 in 2010, representing organic revenue growth of 12% after adjusting for dealer deconsolidations and currency translation effects. Revenue growth was broad-based with notable vertical market growth reflected in financial services, technical/professional, higher education, healthcare and government. In addition, seating revenue growth was the strongest across our product categories.

Cost of sales increased to 71.2% of revenue in 2011, a 30 basis point deterioration compared to 2010. Excluding the 150 basis point favorable impact of variable life COLI income in 2010, cost of sales improved by 120 basis points, which was largely driven by higher absorption of fixed costs associated with organic revenue growth and benefits from restructuring activities and other cost reduction efforts, partially offset by higher commodity costs and a product specific warranty charge related to a retrofit project.

Operating expenses increased by $24.9 in 2011 compared to 2010 primarily due to:

- higher variable compensation expense of $16 related to our EVA-based compensation plans,
- variable life COLI income in 2010 of $13.6 and
- higher compensation costs of $7 related to the reinstatement of employee salaries and certain retirement benefits to 2009 levels.

These increases were partially offset by a reduction of $20.6 from dealer deconsolidations as well as benefits of restructuring activities and other cost reduction efforts.

Restructuring costs of $6.4 incurred in 2011 primarily related to the consolidation of manufacturing facilities. In addition, Q4 2011 included a $10.6 gain related to the sale and leaseback of a facility in Canada offset by $10.1 of restructuring costs associated with the planned closure of three additional manufacturing facilities in North America as part of our ongoing efforts to improve the fitness of our business and strengthen the Company s long-term competitiveness. We expect to move production within these facilities to other Steelcase locations in North America over the next 18 months. We estimate the cash restructuring costs associated with these actions will be approximately $45 million, with approximately $30 million related to workforce reductions and approximately $15 million related to costs associated with manufacturing consolidation and production moves. We anticipate annualized savings from these actions to be approximately $35 when fully implemented in 2013.

2010 compared to 2009

Operating income in the North America segment decreased by $10.3 in 2010 compared to 2009. The 2010 adjusted operating income of $33.9 represented a decline of $97.4 compared to the prior year primarily due to the reduction in volume, mostly offset by lower commodity costs, benefits from restructuring activities and other cost reduction efforts and temporary reductions in employee salaries and retirement benefits.

North America revenue, which accounted for 54.0% of consolidated 2010 revenue, decreased by $502.6 or 28.9% from 2009, representing an organic revenue decline of 28% primarily due to decreased volume across most of our vertical markets (except for the U.S. Federal government) and product categories. The revenue declines within higher education, state and local government and healthcare were less than the declines experienced in other vertical markets. In addition, the revenue decline in the financial services vertical market was lower than the average decline in 2010, as this vertical market entered the downturn earlier than other markets and experienced a significant decline in 2009.

Cost of sales as a percent of revenue decreased 130 basis points compared to the prior year. 2010 results benefited from restructuring activities and other cost reduction efforts. The improvement was also driven by approximately:

- 350 basis points of a favorable impact related to an increase in variable life COLI income,
- 300 basis points due to lower commodity costs and

130 basis points related to temporary reductions in employee salaries and retirement benefits.

These benefits more than offset the negative effects of lower fixed cost absorption related to lower volume.

Operating expenses decreased by $101.0 in 2010 compared to 2009 primarily due to benefits from restructuring activities and other cost reduction efforts and the following:

- an increase in variable life COLI income of $31,
- temporary reductions in employee salaries and retirement benefits of $17,
- lower variable compensation expense of $14 and
- non-cash impairment charges of $12 in 2009.

Restructuring costs of $10.4 in 2010 primarily consisted of employee termination costs related to the reduction of our white-collar workforce and the closure of manufacturing facilities.

International

Statement of Operations Data International	**Year Ended February 25, 2011**		**February 26, 2010**		**February 27, 2009**	
Revenue	$ 698.9	100.0%	$ 641.6	100.0%	$ 922.2	100.0%
Cost of sales	490.7	70.2	454.1	70.8	629.1	68.2
Restructuring costs	18.7	2.7	11.5	1.8	0.3	
Gross profit	189.5	27.1	176.0	27.4	292.8	31.8
Operating expenses	201.1	28.8	204.9	31.9	250.1	27.2
Restructuring costs	2.3	0.3	6.6	1.0	1.7	0.2
Operating income (loss)	$ (13.9)	(2.0)%	$ (35.5)	(5.5)%	$ 41.0	4.4%

Organic Revenue Growth International	**Year Ended February 25, 2011**	**February 26, 2010**
Prior year revenue	$ 641.6	$ 922.2
Dealer deconsolidations and divestitures		(5.0)
Currency translation effects (1)	(31.0)	(28.0)
Prior year revenue, adjusted	610.6	889.2
Current year revenue	698.9	641.6
Organic revenue growth	$ 88.3	$ (247.6)
Organic revenue growth %	14%	(28)%

(1) Currency translation effects represent the net effect of translating prior year foreign currency revenues using the average exchange rate on a quarterly basis during the current year.

Adjusted Operating Income (Loss) International	Year Ended February 25, 2011		Year Ended February 26, 2010		Year Ended February 27, 2009	
Operating income (loss)	$ (13.9)	(2.0)%	$ (35.5)	(5.5)%	$ 41.0	4.4%
Add: Restructuring costs	21.0	3.0	18.1	2.8	2.0	0.2
Add: Goodwill and intangible assets impairment charges					0.3	
Less: Variable life COLI income (loss)						
Adjusted operating income (loss)	$ 7.1	1.0%	$ (17.4)	(2.7)%	$ 43.3	4.6%

2011 compared to 2010

International reported an operating loss of $13.9 in 2011 compared to an operating loss of $35.5 in 2010. Adjusted operating income of $7.1 represents an improvement of $24.5 compared to 2010. Overall, the profit improvement was primarily driven by operating leverage from organic revenue growth and benefits from restructuring activities and other cost reduction efforts, offset in part by higher commodity costs and other operating costs.

Our results in the United Kingdom continued to be negatively affected by unfavorable currency impacts, and we continued to fund our expansionary efforts in China and India. In the aggregate, these businesses reported an operating loss of approximately $10 in 2011, $24 in 2010 and $19 in 2009.

International revenue represented 28.7% of consolidated revenue in 2011. Revenue for 2011 was $698.9 compared to $641.6 in 2010, representing organic revenue growth of 14% after adjusting for currency translation effects. During 2011, all regions reported organic revenue growth, with notable increases in Germany, Asia Pacific, Latin America and Spain.

Cost of sales decreased to 70.2% of revenue in 2011, a 60 basis point improvement compared to 2010. The improvement was mainly due to higher absorption of fixed costs associated with organic revenue growth and benefits from restructuring activities and other cost reduction efforts, offset in part by higher commodity costs.

2011 operating expenses decreased by $3.8 due to benefits from restructuring activities and other cost reduction efforts and favorable currency translation effects of approximately $7, offset by higher variable compensation expense related to our EVA-based compensation plans and higher bad debt charges.

Restructuring costs of $21.0 incurred in 2011 primarily related to the project to reorganize our European manufacturing operations. We expect to incur a total of approximately $21 of cash restructuring costs in connection with this project, with the majority relating to workforce reductions and some additional costs for manufacturing consolidation and production moves. The total estimated cost is slightly higher than our previous estimates because more employees than anticipated accepted the severance offer. While the estimated costs have increased, these additional departures will provide greater staffing flexibility at our manufacturing facilities. We anticipate annualized savings from these actions to be approximately $8 when fully implemented by the end of Q1 2012.

2010 compared to 2009

International reported an operating loss of $35.5 in 2010 compared to operating income of $41.0 in 2009. The adjusted operating loss of $17.4 represented a decrease of $60.7 compared to the prior year primarily due to a significant decline in revenue. Cost reduction efforts were only able to offset a portion of the negative effect of lower volume, as the pace of cost structure changes in our larger International markets was tempered by the process of negotiating with the related workers   councils.

International revenue, which accounted for 28.0% of consolidated 2010 revenue, declined by $280.6 or 30.4%, representing an organic revenue decline of 28%. The decrease in revenue was primarily due to the impact of the global economic slowdown on the demand for office furniture across all International markets. The 2010 revenue percentage declines within China, Eastern Europe, the United Kingdom and Latin America were deeper than those experienced in other geographic regions.

Cost of sales as a percentage of revenue increased by 260 basis points in 2010 compared to 2009. The 2010 deterioration was almost entirely due to lower fixed cost absorption related to lower volume, partially offset by benefits from restructuring activities and other cost reduction efforts. The deterioration was also partially offset by approximately 120 basis points related to lower commodity costs.

Operating expenses decreased by $45.2 compared to 2009 primarily due to benefits from restructuring activities and other cost reduction efforts, a reduction in variable compensation expense of $8 and favorable currency translation effects of $7.

Restructuring costs of $18.1 incurred in 2010 primarily consisted of employee termination costs related to workforce reductions, mainly in Europe, as well as consolidation of manufacturing in Asia.

Other

Statement of Operations Data Other	**Year Ended February 25, 2011**		**February 26, 2010**		**February 27, 2009**	
Revenue	$ 416.0	100.0%	$ 412.7	100.0%	$ 521.5	100.0%
Cost of sales	262.2	63.0	288.7	70.0	351.2	67.3
Restructuring costs	1.5	0.4	3.5	0.8	9.6	1.9
Gross profit	152.3	36.6	120.5	29.2	160.7	30.8
Operating expenses	127.6	30.7	132.2	32.0	172.9	33.2
Goodwill and intangible assets impairment charges					63.2	12.1
Restructuring costs	1.7	0.4	2.9	0.7	3.9	0.7
Operating income (loss)	$ 23.0	5.5%	$ (14.6)	(3.5)%	$ (79.3)	(15.2)%

Organic Revenue Growth Other	**Year Ended February 25, 2011**	**February 26, 2010**
Prior year revenue	$ 412.7	$ 521.5
IDEO ownership transition	(29.0)	
Currency translation effects (1)		
Prior year revenue, adjusted	383.7	521.5
Current year revenue	416.0	412.7
Organic revenue growth	$ 32.3	$ (108.8)
Organic revenue growth %	8%	(21)%

(1) Currency translation effects represent the net effect of translating prior year foreign currency revenues using the average exchange rate on a quarterly basis during the current year.

Adjusted Operating Income (Loss) Other	**Year Ended February 25, 2011**		**February 26, 2010**		**February 27, 2009**	
Operating income (loss)	$ 23.0	5.5%	$ (14.6)	(3.5)%	$ (79.3)	(15.2)%
Add: Restructuring costs	3.2	0.8	6.4	1.5	13.5	2.6
Add: Goodwill and intangible assets impairment charges					63.2	12.1

Less: Variable life COLI income (loss)						
Adjusted operating income (loss)	$ 26.2	6.3%	$ (8.2)	(2.0)%	$ (2.6)	(0.5)%

2011 compared to 2010

Our Other category includes the Coalesse Group, PolyVision and IDEO (through Q3 2011). Operating income in the Other category increased by $37.6 in 2011 compared to 2010. Adjusted operating income improved by $34.4 primarily due to:

- operational improvements and business mix within the Coalesse group,
- improvements at PolyVision as a result of growth in higher margin Technology and Surfaces product categories and benefits from the 2010 exit of lower margin businesses in the U.S.,

benefits from restructuring activities and other cost reduction efforts and

revenue growth at IDEO through Q3 2011.

2011 revenue in the Other category increased by $3.3 compared to 2010, representing organic growth of 8% after adjusting for the IDEO ownership transition. The Coalesse Group and PolyVision both experienced single digit revenue growth; however, excluding the impact of businesses exited in 2010, PolyVision revenue increased by 17%. IDEO experienced a significant increase in revenue through Q3 2011 compared to the same period last year as a result of a number of large consulting projects.

Cost of sales in the Other category as a percent of revenue improved by 700 basis points compared to 2010 primarily due to:

benefits from restructuring activities, operational improvements and business mix within the Coalesse Group and

improvements at PolyVision as a result of growth in higher margin Technology and Surfaces product categories and benefits from the 2010 exit of lower margin businesses in the U.S.

Operating expenses in the Other category decreased by $4.6 due to $10.4 from the IDEO deconsolidation in Q4 2011 offset by higher variable compensation expense related to our EVA-based compensation plans.

Restructuring costs of $3.2 in 2011 primarily related to the consolidation of manufacturing facilities.

On December 14, 2010, certain members of the management of IDEO who collectively owned 20% of IDEO purchased an additional 60% equity interest in IDEO pursuant to an agreement entered into during 2008. We retained a 20% equity interest in IDEO, and we expect to continue our collaborative relationship. This transaction generated $30 of cash and resulted in a Q4 2011 pre-tax gain of $9, net of incremental variable compensation expense. In Q4 2011, we deconsolidated the operations of IDEO and recorded our share of IDEO s earnings as equity in earnings of unconsolidated affiliates in *Other income (expense), net* on the Consolidated Statements of Operations. See Note 19 consolidated financial statements for additional information.

2010 compared to 2009

The Other category reported an operating loss of $14.6 in 2010 compared to an operating loss of $79.3 in 2009. The adjusted operating loss represented a decline of $5.6 compared to the prior year primarily due to the revenue decline, offset by benefits from restructuring activities and other cost reduction efforts and temporary reductions in employee salaries and retirement benefits.

2010 revenue decreased by $108.8 or 20.9% compared to 2009. The Coalesse Group experienced a 29% decline, while IDEO and PolyVision posted much lower revenue declines of 13% and 11%, respectively.

Cost of sales as a percent of revenue increased by 270 basis points in 2010 compared to 2009 primarily as a result of lower fixed cost absorption related to lower volume. The negative volume effect was partially offset by benefits from restructuring activities and other cost reduction efforts and lower commodity costs, as well as initial benefits from the exit of the final portion of the PolyVision public-bid contractor whiteboard fabrication business in North America.

Operating expenses decreased by $40.7 compared to 2009 primarily due to benefits from restructuring activities and other cost reduction efforts, lower variable compensation expense and temporary reductions in employee salaries and retirement benefits. There were no goodwill and intangible assets impairment charges in 2010.

Restructuring costs of $6.4 in 2010 primarily related to the closure of two manufacturing facilities: one within the Coalesse Group and one at PolyVision.

Corporate

Statement of Operations Data Corporate	Year Ended February 25, 2011	February 26, 2010	February 27, 2009
Operating expenses	$ 14.1	$ 17.8	$ 27.4

Approximately 82% of corporate expenses were charged to the operating segments in 2011, 2010 and 2009 as part of a corporate allocation. Unallocated portions of these expenses are considered general corporate costs and are reported as Corporate. Corporate costs include unallocated portions of executive costs and shared service functions such as information technology, human resources, finance, legal, research and development and corporate facilities.

2011 operating expenses include a $13.2 gain from the ownership transition of IDEO. Related variable compensation expense was allocated among the North America and International segments, the Other category and Corporate. Excluding this gain, the increase in Corporate operating expenses primarily relates to higher variable compensation expense related to our EVA-based incentive compensation plans in the current year.

Corporate costs decreased in 2010 compared to 2009 primarily due to temporary reductions in employee salaries and retirement benefits, lower variable compensation expense and other reductions in discretionary spending.

Liquidity and Capital Resources

Liquidity

Based on current business conditions, we target a minimum of $100 in cash and cash equivalents and short-term investments to fund day-to-day operations, to provide available liquidity for investments in growth initiatives and as a cushion against economic volatility. Our actual cash and cash equivalents and short-term investment balances will fluctuate from quarter to quarter as we plan for and manage certain seasonal disbursements, particularly the annual payment of accrued variable compensation and retirement plan contributions in Q1 of each fiscal year, when applicable.

Primary Liquidity Sources	February 25, 2011	February 26, 2010
Cash and cash equivalents	$ 142.2	$ 111.1
Short-term investments	350.8	68.2
Variable life COLI	110.3	
Availability under credit facilities	165.7	132.7
Total primary liquidity sources	$ 769.0	$ 312.0

As of February 25, 2011, we held a total of $493.0 in cash and cash equivalents and short-term investments, including $246.9 from the net proceeds received in Q4 2011 from the issuance of unsecured unsubordinated senior notes, due in February 2021. The net proceeds were invested in short-term managed investment accounts and are expected to be used, together with available cash on hand, to repay the outstanding $250 aggregate principal amount of our 6.5% senior notes due August 15, 2011. There are no restrictions on the use or access of these assets. See Note 12 to the consolidated financial statements for additional information.

Of our total cash and cash equivalents, approximately 63% was located in the U.S. and the remaining 37% was located outside of the U.S., primarily in France, Asia and Canada. The majority of our short-term investments are maintained in the U.S. in a managed investment portfolio, which primarily consists of U.S. agency debt securities, U.S. government debt securities, corporate debt securities and municipal debt securities.

In Q1 2011, we began considering investments in variable life COLI policies to be primarily a source of corporate liquidity. Accordingly, during Q1 2011, we set the allocation of our investments in variable life COLI policies to a more conservative profile with a heavier weighting to fixed income securities. In addition, our investments in whole life COLI policies represent a potential source of liquidity. The whole life and variable life policies are recorded at their net cash surrender values. We believe the financial strength of the issuing insurance companies associated with our variable and whole life COLI policies are sufficient to meet their obligations to us. See Note 9 to the consolidated financial statements for more information.

Availability under credit facilities may be reduced by the use of cash and cash equivalents and short-term investments for purposes other than the repayment of debt as a result of constraints related to our maximum leverage ratio covenant. See Liquidity Facilities for more information.

The following table summarizes our consolidated statements of cash flows:

		Year Ended	
Cash Flow Data	**February 25, 2011**	**February 26, 2010**	**February 27, 2009**
Net cash flow provided by (used in):			
Operating activities	$ 72.7	$ (10.9)	$ 104.2
Investing activities	(254.3)	(10.0)	(61.1)
Financing activities	211.1	13.0	(132.2)
Effect of exchange rate changes on cash and cash equivalents	1.6	1.4	(7.2)
Net increase (decrease) in cash and cash equivalents	31.1	(6.5)	(96.3)
Cash and cash equivalents, beginning of period	111.1	117.6	213.9
Cash and cash equivalents, end of period	$ 142.2	$ 111.1	$ 117.6

Cash provided by (used in) operating activities

		Year Ended	
Cash Flow Data Operating Activities	**February 25, 2011**	**February 26, 2010**	**February 27, 2009**
Net income (loss)	$ 20.4	$ (13.6)	$ (11.7)
Depreciation and amortization	64.4	74.2	87.3
Goodwill and intangible assets impairment charges			65.2
Changes in accounts receivable, inventories, and accounts payable, net of deconsolidation	(59.5)	61.9	23.8
Changes in cash surrender value of COLI	(13.5)	(38.0)	39.0
Changes in deferred income taxes	11.3	(18.2)	(4.8)
Changes in employee compensation liabilities	41.7	(62.0)	(52.5)
Changes in other operating assets and liabilities, net of deconsolidation	5.2	(20.7)	(67.3)
Other	2.7	5.5	25.2
Net cash provided by (used in) operating activities	$ 72.7	$ (10.9)	$ 104.2

The change in cash provided by operating activities in 2011 compared to cash used in operating activities in 2010 was primarily due to cash generated from net income and the receipt of a U.S. income tax refund, partially offset by a use of cash for working capital due to the increase in revenue.

Cash provided by (used in) investing activities

Cash Flow Data Investing Activities	Year Ended February 25, 2011	February 26, 2010	February 27, 2009
Capital expenditures	$ (46.0)	$ (35.2)	$ (83.0)
Proceeds from disposal of fixed assets	44.9	9.4	4.9
Proceeds from IDEO ownership transition	29.8		
Purchases of investments	(335.4)	(4.7)	(25.6)
Liquidations of investments	59.0	15.6	10.4
Business divestitures			17.5
Other, net	(6.6)	4.9	14.7
Net cash used in investing activities	$ (254.3)	$ (10.0)	$ (61.1)

Capital expenditures in 2011 were primarily related to investments in product development in North America and International, and included progress payments totaling $10.2 towards a replacement corporate aircraft. We received proceeds from the IDEO ownership transition and the sale of facilities in Canada and Malaysia. Purchases of investments include the short-term investment of the net proceeds from the issuance of senior notes in Q4 2011.

Cash provided by (used in) financing activities

Cash Flow Data Financing Activities	Year Ended February 25, 2011	February 26, 2010	February 27, 2009
Borrowings (repayments) of short-term and long-term debt, net	$ 243.1	$ 45.5	$ (2.6)
Dividends paid	(21.6)	(26.9)	(71.3)
Common stock repurchases, net of issuances	(10.8)	(4.6)	(58.7)
Other	0.4	(1.0)	0.4
Net cash provided by (used in) financing activities	$ 211.1	$ 13.0	$ (132.2)

In Q4 2011, we issued $250 in unsecured unsubordinated senior notes, due in February 2021. Proceeds, net of bond discount and issuance costs, totaled $246.9 and were invested in short-term managed investment accounts. We expect to use the net proceeds, together with available cash on hand, to repay the outstanding $250 aggregate principal amount of our 6.5% senior notes due August 15, 2011. See Note 12 to the consolidated financial statements for additional information.

The primary use of cash in financing activities continues to relate to dividends paid on our common stock.

We paid dividends of $0.04 per common share during all quarters in 2011 and the last three quarters of 2010 and $0.08 per common share during the first quarter of 2010. We paid dividends of $0.08 per share in Q4 2009 and $0.15 per share in Q1, Q2 and Q3 2009. On March 23, 2011 our Board of Directors declared a dividend of $0.06 per common share to be paid in Q1 2012.

During 2011, 2010 and 2009, we made common stock repurchases of $10.8, $4.6 and $59.2, respectively, all of which related to our Class A Common Stock. As of February 25, 2011, we had $200.9 of remaining availability under the $250 share repurchase program approved by our Board of Directors in Q4 2008. 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 $0.7, $0.4 and $1.7 in 2011, 2010 and 2009, respectively.

Capital Resources

Off-Balance Sheet Arrangements

We are contingently liable under loan and lease guarantees for certain Steelcase dealers and joint ventures in the event of default or non-performance of the financial repayment of a liability. In certain cases, we also guarantee completion of contracts by our dealers. Due to the contingent nature of guarantees, the full value of the guarantees is not recorded on our Consolidated Balance Sheets; however, when necessary we record reserves to cover potential losses. See Note 17 to the consolidated financial statements for additional information.

Contractual Obligations

Our contractual obligations as of February 25, 2011 were as follows:

		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**After 5 Years**
Long-term debt and short-term borrowings	$ 546.8	$ 255.5	$ 5.3	$ 4.8	$ 281.2
Estimated interest on debt obligations	174.6	25.8	34.6	34.3	79.9
Operating leases	163.2	41.1	60.9	35.5	25.7
Committed capital expenditures	37.4	37.4			
Purchase obligations	23.7	19.4	4.3		
Other liabilities	4.1	4.1			
Employee benefit and compensation obligations	250.8	83.1	43.9	38.2	85.6
Total	$ 1,200.6	$ 466.4	$ 149.0	$ 112.8	$ 472.4

Total consolidated debt as of February 25, 2011 was $546.8. Of our total debt, $249.9 is in the form of term notes due in August 2011, $249.9 is in the form of term notes due in February 2021 and $43.1 is related to financing secured by our two corporate aircraft.

We have commitments related to certain sales offices, showrooms, warehouses and equipment under non-cancelable operating leases that expire at various dates through 2021. Minimum payments under operating leases, net of sublease rental income, are presented in the contractual obligations table above.

Committed capital expenditures represent obligations we have related to property, plant and equipment purchases and include an outstanding commitment of $19.8 to purchase one corporate aircraft that is intended to replace an existing aircraft.

We define purchase obligations as non-cancelable signed contracts to purchase goods or services beyond the needs of meeting current backlog or production.

Other liabilities represent obligations for foreign exchange forward contracts.

Employee benefit obligations represent contributions and benefit payments expected to be made for our post-retirement, pension, deferred compensation, defined contribution, severance arrangements and variable compensation plans. Our obligations related to post-retirement benefit plans are not contractual and the plans could be amended at the discretion of the Compensation Committee of the Board of Directors. We limited our disclosure of contributions and benefit payments to 10 years as information beyond this time period was not available. See Note 13 to the consolidated financial statements for additional information.

The contractual obligations table above is current as of February 25, 2011. The amounts of these obligations could change materially over time as new contracts or obligations are initiated and existing contracts or obligations are terminated or modified.

Liquidity Facilities

Our total liquidity facilities as of February 25, 2011 were:

Liquidity Facilities		February 25, 2011
Global committed bank facility	$	125.0
Various uncommitted lines		43.8
Total credit lines available		168.8
Less:		
Borrowings outstanding		3.1
Available capacity	$	165.7

Our $125 global committed, syndicated credit facility expires in Q4 2013. As of February 25, 2011, there were no borrowings outstanding under the facility. The facility requires us to satisfy financial covenants including a maximum leverage ratio covenant and a minimum interest coverage ratio covenant. Additionally, the facility requires us to comply with certain other terms and conditions, including a restricted payment covenant which establishes a maximum level of dividends and/or other equity-related distributions or payments (such as share repurchases) we may make in a fiscal year. As of February 25, 2011, we were in compliance with all covenants under the facility. See Note 12 to the consolidated financial statements for additional information.

The various uncommitted lines may be changed or cancelled by the banks at any time. Outstanding borrowings on uncommitted facilities of $3.0 as of February 25, 2011 were primarily related to short-term liquidity management within our International segment. In addition, we have a revolving letter of credit agreement for $15.5 of which $14.5 was utilized primarily related to our self-insured workers compensation programs as of February 25, 2011. There were no draws on our standby letters of credit during 2011. See Note 12 to the consolidated financial statements for additional information.

Total consolidated debt as of February 25, 2011 was $546.8. Our debt primarily consists of $249.9 in term notes due in Q2 2012 (2012 Notes) with an effective interest rate of 6.3% and $249.9 in term notes due in Q4 2021 (2021 Notes) with an effective interest rate of 6.6%. The 2012 Notes are classified as short-term in the Consolidated Balance Sheets as they are due within one year. The 2021 Notes were issued in Q4 2011, and the proceeds of the notes have been invested in short-term investments. It is our intention to use these funds and other available cash on hand to pay off the 2012 Notes when they come due. In addition, we have a $43.1 term loan due in Q2 2017 at a floating interest rate based on 30-day LIBOR plus 3.35%. The term notes are unsecured, the term loan is secured by our two corporate aircraft, and neither the term notes nor the term loan contain financial covenants or are cross-defaulted to other debt facilities. See Note 12 to the consolidated financial statements for additional information.

Liquidity Outlook

Our current cash and cash equivalents and short-term investment balances, funds available from COLI, funds available under our credit facilities and cash generated from future operations are expected to be sufficient to finance our known or foreseeable liquidity needs. We believe there are indicators that most geographies and markets around the world have emerged from the adverse impacts of the global economic recession, although the strength and continuity of the economic recovery remain uncertain which may continue to challenge our level of cash generation from operations. We continue to maintain a conservative approach to liquidity and maintain flexibility over significant uses of cash including our capital expenditures and discretionary operating expenses.

It is our current intention to repay the 2012 Notes at or before maturity with the proceeds from the 2021 Notes and other available cash on hand. Our other significant funding requirements include operating expenses, non-cancelable operating lease obligations, capital expenditures, variable compensation and retirement plan contributions, dividend payments and debt service obligations.

We expect capital expenditures to total approximately $70 in 2012 compared to $46 in 2011. This amount includes progress payments associated with a replacement corporate aircraft totaling $20 and approximately $10 in spending on corporate facilities as a result of campus consolidation. We closely manage capital spending to ensure we are making investments that we believe will sustain our business and preserve our ability to introduce innovative new products.

In Q4 2011, we announced our intention to close three additional manufacturing facilities in North America as part of our ongoing efforts to improve the fitness of our business and strengthen the Company s long-term competitiveness. We estimate the cash restructuring costs associated with these actions will be approximately $45 to be paid over the next 18 months related to workforce reductions and costs associated with manufacturing consolidation and production moves. We anticipate annualized savings from these actions to be approximately $35 when fully implemented in 2013.

On March 23, 2011, we announced a quarterly dividend on our common stock of $0.06 per share, or $7.9 to be paid in Q1 2012. Future dividends will be subject to approval by our Board of Directors.

Critical Accounting Estimates

Management s Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements and accompanying notes. Our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. These principles require the use of estimates and assumptions that affect amounts reported and disclosed in the consolidated financial statements and accompanying notes. Although these estimates are based on historical data and management s knowledge of current events and actions it may undertake in the future, actual results may differ from the estimates if different conditions occur. The accounting estimates that typically involve a higher degree of judgment and complexity are listed and explained below. These estimates were discussed with the Audit Committee of the Board of Directors and affect all segments of the Company.

Goodwill and Other Intangible Assets

Goodwill represents the difference between the purchase price and the related underlying tangible and identifiable intangible net asset values resulting from business acquisitions. Annually in Q4, or earlier if conditions indicate it is necessary, the carrying value of the reporting unit is compared to an estimate of its fair value. If the estimated fair value of the reporting unit is less than the carrying value, goodwill is impaired and is written down to its estimated fair value. Goodwill is assigned to and the fair value is tested at the reporting unit level. We evaluated goodwill and intangible assets using six reporting units where goodwill is recorded specifically, North America; Europe and Asia Pacific within the International segment; and Coalesse, Designtex and PolyVision within the Other category.

Annually in Q4, or earlier if conditions indicate it is necessary, we perform an impairment analysis of our intangible assets not subject to amortization using an income approach based on the cash flows attributable to the related products. We also perform an impairment analysis of our intangible assets subject to amortization during interim periods upon the occurrence of certain events or changes in circumstance. An impairment loss is recognized if the carrying amount of a long-lived asset exceeds its fair value. In testing for impairment, we first determine if the asset is recoverable and then compare the discounted cash flows over the asset s remaining life to the carrying value.

As of February 25, 2011, we had $174.8 of goodwill and $21.7 of net intangible assets recorded on our Consolidated Balance Sheets as follows:

Reportable Segment	Goodwill		Other Intangible Assets, Net	
North America	$	57.9	$	9.6
International		49.6		3.1
Other category		67.3		9.0
Total	$	174.8	$	21.7

During Q4 2011, we performed our annual impairment assessment of goodwill in our reporting units. In the first step to test for potential impairment, we measured the estimated fair value of our reporting units using a discounted cash flow valuation (DCF) method and reconciled the fair value of our reporting units to the sum of our total market capitalization plus a control premium (our adjusted market capitalization). The control premium represents an estimate associated with obtaining control of the company in an acquisition of the outstanding shares of Class A Common Stock and Class B Common Stock. The DCF analysis used the present value of projected cash flows and a residual value. Considerable management judgment is necessary to evaluate the impact of operating changes and to estimate future cash flows in measuring fair value. Assumptions used in our impairment valuations, such as forecasted growth rates and cost of capital, are consistent with our current internal projections.

As part of the reconciliation to our adjusted market capitalization, we made adjustments to the estimated future cash flows, as well as the discount rates used in calculating the estimated fair value of the reporting units. The discount rates ranged from 10.5% to 13.0%. Due to the subjective nature of this reconciliation process, these assumptions could change over time, which may result in future impairment charges.

As of the valuation date, the enterprise value available for goodwill determined by each method described above is in excess of the underlying reported value of goodwill as follows:

Reportable Segment	Enterprise Value Available in Excess of Goodwill	
North America	$	377.0
International		355.0
Other category		121.0

For each reporting unit, the excess enterprise value available for goodwill is primarily driven by the residual value of future years. Thus, increasing the discount rate by 1%, leaving all other assumptions unchanged, would reduce the enterprise value in excess of goodwill to the following amounts:

Reportable Segment	Enterprise Value Available in Excess of Goodwill	
North America	$	263.0
International		277.0

Other category	98.0

Based on the sensitivity analysis above, no reporting units would have had goodwill balances in excess of enterprise value available for goodwill.

See Note 2 and Note 10 to the consolidated financial statements for additional information.

Income Taxes

Our annual effective tax rate is based on income, statutory tax rates and tax planning strategies available in various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating tax positions. Tax positions are reviewed quarterly and balances are adjusted as new information becomes available.

We are audited by the U.S. Internal Revenue Service under the Compliance Assurance Process (CAP). Under CAP, the U.S. Internal Revenue Service works with large business taxpayers to identify and resolve issues prior to the filing of a tax return. Accordingly, we expect to record minimal liabilities for U.S. Federal uncertain tax positions. Tax positions are reviewed regularly for state, local and non-U.S. tax liabilities associated with uncertain tax positions. Our liability for uncertain tax positions in these jurisdictions is $0.1.

Deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. These assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to reverse. In evaluating our ability to recover deferred tax assets within the jurisdiction from which they arise, we consider all positive and negative evidence. These assumptions require significant judgment and are developed using forecasts of future taxable income that are consistent with the internal plans and estimates we are using to manage the underlying business.

Future tax benefits of tax loss and credit carryforwards are recognized to the extent that realization of these benefits is considered more likely than not. As of February 25, 2011, we estimate a potential tax benefit from the operating loss carryforwards before valuation allowances of $96.1, but we have recorded a valuation allowance of $32.6, which reduced our realized tax benefit to $63.5. Additionally, we have recognized tax benefits from tax credit carryforwards of $35.1. It is considered more likely than not that a combined benefit of $98.6 will be realized on these carryforwards in future periods. This determination is based on the expectation that related operations will be sufficiently profitable or various tax, business and other planning strategies will enable us to utilize the carryforwards. To the extent that available evidence raises doubt about the realization of a deferred tax asset, a valuation allowance is established.

As of February 25, 2011, we have recorded a partial valuation allowance of $27.8 on certain net operating loss carryforwards of $76.6. These carryforward benefits relate to jurisdictions that allow indefinite carryforward periods and in which we have reported cumulative operating losses in the most recent three years. Our judgment regarding the utilization of these net operating losses is based on our conclusion that we have sufficient evidence that it is more likely than not that we will generate future taxable income in these jurisdictions. The key factors that we considered in our analysis included the impact of restructuring activities and tax planning strategies, as well as the impact of the cyclical nature of our business on future sales levels. Our judgment related to the realization of the deferred tax assets is based on current and expected market conditions and could change in the event market conditions and our profitability in these jurisdictions differ significantly from our current estimates.

A 10% decrease in the expected amount of benefit to be realized on the carryforwards would have resulted in a decrease in net income for 2011 of approximately $10.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. In March 2010, the U.S. enacted significant healthcare reform legislation for tax years beginning after December 31, 2012. This legislation effectively changes the tax treatment of the federal subsidies received by employers who provide certain prescription drug benefits for retirees (the Medicare Part D subsidy). We are required to recognize the impact of the tax law change in the period in which the law is enacted. In Q1 2011, we recognized a reduction in deferred tax assets related to the Medicare Part D subsidy with an offsetting increase in income tax expense of $11.4. We are not aware of any other such tax law or rate changes that would have a material effect on our results of operations, cash flows or financial position.

See Note 15 to the consolidated financial statements for additional information.

Pension and Other Post-Retirement Benefits

The Company sponsors a number of domestic and foreign plans to provide pension, medical and life insurance benefits to retired employees. As of February 25, 2011 and February 26, 2010, the benefit obligations, fair value of plan assets and funded status of these plans are as follows:

	Defined Benefit Pension Plans		Post-Retirement Plans	
	February 25, 2011	**February 26, 2010**	**February 25, 2011**	**February 26, 2010**
Benefit plan obligations	$ 87.3	$ 83.0	$ 110.5	$ 131.8
Fair value of plan assets	50.2	44.7		
Funded status	$ (37.1)	$ (38.3)	$ (110.5)	$ (131.8)

The post-retirement medical and life insurance plans are unfunded, but our investments in whole life COLI policies are intended to be utilized as a long-term funding source for these benefit obligations. The asset values of the whole life COLI policies are not segregated in a trust specifically for the plans, thus are not considered plan assets. Changes in the values of these policies have no effect on the post-retirement benefits expense or benefit obligations recorded in the consolidated financial statements.

As of February 25, 2011, approximately 75% of our unfunded defined benefit pension obligations related to our non-qualified supplemental retirement plan that is limited to a select group of management approved by the Compensation Committee. This plan is unfunded, but our investments in whole life COLI policies are intended to be utilized as a long-term funding source for these benefit obligations. The asset values of the whole life COLI policies are not segregated in a trust specifically for the plan, thus are not considered plan assets. Changes in the values of these policies have no effect on the defined benefit pension expense or benefit obligations recorded in the consolidated financial statements.

We recognize the cost of benefits provided during retirement over the employees active working lives. Inherent in this approach is the requirement to use various actuarial assumptions to predict and measure costs and obligations many years prior to the settlement date. Key actuarial assumptions that require significant management judgment and have a material impact on the measurement of our consolidated benefits expense and benefit obligations include, among others, the discount rate and health cost trend rates. These assumptions are reviewed with our actuaries and updated annually based on relevant external and internal factors and information, including, but not limited to, benefit payments, expenses paid from the fund, rates of termination, medical inflation, technology and quality care changes, regulatory requirements, plan changes and governmental coverage changes.

To conduct our annual review of discount rates, we perform a matching exercise of projected plan cash flows against spot rates on a yield curve comprised of high quality corporate bonds as of the measurement date (Ryan ALM 45/95 curve) with a primary focus for our domestic plans. The measurement dates for our retiree benefit plans are consistent with our fiscal year-end. Accordingly, we select discount rates to measure our benefit obligations that are consistent with market indices at the end of each year.

Based on consolidated benefit obligations as of February 25, 2011, a one percentage point decline in the weighted-average discount rate used for benefit plan measurement purposes would have changed the 2011 consolidated benefits expense by less than $1 and changed the consolidated benefit obligations by approximately $17.

All obligation-related experience gains and losses are amortized using a straight-line method over the average remaining service period of active plan participants.

To conduct our annual review of healthcare cost trend rates, we model our actual claims cost data over a historical period, including an analysis of pre-65 versus post-65 age groups and other important demographic components of our covered retiree population. This data is adjusted to eliminate the impact of plan changes and other factors that would tend to distort the underlying cost inflation trends. Our initial healthcare cost trend rate is reviewed annually and adjusted as necessary to remain consistent with recent historical experience and our expectations regarding short-term future trends. As of

February 25, 2011, our initial rates of 8.58% for pre-age 65 retirees and 6.86% for post-age 65 retirees were trended downward by each year, until the ultimate trend rate of 4.5% is reached. The ultimate trend rate is adjusted annually, as necessary, to approximate the current economic view on the rate of long-term inflation plus an appropriate healthcare cost premium.

Based on consolidated benefit obligations as of February 25, 2011, a one percentage point increase or decrease in the assumed healthcare cost trend rates would have changed the 2011 consolidated benefits expense by less than $1 and changed the consolidated benefit obligations by approximately $2. All experience gains and losses are amortized using a straight-line method, over at least the minimum amortization period prescribed by accounting guidance.

Despite the previously described policies for selecting key actuarial assumptions, we periodically experience material differences between assumed and actual experience. As of February 25, 2011, we had consolidated unamortized prior service credits and net experience gains of $22.9, as compared to $7.0 as of February 26, 2010, recorded in *Accumulated other comprehensive income (loss)* on the Consolidated Balance Sheets.

See Note 13 to the consolidated financial statements for additional information.

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 discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to us, based on current beliefs of management as well as assumptions made by, and information currently available to, us. Forward-looking statements generally are accompanied by words such as anticipate, believe, could, estimate, exp forecast, intend, may, possible, potential, predict, project, or other similar words, phrases or expressions. A believe these forward-looking statements are reasonable, they are based upon a number of assumptions concerning future conditions, any or all of which may ultimately prove to be inaccurate. 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; changes in raw materials and commodity costs; currency fluctuations; changes in customer demands; and the other risks and contingencies detailed in this Report 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.

Recently Issued Accounting Standards

See Note 3 to the consolidated financial statements for information regarding recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk:

We are exposed to market risks from foreign currency exchange, interest rates, commodity prices and fixed income and equity prices, which could affect our operating results, financial position and cash flows.

Foreign Currency Exchange Risk

We are exposed to foreign currency exchange rate risk primarily on sales commitments, anticipated sales and purchases and assets and liabilities denominated in currencies other than the U.S. dollar. We transact business in 16 primary currencies worldwide, of which the most significant in 2011 were the

euro, the Canadian dollar and the pound sterling. Revenue from foreign locations represented approximately 38% of our consolidated revenue in 2011, 36% in 2010 and 37% in 2009. We actively manage the foreign currency exposures that are associated with committed foreign currency purchases and sales created in the normal course of business at the local entity level. Exposures that cannot be naturally offset within a local entity to an immaterial amount are often hedged with foreign currency derivatives or netted with offsetting exposures at other entities. Our results are affected by the strength of the currencies in countries where we manufacture or purchase goods relative to the strength of the currencies in countries where our products are sold.

We estimate that an additional 10% strengthening of the U.S. dollar against local currencies would have decreased operating income by approximately $2 in 2011, assuming no changes other than the exchange rate itself. However, this quantitative measure has inherent limitations. The sensitivity analysis disregards the possibility that rates can move in opposite directions and that gains from one currency may or may not be offset by losses from another currency.

The translation of the assets and liabilities of our international subsidiaries is made using the foreign currency exchange rates as of the end of the fiscal year. Translation adjustments are not included in determining net income but are disclosed in *Accumulated other comprehensive income (loss)* within shareholders equity on the Consolidated Balance Sheets until a sale or substantially complete liquidation of the net investment in the international subsidiary takes place. In certain markets, we could recognize a significant gain or loss related to unrealized cumulative translation adjustments if we were to exit the market and liquidate our net investment. As of February 25, 2011, the cumulative net currency translation adjustments reduced shareholders equity by $18.6.

Foreign currency exchange gains and losses reflect transaction gains and losses, which arise from monetary assets and liabilities denominated in currencies other than a business unit s functional currency. For 2011, net transaction losses were $1.2.

See Note 2 to the consolidated financial statements for additional information.

Interest Rate Risk

We are exposed to interest rate risk primarily on our short-term and long-term investments and short-term and long-term borrowings. Our short-term investments are primarily invested in U.S. agency debt securities, U.S. government debt securities and corporate debt securities. Additionally we held $16.7 investments in auction rate securities and Canadian $5.0 par asset-backed commercial paper restructuring notes as of February 25, 2011, which are classified as long-term investments as no liquid markets currently exist for these securities. The risk on our short-term and long-term borrowings is primarily related to a $43.1 loan, which bears a floating interest rate based on 30-day LIBOR plus 3.35%.

We estimate a 1% increase in interest rates would not have a material impact on our results of operations or financial condition, as we expect the higher interest expense would be offset by an increase in interest income on our investments. Significant changes in interest rates could have an impact on the market value of our managed fixed-income investment portfolio. However, as of February 25, 2011, approximately 80% of our fixed-income investments mature within one year, approximately 10% in two years and approximately 10% in three to five years, which mitigates the impact that interest rate changes would have on the market value of these investments. Accordingly, we believe that any change in interest rates would not have a material impact on our results of operations or financial condition. This quantitative measure has inherent limitations since not all of our investments are in similar asset classes. In addition, our investment manager actively manages certain investments, thus our results could be better or worse than market returns.

See Note 6 and Note 12 to the consolidated financial statements for additional information.

Commodity Price Risk

We are exposed to commodity price risk primarily on our raw materials inventory. These raw materials are not rare or unique to our industry. The cost of steel, aluminum, other metals, wood, particleboard, petroleum-based products and other commodities, such as fuel and energy, has fluctuated significantly in recent years due to changes in global supply and demand. Our gross margins could be affected if these types of costs continue to fluctuate. We actively manage these raw material costs through global sourcing initiatives and price increases on our products. However, in the short-term, rapid increases in raw material costs can be very difficult to offset with price increases because of contractual agreements with our customers, and it is difficult to find effective financial instruments to hedge against such changes.

As a result of changes in commodity costs, cost of sales increased approximately $10 during 2011. We estimate that a 1% increase in commodity prices, assuming no offsetting benefit of price increases, would have decreased our operating income by approximately $9 in 2011.

Fixed Income and Equity Price Risk

We are exposed to fixed income and equity price risk primarily on the cash surrender value associated with our investments in variable life COLI policies. During 2010 and 2009, our results of operations were significantly impacted by net returns in cash surrender value, normal insurance expenses and any death benefit gains (COLI income) related to our investments in variable life COLI policies. We recognized non-taxable income of $33.1 in 2010 and non-tax deductible losses of $41.1 in 2009 related to variable life COLI income in *Operating income* on the Consolidated Statements of Operations. In Q1 2011, we began considering our investments in variable life COLI policies to be primarily a source of corporate liquidity. Accordingly, we set the allocation of our investments in variable life COLI policies to a more conservative profile with a heavier weighting to fixed income securities, and we began recognizing variable life COLI income in *Investment income* on the Consolidated Statements of Operations. See Note 9 to the consolidated financial statements for additional information.

We estimate a 10% adverse change in the value of the equity portion of our variable life COLI investments would have reduced our net income by approximately $2 in 2011. We estimate that the risk of changes in the value of the variable life COLI investments due to other factors, including changes in interest rates, yield curve and portfolio duration, would not have a material impact on our results of operations or financial condition. This quantitative measure has inherent limitations since not all of our investments are in similar asset classes. In addition, our investment manager actively manages certain investments, thus our results could be better or worse than market returns.

See Note 6 and Note 9 to the consolidated financial statements for additional information.

Item 8. Financial Statements and Supplementary Data:

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures are being made only in accordance with authorizations of management and the Board of Directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

Management assessed the effectiveness of the system of internal control over financial reporting based on the framework in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management determined that our system of internal control over financial reporting was effective as of February 25, 2011.

Deloitte & Touche LLP, the independent registered certified public accounting firm that audited our financial statements included in this annual report on Form 10-K, also audited the effectiveness of our internal control over financial reporting, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
STEELCASE INC.
GRAND RAPIDS, MICHIGAN

We have audited the internal control over financial reporting of Steelcase Inc. and subsidiaries (the Company) as of February 25, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel 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. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 25, 2011, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying consolidated financial statements and financial statement schedule listed in the Index at

Item 15 as of and for the year ended February 25, 2011 of the Company and our report dated April 25, 2011 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP

Grand Rapids, Michigan
April 25, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
STEELCASE INC.
GRAND RAPIDS, MICHIGAN

We have audited the accompanying consolidated balance sheets of Steelcase Inc. and subsidiaries (the Company) as of February 25, 2011 and February 26, 2010, and the related consolidated statements of operations, changes in shareholders equity, and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Steelcase Inc. and subsidiaries at February 25, 2011 and February 26, 2010 and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of February 25, 2011, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 25, 2011 expressed an unqualified opinion on the Company s internal control over financial reporting.

/s/ Deloitte & Touche LLP
DELOITTE & TOUCHE LLP

Grand Rapids, Michigan
April 25, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

STEELCASE INC.
GRAND RAPIDS, MICHIGAN

We have audited the accompanying consolidated statements of operations, changes in shareholders equity and cash flows of Steelcase Inc. for the year ended February 27, 2009. In connection with our audit of the financial statements, we have also audited the financial statement schedule for the year ended February 27, 2009 as listed in Item 15(a). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of its operations and its cash flows for the year ended February 27, 2009**,** in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule for the year ended February 27, 2009, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ BDO USA, LLP
BDO USA, LLP
(formerly known as BDO Seidman, LLP)

Grand Rapids, Michigan
April 23, 2009

STEELCASE INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)

	Year Ended February 25, 2011	February 26, 2010	February 27, 2009
Revenue	$ 2,437.1	$ 2,291.7	$ 3,183.7
Cost of sales	1,693.8	1,619.9	2,236.7
Restructuring costs	25.8	22.0	23.9
Gross profit	717.5	649.8	923.1
Operating expenses	661.2	648.4	842.9
Goodwill and intangible assets impairment charges			65.2
Restructuring costs	4.8	12.9	14.0
Operating income (loss)	51.5	(11.5)	1.0
Interest expense	(19.3)	(18.2)	(17.0)
Investment income	14.0	3.1	5.8
Other income (expense), net	5.2	(4.5)	1.4
Income (loss) before income tax expense (benefit)	51.4	(31.1)	(8.8)
Income tax expense (benefit)	31.0	(17.5)	2.9
Net income (loss)	$ 20.4	$ (13.6)	$ (11.7)
Earnings per share:			
Basic	$ 0.15	$ (0.10)	$ (0.09)
Diluted	$ 0.15	$ (0.10)	$ (0.09)

See accompanying notes to the consolidated financial statements.

STEELCASE INC.

CONSOLIDATED BALANCE SHEETS
(in millions, except share data)

	February 25, 2011	February 26, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 142.2	$ 111.1
Short-term investments	350.8	68.2
Accounts receivable, net of allowances of $23.1 and $20.6	271.0	242.5
Inventories	127.1	98.4
Deferred income taxes	58.0	49.6
Prepaid expenses	17.6	16.0
Other current assets	45.6	49.7
Total current assets	1,012.3	635.5
Property, plant and equipment, net of accumulated depreciation of $1,228.1 and $1,309.9	345.8	415.7
Company-owned life insurance	223.1	209.6
Deferred income taxes	132.2	144.5
Goodwill	174.8	183.8
Other intangible assets, net of accumulated amortization of $58.7 and $56.8	21.7	25.0
Investments in unconsolidated affiliates	45.2	24.3
Other assets	41.4	38.8
Total assets	$ 1,996.5	$ 1,677.2
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 195.0	$ 159.2
Short-term borrowings and current portion of long-term debt	255.5	7.4
Accrued expenses:		
Employee compensation	136.3	99.1
Customer deposits	18.0	23.3
Product warranties	17.3	15.0
Employee benefit plan obligations	15.5	16.7
Other	99.2	91.9
Total current liabilities	736.8	412.6
Long-term liabilities:		
Long-term debt less current maturities	291.3	293.4
Employee benefit plan obligations	170.0	189.5
Other long-term liabilities	80.0	84.1

Total long-term liabilities		541.3		567.0
Total liabilities		1,278.1		979.6
Shareholders equity:				
Preferred Stock-no par value; 50,000,000 shares authorized, none issued and outstanding				
Class A Common Stock-no par value; 475,000,000 shares authorized, 88,009,433 and 80,360,130 issued and outstanding		48.5		57.0
Class B Common Stock-no par value; 475,000,000 shares authorized, 44,225,135 and 52,603,081 issued and outstanding				
Additional paid-in capital		20.2		8.2
Accumulated other comprehensive income (loss)		0.6		(17.9)
Retained earnings		649.1		650.3
Total shareholders equity		718.4		697.6
Total liabilities and shareholders equity	$	1,996.5	$	1,677.2

See accompanying notes to the consolidated financial statements.

STEELCASE INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY
(in millions, except share and per share data)

	Common Shares Outstanding	Class A Common Stock	Class B Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders Equity	Total Comprehensive Income (Loss)
February 29, 2008	138,649,778	$ 114.7	$	$ 5.0	$ 17.4	$ 773.8	$ 910.9	$ 151.9
Common stock issuance	47,591	0.5					0.5	
Common stock repurchases	(5,145,354)	(59.2)					(59.2)	
Tax effect of exercise of stock awards		0.4					0.4	
Restricted stock unit issuance				1.6			1.6	
Restricted stock expense	(3,984)	0.5					0.5	
Restricted stock units converted to common stock	127,254	1.3		(1.3)				
Performance shares converted to common stock, restricted stock and restricted stock units	126,036	1.6		(1.6)				
Performance share, performance units and restricted stock units expense				1.0			1.0	
Other comprehensive loss					(39.9)		(39.9)	(39.9)
Dividends paid ($0.53 per share)						(71.3)	(71.3)	
Net loss						(11.7)	(11.7)	(11.7)
February 27, 2009	133,801,321	$ 59.8	$	$ 4.7	$ (22.5)	$ 690.8	$ 732.8	$ (51.6)
Common stock issuance	44,346	0.2					0.2	

Common stock repurchases	(1,060,743)	(4.6)					(4.6)	
Tax effect of exercise of stock awards		(1.0)					(1.0)	
Stock compensation related to IDEO ownership transition				0.3			0.3	
Restricted stock expense		0.3					0.3	
Restricted stock units converted to common stock	144,595	1.6		(1.6)				
Performance shares converted to common stock, restricted stock and restricted stock units	33,692	0.7		(0.7)				
Performance share, performance units and restricted stock units expense				5.5			5.5	
Other comprehensive income					4.6		4.6	4.6
Dividends paid ($0.20 per share)						(26.9)	(26.9)	
Net loss						(13.6)	(13.6)	(13.6)
February 26, 2010	132,963,211	$ 57.0	$	$ 8.2	$ (17.9)	$ 650.3	$ 697.6	$ (9.0)
Common stock issuance	41,720	0.3					0.3	
Common stock repurchases	(1,001,590)	(10.8)					(10.8)	
Tax effect of exercise of stock awards				0.4			0.4	
Stock compensation related to IDEO ownership transition				6.5			6.5	
Restricted stock expense		0.1					0.1	
Restricted stock units converted to common stock	231,227	1.9		(1.9)				

Performance share, performance units and restricted stock units expense				7.0			7.0	
Other comprehensive income					18.5		18.5	18.5
Dividends paid ($0.16 per share)						(21.6)	(21.6)	
Net income						20.4	20.4	20.4
February 25, 2011	132,234,568	$ 48.5	$	$ 20.2	$ 0.6	$ 649.1	$ 718.4	$ 38.9

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STEELCASE INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended		
	February 25, 2011	**February 26, 2010**	**February 27, 2009**
OPERATING ACTIVITIES			
Net income (loss)	$ 20.4	$ (13.6)	$ (11.7)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Depreciation and amortization	64.4	74.2	87.3
Goodwill and intangible assets impairment charges			65.2
Changes in cash surrender value of COLI	(13.5)	(38.0)	39.0
(Gain) loss on disposal of fixed assets	(5.7)	3.4	10.7
Gain from IDEO ownership transition	(13.2)		
Deferred income taxes	11.3	(18.2)	(4.8)
Pension and post-retirement benefit cost	4.0	5.9	5.7
Restructuring charges (payments), net	16.7	(5.8)	11.0
Excess tax expense (benefit) from vesting of stock awards	(0.4)	1.0	(0.4)
Other	1.3	1.0	(1.8)
Changes in operating assets and liabilities, net of acquisitions, divestures, and deconsolidations:			
Accounts receivable	(65.2)	44.7	70.2
Inventories	(28.5)	33.9	3.6
Other assets	10.9	2.5	(8.1)
Accounts payable	34.2	(16.7)	(50.0)
Employee compensation	41.7	(62.0)	(52.5)
Employee benefit obligations	(23.0)	(3.7)	(22.7)
Accrued expenses and other liabilities	17.3	(19.5)	(36.5)
Net cash provided by (used in) operating activities	72.7	(10.9)	104.2
INVESTING ACTIVITIES			
Capital expenditures	(46.0)	(35.2)	(83.0)
Proceeds from disposal of fixed assets	44.9	9.4	4.9
Purchases of investments	(335.4)	(4.7)	(25.6)
Liquidations of investments	59.0	15.6	10.4
Proceeds from IDEO ownership transition	29.8		
Business divestitures			17.5
Other	(6.6)	4.9	14.7
Net cash used in investing activities	(254.3)	(10.0)	(61.1)
FINANCING ACTIVITIES			
Dividends paid	(21.6)	(26.9)	(71.3)
Common stock repurchases	(10.8)	(4.6)	(59.2)

Common stock issuance						0.5
Excess tax (expense) benefit from vesting of stock awards		0.4		(1.0)		0.4
Borrowings of long-term debt, net of issuance costs		247.4		47.0		1.1
Repayments of long-term debt		(2.8)		(2.2)		(4.5)
Borrowings of lines of credit		0.2		4.2		2.9
Repayments of lines of credit		(1.7)		(3.5)		(2.1)
Net cash provided by (used in) financing activities		211.1		13.0		(132.2)
Effect of exchange rate changes on cash and cash equivalents		1.6		1.4		(7.2)
Net increase (decrease) in cash and cash equivalents		31.1		(6.5)		(96.3)
Cash and cash equivalents, beginning of year		111.1		117.6		213.9
Cash and cash equivalents, end of year	$	142.2	$	111.1	$	117.6
Supplemental Cash Flow Information:						
Income taxes paid, net of refunds received	$	(2.3)	$	9.1	$	16.7
Interest paid, net of amounts capitalized	$	17.7	$	17.7	$	17.2
Trade-in value received for existing corporate aircraft			$	18.5		
Final progress payment towards replacement corporate aircraft				(13.5)		
Deposit towards future replacement corporate aircraft				(1.0)		
Proceeds from trade-in of corporate aircraft			$	4.0		

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STEELCASE INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS