

STEELCASE INC  
Form DEF 14A  
May 20, 2005

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**OMB APPROVAL**

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**STEELCASE INC.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
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**STEELCASE INC.  
901 44th Street SE  
Grand Rapids, Michigan 49508**

The Board of Directors of Steelcase Inc. cordially invites all shareholders to attend the Company's 2005 Annual Meeting as follows:

**NOTICE OF ANNUAL MEETING**

Date: June 23, 2005  
Time: 11:00 a.m. Eastern Daylight Time  
Location: Steelcase Town Hall  
1111 44th Street SE  
Grand Rapids, Michigan 49508

The Annual Meeting is being held to allow you to vote on any matter properly brought before the shareholders, including the following proposal for the election of directors nominated to a three-year term by the Board of Directors:

Earl D. Holton  
Michael J. Jandernoa  
Peter M. Wege II  
Kate Pew Wolters

If you were a shareholder of record as of the close of business on April 27, 2005, you are eligible to vote. You may either vote at the meeting or by proxy, which allows your shares to be voted at the meeting even if you are not able to attend. If you choose to vote by proxy:

Please carefully review the enclosed proxy statement and proxy card.

Select your preferred method of voting, including by telephone, Internet or signing and mailing the proxy card.

You can withdraw your proxy and vote your shares at the meeting if you decide to do so. Every vote is important and you are urged to vote your shares as soon as possible. We look forward to seeing you at the meeting.

By Order of the Board of Directors,

Jon D. Botsford  
Senior Vice President, Secretary  
and Chief Legal Officer

May 20, 2005

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**PROXY STATEMENT**

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**QUESTIONS AND ANSWERS**

***What am I voting on?***

The election of nominees to serve on our Board of Directors and any other business properly coming before the 2005 Annual Meeting of Shareholders (the Meeting ).

***How does the Board of Directors recommend I vote?***

The Board of Directors recommends that you vote FOR each of the nominees for director listed on pages 5 and 6.

***Who is entitled to vote?***

Shareholders of record of Class A Common Stock or Class B Common Stock at the close of business on April 27, 2005 may vote at the Meeting.

***How many shares can be voted at the Meeting?***

As of the close of business on April 27, 2005 there were 64,181,028 shares of Class A Common Stock and 84,688,191 shares of Class B Common Stock outstanding.

***How many votes do I have?***

Each shareholder has one vote per share of Class A Common Stock and ten votes per share of Class B Common Stock owned of record at the close of business on April 27, 2005.

***How do I vote?***

If you are a registered shareholder (that is, if you hold your Steelcase stock directly in your name), you may vote by telephone, Internet, mail or by attending the Meeting and voting in person.

**To vote by telephone or Internet:** Please follow the instructions on the proxy card. The deadline for voting by telephone or Internet is 11:59 p.m. Eastern Daylight Time on June 22, 2005.

**To vote by mail:** Please complete, sign and date the accompanying proxy card and return it in the enclosed postage-paid envelope. Only cards received and processed before 11:00 a.m. Eastern Daylight Time on June 23, 2005 will be voted.

If you hold your stock in street name (that is, your shares are registered in the name of a bank, broker or other nominee, which we will collectively refer to as your broker ), you must vote your shares in the manner required by your broker.

Whether you vote by telephone, Internet or mail, you may specify whether your shares should be voted for all, some or none of the nominees for director.

If you do not specify a choice and you use the enclosed proxy card, your shares will be voted FOR the election of all nominees for director listed under *Proposal Requiring your Vote Election of Directors*.

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If you do not specify a choice and you use a ballot card supplied by your broker, the rules of the New York Stock Exchange ( NYSE ) provide that your broker can vote as they wish on the election of nominees for director.

***What should I do if I received more than one proxy card?***

If you received more than one proxy card, it is likely that your shares are registered differently or are in more than one account. You should sign and return all proxy cards to ensure all of your shares are voted.

***How will voting on any other business be conducted?***

For any other matter that properly comes before the Meeting, your shares will be voted in the discretion of the proxy holders. As of April 27, 2005, we do not know of any other matter to be considered at the Meeting.

***Can I revoke my proxy?***

If you appoint a proxy, you may revoke it at any time before it is exercised by notifying the Company's Secretary in writing, by delivering a later dated proxy to the Company's Secretary or by attending the Meeting and voting in person.

***Who can attend the Meeting?***

Shareholders of record of Class A Common Stock or Class B Common Stock.

***Can I listen to the Meeting if I cannot attend?***

You can listen to a live webcast of the Meeting on the Internet. Instructions for listening to this webcast will be available on the Webcasts & Presentations page of the Investors section of [www.steelcase.com](http://www.steelcase.com) approximately one week before the Meeting. An audio replay of the Meeting will be available within two hours after the Meeting and until September 23, 2005.

***When and how are shareholder proposals for next year's Annual Meeting to be submitted?***

We must receive shareholder proposals submitted for inclusion in our proxy statement for the 2006 Meeting of Shareholders by January 20, 2006. Shareholder proposals to be presented from the floor of the Shareholders Meeting must be received no earlier than March 25, 2006 and no later than April 14, 2006. All shareholder proposals must be sent in the manner and meet the requirements specified in our amended bylaws.

***What if multiple shareholders have the same address?***

We will send a single copy of the annual report and proxy statement to any household at which two or more shareholders reside if they appear to be members of the same family. This practice is known as householding and helps reduce our printing and postage costs. Any shareholder residing at such an address who wishes to receive a single document or separate documents can obtain them by calling (800) 542-1061 or writing to: ADP Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

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**PROPOSAL REQUIRING YOUR VOTE ELECTION OF DIRECTORS**

The current size of our Board of Directors is ten. The Board is divided into three classes serving staggered three-year terms.

There are four nominees for election this year. Each is nominated to serve as a Class I director for a term that will expire at the 2008 Annual Meeting.

Each of the nominees is currently a member of the Board of Directors, which met five times during fiscal year 2005 (February 28, 2004 – February 25, 2005). Each of our directors attended at least 75% of the board meetings and the meetings of committees on which they served during the year.

The Board of Directors recommends that you vote FOR each of the nominees.

**OUR BOARD OF DIRECTORS**

*Nominees for Election as Class I Directors for the Term Expiring in 2008:*

**Earl D. Holton**

**Director since 1998**

Mr. Holton served as Vice Chair and member of the Board of Directors of Meijer, Inc., a Grand Rapids, Michigan-based operator of food and general merchandise stores, from 1999 until his retirement in 2004. He also held a variety of other positions with Meijer, including President from 1980 until 1999. Mr. Holton also serves on the Board of Directors of CMS Energy Corporation and Consumers Energy Company, and has acted as the presiding director at executive sessions of those Boards since 2002. Age 71.

**Michael J. Jandernoa**

**Director since 2002**

Mr. Jandernoa began serving as a general partner of Bridge Street Capital Fund I, LP, a Grand Rapids, Michigan venture capital fund, in 2004. He served as Chair of the Board of Directors of Perrigo Company, a manufacturer of over-the-counter store brand pharmaceutical and nutritional products, from 1991 through 2003. Mr. Jandernoa also served in various executive capacities with Perrigo Company, including Chief Executive Officer from 1988 to 2000. He is also a director of Fifth Third Bank. Age 55.

**Peter M. Wege II**

**Director since 1979**

Mr. Wege has been Chair of the Board of Directors of Contract Pharmaceuticals Limited, a manufacturer and distributor of prescription and over-the-counter pharmaceuticals, since 2000. Mr. Wege has also served as President of Greylock, Inc., a venture capital firm, since 1990. From 1981 to 1989, he held various positions at Steelcase, including President of Steelcase Canada Ltd. Age 56.

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**Kate Pew Wolters**

**Director since 2001**

Ms. Wolters has been engaged in philanthropic activities since 1996. She is currently President of the Kate and Richard Wolters Foundation and is a community volunteer and advisor. She also serves as Chair of the Board of Trustees of the Steelcase Foundation. Age 47.

***Class II Directors Continuing in Office for the Term Expiring in 2006:***

**William P. Crawford**

**Director since 1979**

Mr. Crawford held various positions at Steelcase from 1979 until his retirement in 2000, including President and Chief Executive Officer of the Steelcase Design Partnership. Age 62.

**Elizabeth Valk Long**

**Director since 2001**

Ms. Long held various management positions at Time Inc., a magazine publisher, until her retirement in 2001. From 1995 to 2001 she was Executive Vice President of Time Inc. Ms. Long also serves on the Board of Directors of Belk, Inc., J.M. Smucker Company and Jefferson-Pilot Corporation. Age 55.

**Robert C. Pew III**

**Director since 1987**

Mr. Pew has been a private investor since 2004 and operated Cane Creek Farm from 1995 to 2003. From 1974 to 1984 and from 1988 to 1994, Mr. Pew held various positions at Steelcase, including President, Steelcase North America and Executive Vice President, Operations. Mr. Pew has also served as Chair of the Board of Directors of Steelcase Inc. since June 2003. Age 54.

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***Class III Directors Continuing in Office for the Term Expiring in 2007:***

**James P. Hackett**

**Director since 1994**

Mr. Hackett has been President and Chief Executive Officer of Steelcase since 1994. Mr. Hackett also serves as a member of the Board of Trustees of Northwestern Mutual Life Insurance Company and the Board of Directors of Fifth Third Bancorp. Age 50.

**David W. Joos**

**Director since 2001**

Mr. Joos has been President and Chief Executive Officer of CMS Energy Corporation, an energy company, and Chief Executive Officer of its primary electric utility, Consumers Energy, since 2004. Mr. Joos served as President and Chief Operating Officer from 2001 to 2004 and as Executive Vice President and Chief Operating Officer-Electric of CMS Energy Corporation from 2000 to 2001. Mr. Joos also held various positions with Consumers Energy, including President and Chief Executive Officer-Electric, from 1997 to 2000. Mr. Joos serves on the Board of Directors of CMS Energy Corporation and Consumers Energy Company. Age 52.

**P. Craig Welch, Jr.**

**Director since 1979**

Mr. Welch has been Manager of Honzo LLC, an investment/venture capital firm, since 1999. From 1987 to 1999, Mr. Welch was a venture capitalist. From 1967 to 1987, Mr. Welch held various positions at Steelcase, including Director of Information Services and Director of Production Inventory Control. Age 60.

***Related Directors***

Mr. Pew III and Ms. Wolters are brother and sister and are first cousins to Mr. Crawford and Mr. Welch, Jr., who are first cousins to each other.

***Chairman Emeritus***

The Board has designated former Steelcase director Robert C. Pew II as Chairman Emeritus. As Chairman Emeritus, Mr. Pew is invited to attend Board and committee meetings, but does not have voting rights and receives no retainer or other meeting fees.

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In fiscal year 2005, we compensated our directors as follows:

<b>Type of Compensation</b>	<b>Director</b>	<b>Board Chair</b>
Board Compensation:		
Annual Retainer	\$ 25,000	\$ 90,000
Meeting Attendance Fee (per meeting)	\$ 2,000	\$ 0
Committee Compensation:		
Audit Committee Chair Annual Retainer	\$ 7,500	\$ 0
Other Committee Chair Annual Retainer	\$ 3,500	\$ 0
Committee Chair Attendance Fee (per meeting)	\$ 1,500	\$ 0
Committee Attendance Fee (per meeting)	\$ 1,000	\$ 0

Directors receive a minimum of 25% of their annual Board retainer in either:

A deemed investment in Class A Common Stock under the Steelcase Inc.

Non-Employee Director Deferred Compensation Plan; or

Steelcase Inc. Class A Common Stock issued under the Steelcase Inc. Incentive Compensation Plan.

The stock or deemed investment is subject to the expectation that it will be held for the length of board service. Each director is also reimbursed for out-of-pocket expenses incurred to attend Board and committee meetings. Mr. Holton received an additional \$784 in taxable income arising from one occasion on which his spouse accompanied him to Grand Rapids, Michigan on the Company's corporate aircraft.

Mr. Hackett, as an employee, is not paid for his service as a director or committee member.

Directors serving on the board of an affiliate or a subsidiary are paid fees for their attendance at meetings. During fiscal year 2005, Mr. Wege II was paid \$3,000 and Mr. Crawford was paid \$4,500 for such service. Directors are also reimbursed for out-of-pocket expenses incurred to attend those meetings.

Each non-employee director is eligible to participate in the Steelcase Inc. Non-Employee Director Deferred Compensation Plan. Under this plan, directors may defer all or part of their retainer and/or committee fees until they no longer serve on our Board of Directors. A participating director may elect to have the deferred amount deemed as an investment in Class A Common Stock or invested in any of several investment funds.

Each director participates in the Steelcase Inc. Incentive Compensation Plan. The only awards made to directors under this plan during fiscal year 2005 were to those directors electing to receive 25% or more of their annual retainer in Class A Common Stock.

William P. Crawford and Robert C. Pew III currently receive or are entitled to receive payments under supplemental retirement and/or deferred compensation arrangements that were in effect when their active employment with the Company ended. Their right to receive these payments is not conditioned on continued Board service.



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Each non-employee director who is not a retiree of the Company is eligible to receive health care coverage under the Steelcase Benefit Plan for Outside Directors, which was merged into the Steelcase Inc. Employee Benefit Plan effective March 1, 2005. The plan provides medical and dental benefits, the cost of which is reported as taxable income each year. For calendar year 2004 the following directors participated in the plan and had the following taxable income:

<b>Participating Directors</b>	<b>Calendar 2004 Taxable Income</b>
Robert C. Pew III	\$ 10,746
Peter M. Wege II	\$ 10,746
P. Craig Welch Jr.	\$ 10,746
Kate Pew Wolters	\$ 4,574

Through a subsequently corrected oversight, some former directors who were also retirees and Mr. Crawford, a director and retiree, participated in the director health plan in fiscal year 2005 and received benefits differing from those available to other Company retirees. For calendar year 2004, Mr. Crawford had \$3,264 of taxable income related to these additional benefits.

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**CORPORATE GOVERNANCE**

The Board of Directors is committed to monitoring the effectiveness of policy and decision making at the Board and management levels. Fundamental to its corporate governance philosophy is the Board's commitment to upholding the Company's reputation for honesty and integrity. Equally fundamental is its commitment to serving as an independent overseer of the Company's management and operations.

Our corporate governance policies and practices include:

***Corporate Governance Principles***

The Board of Directors adopted the Company's Corporate Governance Principles on December 18, 2002. The principles outline the goals, duties and responsibilities of the Board and its Committees, as well as the Board's expectations of directors, including the following:

The Board's goal is to provide oversight to management that helps build long-term value for the Company's shareholders.

The Board is responsible for monitoring the performance of the Company.

The Board is responsible for selecting the Chief Executive Officer, evaluating his or her performance and engaging in succession planning for senior management.

Directors are expected to spend the time and effort necessary to appropriately perform their responsibilities. The Nominating and Corporate Governance Committee conducts an annual evaluation of directors' commitments to other boards to help ensure that directors are able to accomplish this goal.

Directors are subject to mandatory retirement. After turning age 75, no person can be nominated or re-elected as a director.

Directors who have a significant change in responsibilities, including a change in employment, are expected to volunteer their resignation. Whether the Board accepts the resignation is dependent on the continued appropriateness of Board service.

The Nominating and Corporate Governance Committee considers the issues of term limits in its nominating process and member rotation in making recommendations on committee assignments. In both instances, the Committee's goal is to ensure that the Board and its committees are open to new ideas and are willing to critically re-examine the status quo.

The Board conducts orientation for its new members.

Directors are expected to participate in continuing educational programs to maintain the necessary level of expertise to perform their responsibilities as director.

Annual self-evaluations are conducted by the Board and the Audit, Compensation and Nominating and Corporate Governance Committees.

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***Director Independence***

A majority of the members of our Board of Directors must be independent, as defined by the NYSE listing standards. The Board considers all relevant facts and circumstances in determining whether a director is independent and adopted the following categorical standards to guide that determination. Under these standards, none of the following is considered a material relationship impairing a director's independence:

If the director is currently employed in any capacity by, or is an equity owner in, another company that has done or does business with the Company, provided that:

The amount of business with the Company is less than the greater of \$1,000,000 or 1% of the other company's annual gross revenue; or

The director's ownership interest does not exceed 5% of the total equity interests in the other company. If the director is currently serving solely as a director, advisory director, consultant or in a similar non-employee position with another company that has done or does business with the Company, regardless of the amount.

If the director is currently employed as an executive officer of a charitable institution that has received contributions from the Company or the Steelcase Foundation, provided that the amount of the contributions in any of the last three years is less than the greater of \$1,000,000 or 2% of the charitable institution's annual gross revenue.

If the director is currently serving solely as a director, trustee, volunteer, committee member or in a similar position (and not as an executive officer) of a charitable institution that has received contributions in any amount from the Company or the Steelcase Foundation during any of the past three years.

If the Company has employed the director's immediate family member within the last three years, provided such employment was not as a board-elected officer.

If the director, as part of his or her service on the Board of Directors also serves as a trustee of the Steelcase Foundation or as a director of a subsidiary or affiliate.

If the Company previously employed the director in any capacity, provided that the director's employment ceased more than five years ago.

As used in the above categorical standards, "business with the Company" includes the Company selling products and/or services to the other company, either directly or through an independently owned dealer, and the Company buying products and/or services from the other company during the last three years. Unless the context otherwise requires, "director" includes the director and his or her immediate family members as defined in the NYSE listing standards. Applying the NYSE listing standards, the Board's categorical standards and considering all the relevant facts and circumstances, the Board of Directors determined that Earl D. Holton, Michael J. Jandernoa, David W. Joos, Elizabeth Valk Long, Robert C. Pew III, Peter M. Wege II, P. Craig Welch, Jr. and Kate Pew Wolters are independent. Additionally, William P. Crawford is independent as of May 1, 2005, the fifth anniversary of his retirement

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from the Company. James P. Hackett was not found to be independent because of his executive management position.

***The Steelcase Foundation***

The Steelcase Foundation is included in the above categorical independence standards. The Foundation was established in 1951 to make grants to non-profit organizations, projects and programs in the communities where our employees live and work. Established by the founders of Steelcase Inc., the Foundation seeks to give back to the communities that have been instrumental to the Company's operations and growth. The Company has regularly donated a portion of its profits to the Foundation. The Company's Board of Directors determines whether a donation will be made to the Foundation and the amount. Several of our directors also serve as Foundation Trustees, including James P. Hackett, Earl D. Holton, Robert C. Pew III, and Kate Pew Wolters, Chair of the Board of Trustees. The other Trustees of the Foundation include David D. Hunting, Jr., Mary Goodwillie Nelson, Peter M. Wege, James C. Welch and Fifth Third Bank. Fifth Third Bank is compensated for its services in connection with the Foundation. Individual trustees are not compensated for their service.

***Executive Sessions of Non-Management Directors***

The only member of the Board who is also a member of management is James P. Hackett, President and Chief Executive Officer. The Board meets quarterly in executive session without Mr. Hackett present. During these sessions, Robert C. Pew III, as Chair of the Board, presides. Our Corporate Governance Principles provide that if the Chair of the Board is a member of management, the non-management directors will designate a member to preside at the executive sessions.

***Code of Ethics, Code of Business Conduct, Charters and Communications with Directors***

The Board has adopted a Code of Ethics applicable to the chief executive and senior financial officers, as well as a Code of Business Conduct that applies to all employees and directors. Waivers of either code for a director or executive officer may only be approved by the Nominating and Corporate Governance Committee. Each of the codes, the Committee charters and information on how shareholders or other interested individuals can contact members of the Board of Directors and non-management directors is available on the corporate governance section of [www.steelcase.com](http://www.steelcase.com). Copies of the codes and charters can also be obtained by writing to: Steelcase Inc., Investor Relations, CH-3C, P.O. Box 1967, Grand Rapids, MI 49501-1967.

***Audit Committee***

Our Corporate Governance Principles prohibit any member of the Audit Committee from sitting on the audit committees of more than two other public companies. Additionally, the Board of Directors has designated Michael J. Jandernoa as an audit committee financial expert as defined by the Securities and Exchange Commission (the SEC) rules, based on his financial and accounting education and experience.

***Director Attendance at Shareholder Meetings***

The Board's policy is that each of our directors is expected to attend Annual Meetings. Eight of our directors attended the 2004 Annual Meeting.

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**COMMITTEES OF THE BOARD OF DIRECTORS**

Four standing committees assist the Board of Directors in fulfilling the responsibilities summarized below. Each committee has the power to conduct or authorize investigations or studies of matters within the scope of its responsibilities and may, at the Company's expense, retain independent counsel or other consultants or advisors as deemed necessary. Each committee also has the sole authority to retain or terminate its consultants and approve the payment of fees.

***Audit Committee***

***Current Members:***

Michael J. Jandernoa (Chair)

Earl D. Holton

Elizabeth Valk Long

Robert C. Pew III

Peter M. Wege II

***Number of Meetings***

***in Fiscal Year 2005: 7***

**Responsibilities:**

Appoints the independent auditor and reviews and approves its services and fees in advance.

Reviews the performance of the Company's independent auditor and, if circumstances warrant, makes decisions regarding its replacement or termination.

Evaluates the independence of the independent auditor.

Reviews the appointment, replacement, reassignment or dismissal of the head of the Company's internal audit function, as well as the function's budget and staffing.

Reviews the scope of the internal and independent annual audit plans and monitors progress and results.

Reviews the Company's critical accounting policies and practices.

Reviews the adequacy and effectiveness of the Company's accounting and internal control policies and procedures.

Reviews the Company's financial reporting, including the results of the annual audit and interim financial statements, as well as the type of information included in the Company's earnings press releases.

Reviews the process by which the Company monitors, assesses and manages its exposure to risk.

Reviews the Company's compliance with its Code of Business Conduct, as well as legal and regulatory compliance.

Performs an annual self-evaluation of the Committee, as well as other duties specified in its charter.

Reports to the Board of Directors about these and other matters undertaken by the Committee.



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***Compensation Committee***

***Current Members:***

David W. Joos (Chair)  
Earl D. Holton  
Michael J. Jandernoa  
P. Craig Welch, Jr.  
Kate Pew Wolters

***Number of Meetings  
in Fiscal Year 2005: 7***

**Responsibilities:**

Establishes the Company's compensation philosophy.

Establishes the compensation of the Chief Executive Officer.

Reviews the compensation of the Company's executive officers.

Reviews executive and non-executive compensation programs and benefit plans to assess their competitiveness, reasonableness and alignment with the Company's compensation philosophy.

Makes awards and takes other actions under the Company's incentive compensation and equity-based plans.

Performs an annual self-evaluation of the Committee, as well as other duties specified in its charter.

Reports to the Board of Directors about these and other matters undertaken by the Committee.

***Executive Committee***

***Current Members:***

Earl D. Holton (Chair)  
William P. Crawford  
James P. Hackett  
Robert C. Pew III  
Peter M. Wege II  
P. Craig Welch, Jr.

***Number of Meetings  
in Fiscal Year 2005: 0***

**Responsibilities:**

Exercises the powers of the Board of Directors when necessary between regular meetings, subject to any legal or regulatory limitations.

Performs other duties as assigned by the Board of Directors from time to time.

Reports to the Board of Directors about these and other matters undertaken by the Committee.

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***Nominating and Corporate Governance Committee***

***Current Members:***

Kate Pew Wolters (Chair)  
Earl D. Holton  
Elizabeth Valk Long  
Robert C. Pew III  
Peter M. Wege II  
P. Craig Welch, Jr.

***Number of Meetings  
in Fiscal Year 2005: 2***

**Responsibilities:**

Establishes procedures for identifying and evaluating potential director nominees and recommends nominees for election to the Board of Directors.

Reviews the suitability for continued service of directors when their term expires or a significant change in responsibility occurs, including a change in employment.

Reviews annually the composition of the Board of Directors to ensure that it reflects an appropriate balance of knowledge, experience, skills, expertise and diversity.

Makes recommendations to the Board regarding its size, the frequency and structure of its meetings and other aspects of the governance procedures of the Board of Directors.

Makes recommendations to the Board regarding the functioning and composition of Board committees.

Develops and recommends corporate governance principles to the Board and reviews them at least annually.

Oversees the annual self-evaluation of the Board of Directors and annual evaluation of the Chief Executive Officer.

Reviews director compensation and recommends appropriate changes to the Board of Directors.

Administers the Board's policy on conflicts of interest.

Considers any waiver request under the Company's Code of Ethics and Code of Business Conduct.

Performs an annual self-evaluation of the Committee, as well as other duties specified in its charter.

Reports to the Board of Directors about these and other matters undertaken by the Committee.

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**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE REPORT**

The Nominating and Corporate Governance Committee has six members, all of whom are independent under NYSE listing standards. The Committee performs the duties described in *Committees of the Board of Directors* and operates under a written charter adopted by the Board of Directors that is reviewed and assessed at least annually.

***Corporate Governance***

Since its formation in June 2002, the Committee has focused on seeking out world class governance policies and practices. Some of the resulting policies and practices are summarized in *Corporate Governance*.

***Board Composition***

The Committee also identifies and recommends to the Board of Directors qualified candidates for election as directors. As a part of that responsibility, the Committee conducts an annual review of the composition of the Board and evaluates whether it continues to reflect the balance of knowledge, experience, skills, expertise and diversity necessary to provide oversight and direction to management in a manner that builds long-term shareholder value.

***Qualifications***

Nominees for director are selected on the basis of several criteria, the most fundamental of which is integrity. Steelcase is committed to diversity and a candidate's ability to add to the diversity of the Board is also considered. Directors are expected to be curious and demanding independent thinkers who possess appropriate business judgment and are committed to representing the long-term interests of shareholders. Directors must possess knowledge, experience, skills or expertise that enhances the Board's ability to direct the business of the Company. They must also be willing and able to spend the time and effort necessary to effectively discharge their responsibilities. Directors must be prepared to resign from the Board in the event they have a significant change in responsibilities, including a change in employment, as required by the Company's Corporate Governance Principles.

In addition to the above qualifications, the Committee also reviews the effectiveness of directors when determining whether to re-nominate a current member of the Board for an additional term.

***Identification of Candidates for Director***

The Committee considers candidates suggested by its members, other directors and senior management as necessary in anticipation of potential or expected Board vacancies. After identifying a potential candidate, the Committee collects and reviews publicly available information to assess whether they should be considered further. If the candidate warrants further consideration, the Chair or another member of the Committee will initiate a contact. Generally, if the person expresses a willingness to be considered, the Committee requests information from the candidate, reviews their qualifications and accomplishments and conducts one or more interviews with the candidate. Committee members may also contact references or others that have personal knowledge of the candidate's accomplishments.

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The Committee will also consider candidates recommended by shareholders for nomination by the Board, taking into consideration the needs of the Board and the qualifications of the candidate. Shareholders must submit recommendations to the Corporate Secretary in writing and include the following information:

The recommending shareholder's name and evidence of ownership of Company stock, including the number of shares owned and the length of time owned; and

The candidate's name, resume or a listing of qualifications to be a director of the Company and the person's consent to be named as a director if selected by the Nominating & Corporate Governance Committee and nominated by the Board.

Shareholders may also make their own nominations for director by following the process specified in the Company's amended bylaws.

The Committee has the sole authority to retain search firms to assist in identifying candidates. No search firms or other advisors were retained in the past fiscal year.

**Nominating and Corporate  
Governance Committee**

Kate Pew Wolters (Chair)  
Earl D. Holton  
Elizabeth Valk Long  
Robert C. Pew III  
Peter M. Wege II  
P. Craig Welch, Jr.

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**AUDIT COMMITTEE REPORT**

The Audit Committee consists of five directors, all of whom are financially literate as defined by the Company's Board of Directors and are independent under NYSE listing standards. The Committee performs the duties described in *Committees of the Board of Directors* and operates under a written charter adopted by the Board of Directors that is reviewed and assessed at least annually.

Management is responsible for Steelcase's financial reporting process and its internal controls regarding financial reporting, accounting, legal compliance and ethics. BDO Seidman, LLP, the Company's independent registered public accounting firm (independent auditor), is responsible for performing independent audits of the Company's consolidated financial statements and its internal control over financial reporting and issuing opinions on:

The conformity of those audited financial statements with accounting principles generally accepted in the United States of America;

The effectiveness of the Company's internal control over financial reporting; and

Management's assessment of the effectiveness of the Company's internal controls over financial reporting. The Committee's role is to serve as an independent and objective party to monitor these processes on behalf of the Board of Directors and to review the audit efforts of the Company's internal and independent auditors. In this context, we have discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communications with Audit Committees, as amended. In addition, we received the written disclosures and letter from the independent auditor required by Independence Standards Board Standard No. 1 and reviewed, evaluated and discussed the written report and letter with that firm and its independence from the Company.

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Company's audited financial statements were also reviewed and discussed with management. We met with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

Based on the review and discussions referred to above, and relying on the representations of the Company's management and the independent auditor's reports, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended February 25, 2005.

**Audit Committee**

Michael J. Jandernoa (Chair)

Earl D. Holton

Elizabeth Valk Long

Robert C. Pew III

Peter M. Wege II

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**Table of Contents****FEES PAID TO PRINCIPAL INDEPENDENT AUDITOR**

BDO Seidman's fees for fiscal year 2005 (estimated) and fiscal year 2004 (actual) for work performed for the Company are as follows:

	<b>Fiscal Year 2005</b>	<b>Fiscal Year 2004</b>
Audit Fees <sup>1</sup>	\$ 1,617,000	\$ 963,000
Audit-Related Fees <sup>2</sup>	\$ 213,000	\$ 152,000
Tax Fees <sup>3</sup>	\$ 290,000	\$ 255,000
All Other Fees	\$ 0	\$ 0
Total	\$ 2,120,000	\$ 1,370,000

## Notes

1 Audit fees consisted of the annual audit of the Company's consolidated financial statements, the annual audit of the Company's internal control over financial reporting (beginning in fiscal year 2005), reviews of the financial statements included in quarterly reports on Form 10-Q, audits of separate financial statements of subsidiaries and affiliates, and other services related to SEC reporting matters.

2 Audit-related fees consisted of employee benefit plan audits and related services.

3 Tax fees consisted of assistance with tax compliance, preparation of certain subsidiary tax returns, tax consultation, planning and implementation services, and assistance in connection with tax audits.

The Audit Committee has determined that providing the services reflected in the above table is compatible with the maintenance of BDO Seidman's independence.

In addition, the Audit Committee has adopted a policy under which it approves in advance recurring audit, audit-related and tax services rendered by BDO Seidman, subject to specific fee limits. If circumstances require hiring the independent auditors for services not previously pre-approved or that would exceed the fee limits previously set, the Audit Committee must pre-approve the new services and/or fee limits. The Committee Chair may approve specified services between regularly scheduled meetings of the Committee, subject to review by the full Committee at its next scheduled meeting. The fiscal year 2005 services and fees reflected in the above table were pre-approved by the Committee.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee consists of five directors, all of whom are independent under NYSE listing standards. The Committee performs the duties described in *Committees of the Board of Directors* and operates under a written charter adopted by the Board of Directors that is reviewed and assessed at least annually.

***Overview Compensation Philosophy and Objectives***

Steelcase values the contributions of all employees and shares profits through broad-based incentive arrangements designed to reward performance and motivate teamwork for our success.

In line with this philosophy, the Committee's objectives for executive compensation include:

Attracting and retaining highly-qualified executive officers.

Motivating executives to achieve the Company's business objectives and rewarding them appropriately for their contributions.

Aligning the interests of executive officers with the long-term interests of the Company's shareholders.

Ensuring that executive compensation is reasonable.

Each year the Committee reviews executive and non-executive compensation and benefit programs to assess reasonableness and alignment with the Company's compensation philosophy.

In fiscal year 2005, the Committee engaged Towers Perrin, a leading compensation consulting firm, to assist in assessing the compensation of the Company's Chief Executive Officer (CEO) and other executives. The firm reported directly to the Committee, consulting with it on best practices in executive compensation and providing relevant market data comparisons for executive compensation.

Taking into consideration the Towers Perrin data, the Committee reviewed the following components of compensation paid by the Company to each of its executive officers: base salary, projected annual and long-term incentive awards based on varying assumptions on company performance, equity awards, perquisites, amounts made available by the Company to pay for benefits under the Company's broad-based health and welfare plans, and contributions to retirement plans, including projected benefits payable under the executive supplemental retirement plan.

Based upon this review, the Committee believes that the CEO and executive compensation for fiscal year 2005 is consistent with the Company's compensation philosophy and is reasonable.

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***Principle Components of Executive Compensation***

***Base Salary***

The Company sets base salaries as one part of total direct compensation for executives. Total direct compensation is targeted at the median level of a comparison group of companies selected by the Committee. Each year the Committee reviews the companies included in the comparison group for continued appropriateness, based primarily on revenue, industry characteristics and geographic locations. Where there is insufficient data within the group for a specific position, general industry data is also considered.

In determining the base salary of Mr. Hackett, the Committee considers market data from the comparison group and the factors upon which his annual performance appraisal is based. Those factors include Mr. Hackett's leadership, establishment and implementation of the Company's strategic direction and the Company's performance on EVA, which is described below, earnings per share and return on equity goals.

In fiscal year 2002, the Committee approved Mr. Hackett's request to reduce his base salary from \$800,000 to \$720,000 due to industry conditions.