Steelcase

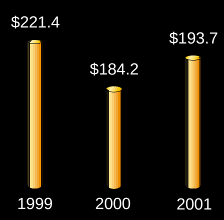
Dear Fellow Shareholders,

In February of 2001, we completed our third year as a public company. It was also three years ago that we made the decision to redirect our strategy to one that would drive Steelcase to lead the market in a significantly broader, global business opportunity. With these two decisions – to go public and to broaden our strategy – we charted our course for the future. Three years later, I'd like to reflect on our progress regarding both decisions. *(continued)*

Year Ended	**Feb 23, 2001**	Feb 25, 2000	Feb 26, 1999
(in millions)			
Furniture revenues	**$3,807.6**	$3,291.9	$2,727.0
Finance revenues	**78.2**	52.4	34.5
Cost of sales	**2,577.1**	2,213.4	1,753.1
Gross profit	**1,308.7**	1,130.9	1,008.4
Operating income	**306.4**	274.5	325.9
Total assets	**3,157.0**	3,037.6	2,182.5
Total liabilities	**1,520.5**	1,475.4	682.5
Total shareholders' equity	**1,636.5**	1,562.2	1,500.0

Revenues
(in billions)

Net Income
(in millions)



Diluted Earnings Per Share
(in dollars)

Steelcase Inc. (NYSE:SCS) helps individuals and organizations around the world to work more effectively by providing knowledge, products and services that enable customers and their consultants to create work environments that harmoniously integrate Architecture, Furniture and Technology.

(Letter to Shareholders continued)

We are approaching the annual report differently this year. In this Summary Annual Report, our goal is to provide, in a concentrated, cost-effective format, more information and insight about our results for fiscal 2001, progress on our vision, strategies and financial objectives and our outlook for the future. We hope you find this responsive to your needs and useful for tracking your investment in Steelcase. I'll get right to it, starting with a review of our results for the past year, which are highlighted on the previous page.

FISCAL 2001 RESULTS

We increased revenues 16.2 percent to $3.89 billion in the fiscal year ended February 23, 2001, compared to $3.34 billion in the prior year. Sales growth was robust this year, and it was broad-based across most business segments, products and geographies. In particular, new products continued to gain traction and bring new customers to Steelcase. Our revolutionary Leap® chair – now one of the best-selling chairs in the world – and our Answer® system – compatible with Pathways®, our unique environments that integrate Architecture, Furniture and Technology – best illustrate this. In local currency, our International business grew significantly in both sales and profits, and maintained strong sales and order momentum throughout the year. Our Financial Services segment increased revenues and profits at a significant pace. In our North America business segment, sales growth was very strong for the first three quarters, but consistent with market trends, slowed in the fourth quarter in response to the softening of the U.S. economy. At year-end, we took actions in response to the slowing economy designed to improve profitability and enhance our company's competitive position longer-term. As a result, we incurred one-time charges related to production rationalization and a reduction in our work force. Reported earnings per share (EPS) totaled $1.29, up 6.6 percent from comparable EPS of $1.21 in fiscal 2000. ***Excluding non-recurring charges in both years, EPS increased 9.7 percent in fiscal 2001 to $1.36, compared to $1.24 in the prior year.***

REVENUES

+16.2%

Revenues increased 16.2% to $3.89 billion.

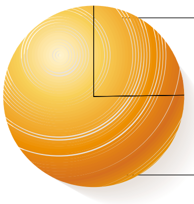
EPS

+9.7%

Excluding non-recurring charges, EPS increased 9.7% to $1.36.

BALANCE SHEET DATA

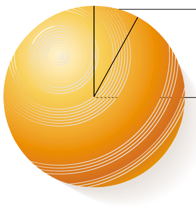
As of 2/23/01 (in millions)



STEELCASE MAINTAINED A STRONG BALANCE SHEET AND RECEIVED EXCELLENT INVESTMENT GRADE CREDIT RATINGS FROM BOTH MOODY'S AND STANDARD & POOR'S.

DEBT COMPOSITION

As of 2/23/01



SUBSTANTIALLY ALL OF STEELCASE'S DEBT IS RELATED TO FINANCING OUR LEASE PORTFOLIO.

HIGHLIGHTS

- ***Sales for our North America segment increased 14.0 percent to $3.10 billion,*** a better performance than our domestic industry, so I'm pleased that we gained market share. The Business and Institutional Furniture Manufacturer's Association (BIFMA) reported an 8 percent increase in U.S. sales during our fiscal year. ***Excluding non-recurring items, operating income increased 4.4 percent to $270.5 million.***

- Excluding the impact of acquisitions, ***International segment sales increased 14.3 percent in local currency,*** but due to the negative effect of currency fluctuations, declined 1.7 percent in U.S. dollars to $709.4 million. The local currency sales gains reflected strong broadly-based business results throughout the year, and translated into ***higher operating income, up 22.6 percent in U.S. dollars.***

- ***Revenues for our Financial Services segment increased 49.2 percent and operating income more than tripled,*** driven by the significant growth in our profitable leasing and dealer financing business.

- ***Operating income, excluding non-recurring charges, increased 10.5 percent to $330.3 million*** in fiscal 2001, compared to $299.0 million in the prior year, mainly driven by higher sales.

- ***While revenues and profits increased, profit margins declined somewhat in fiscal 2001.*** Excluding non-recurring charges in both years, operating income margin decreased to 8.5 percent in fiscal 2001 from 8.9 percent in fiscal 2000. (More on this in a moment.)

- ***Financially, Steelcase is among the strongest companies in the world.*** In fiscal 2001, we generated $502.6 million in EBITDA, invested $260.5 million in capital expenditures, paid $65.9 million, or $0.44 per share, in dividends and still generated $196.9 million in free cash flow, some of which was used to repurchase shares of Steelcase stock. Our debt as a percent of total capital at year-end was 24.7 percent, and we received the highest overall credit rating in our peer group.

NEW PRODUCTS DRIVE GROWTH, CURTAIL PROFITABILITY IN THE NEAR TERM

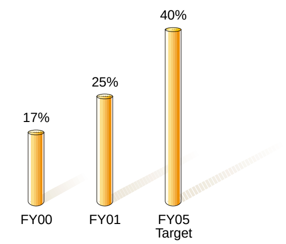
We were able to hold our operating expenses as a percent of sales, despite a continuing necessary investment in strategic systems, such as SAP, an enterprise resource planning software. However, gross margins declined in fiscal 2001. Frankly, this has continued a trend that reflects competitive pricing on some of our most established products, which we believe is likely to continue at current levels, particularly if the economy slows further. It also reflects the adverse effect on our product mix of higher growth in new products that initially have relatively lower margins, until we ramp up production and can improve margins. Profitability for some of these new products, like our very successful Leap chair, has improved this year, but it may take another year or two for it and some of our broader new product lines – such as Answer and other products that create Pathways environments – to reach a more mature margin level.

Just to reinforce the point about new products, ***we are successfully growing new products, which represented 25 percent of total revenues in fiscal 2001, up from 17 percent last year.*** (We have a goal of 40 percent of revenues from new products in 2005.) This is good news, but it means we are selling a bigger percentage of initially less-profitable new products, which affects our overall margins. The bottom line is we believe we can and must improve profitability from current levels, both by improving gross margins and by a disciplined focus on costs and productivity.

For a more detailed account of fiscal 2001 results, following this letter you will find a review of our three business segments – North America, which includes the Steelcase Design Partnership Companies; International; and Financial Services – along with a summary financial presentation. The complete financial statements, which incorporate an in-depth analysis of fiscal 2001 financial results (Management's Discussion and Analysis), are attached to the Proxy Statement that you received with this Report.

NEW PRODUCTS

Percentage of total revenues



A FOCUS ON THE USER DRIVES NEW PRODUCT GROWTH: WE ACHIEVED OUR FY03 NEW PRODUCT REVENUE CONTRIBUTION TARGET OF 25% TWO YEARS EARLY.

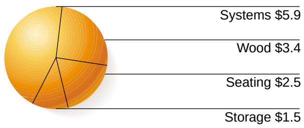
THREE-YEAR ANNIVERSARY: A PROGRESS REPORT

As I noted at the beginning of this letter, in February 2001 Steelcase completed its third year as a public company. In the context of our 89 year history, that may seem a short time, but it has been a period of tremendous growth and change. It was also three years ago that we set a course that would redefine our market opportunity, our product mix and our operations across the supply chain. The intent of this bold new user-centered vision was also to create in the Steelcase brand a global market leader. We think it's timely and appropriate to assess our progress, celebrate accomplishments and describe humbly how we've learned what we need to change.

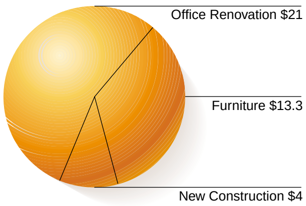
A BROADER VIEW

U.S.market opportunity (in billions)

Traditional View $13.3



Beyond Furniture $38.3



SIGNIFICANT GROWTH POTENTIAL (THE U.S. MARKET OPPORTUNITY TRIPLES) THROUGH PRODUCT EXPANSION BEYOND FURNITURE; BY ADDING INTERIOR ARCHITECTURE PRODUCTS LIKE WALLS, RAISED FLOORS AND LIGHTING.

Vision and Strategy – Revisited

When I wrote to you in our 1998 Annual Report, it was important to articulate a vision that we believed would change our company into a global entity that would truly help ***"Transform the ways people work by helping them work more effectively than they ever thought they could."*** That year's Annual Report marked the emergence of the then 86 year-old company into the public domain.

Let me remind you what we then felt the future held:

We established that Steelcase had worked extremely hard to become students of the workplace. Our obsession was with observing the behaviors of people who work in offices and surrounding domains to better understand what we could do to fulfill our brand promise of helping people work more effectively. This approach of understanding user behavior not only ultimately results in better products, but also, we believe, mitigates the cyclical nature of a market that can be buffeted by factors such as a slowdown in white-collar growth and corporate profits.

We learned a number of things that directed the strategic approach of our enterprise. Revisiting these findings is important as we feel a strong accountability to our constituencies to doing what we said we'd do.

The #1 Market Share in Seating

In its first year, Leap® became one of the top-selling chairs in the world. This summer, we are extending Leap's breakthrough technology, illustrated by this luxurious Leap® chair Coach® edition, into the broader consumer segment. We believe that Steelcase now provides the most chairs to the U.S. office market.

Successful Integration of Technology

By integrating technology with architecture and furniture we continue to develop products that empower the user. Users can electronically reserve conference rooms from anywhere via the Internet or phone. The digital RoomWizard™ flat screen display is the first in a completely new category of information appliances.

Continuing Pathways Expansion

We continue to expand Pathways®, an evolving portfolio of integrated Architecture, Furniture and Technology products that create highly customizable and flexible work environments. This user-centered collection of mobile tables instantly transforms personal space into a group space.

Expanding Our Global Reach

Steelcase is the worldwide market share leader and is the only truly global furniture company, with products developed and manufactured internationally and sold in more than 120 countries. This year, six of our top ten best-selling new products were developed internationally. TNT™ was developed in France (where we have the #1 market position) and is sold around the world.

Superior Growth Rates and Margins

The Steelcase Design Partnership®, our collection of design-oriented companies, continues to show historically higher than average growth rates while developing groundbreaking designs with short time to market cycles (illustrated here by the new Lucy™ chair).

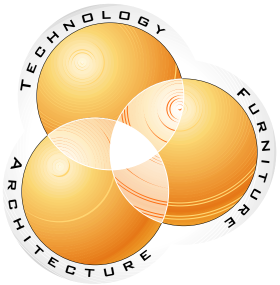
Entering New Markets

Steelcase continues to grow shareholder value by expanding our markets, like the high-growth EPV (Ease, Price and Value) market. With the new kick™ system, designed by our Turnstone® group, we fulfill this market's demand for a progressive, lower cost furniture system.

• ***First, this analysis showed us the need to improve the nature of team spaces.*** Companies all over the world were finding their employees spending the majority of their work time in team settings. This required flexible space in addition to personal space.

• ***Second, we learned that network-based technology would change the way workers connected to information flow.*** Not only was it important to bring these connections literally to the users, but also, a new planning paradigm was emerging to absorb the burgeoning infrastructure that supports these networks – both Internet and Intranet. This insight allowed us to see the market opportunity resulting from the systemic connection between Architecture, Furniture and Technology. ***We believe this broader view of the market gives us the potential to grow the company faster than the market as we traditionally defined it.***

HARMONIOUS INTEGRATION



WORK ENVIRONMENTS INCLUDE THREE CORE ELEMENTS: ARCHITECTURE, FURNITURE AND TECHNOLOGY. STEELCASE SUPPORTS PEOPLE AT WORK BY JOINING THESE ELEMENTS SEAMLESSLY – A HARMONIOUS INTEGRATION.

Our unique Pathways concept – a portfolio of interior Architecture, Furniture, Technology products and work tools that enables designers to create work environments offering exceptional flexibility, affordability and user control – and compatible product lines, like Answer, were our initial response to this new opportunity. Since 1998, together these products have grown from zero sales to surpass in fiscal 2001 our best-selling panel-based system – Series 9000®. More impressive though is the additional insight we gained regarding the user's desire to expand this connectivity. ***With the growth of broadband services and wireless, Pathways environments, which integrate Architecture, Furniture and Technology, become key to the future effectiveness of people in the workplace.*** We continue to add new Pathways compatible products, such as a collection of elegant mobile tables, panel-mounted and freestanding mobile storage solutions and an affordable floor-to-ceiling wall that moves. RoomWizard, a web-based conference room scheduler and the first product in a new category of information technology appliances, will also be introduced this year.

• ***Third, the combination of the mobility of workers, the pervasiveness of computing and the evolutionary impact of a new generation of workers confirmed our view about offices in the future.*** We mentioned this in our 1998 Annual Report as the concept of Community-based Planning. In a nutshell, this concept is a user-centered space planning methodology that provides an in-depth understanding of how people in the workplace innovate, communicate, work and learn together in groups that transcend function to tackle problems quickly and effectively.

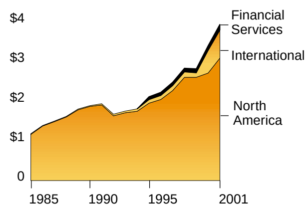
We believe this groundbreaking research will help corporations attract and retain valued employees, build strong collaborative relationships among workers, and share and transfer knowledge to make ideas and information easily accessible throughout an organization. It will also help architects, interior designers and corporate facilities managers embrace a new approach to planning environments that will support high-powered teams and groups. It's our estimate that fewer than 10 percent of target corporations have adopted these planning principles. ***The implication is that 90 percent of our market awaits us, and we are well positioned to capitalize on this opportunity***.

Community-based Planning principles, in combination with our commitment to the harmonious integration of Architecture, Furniture and Technology through Pathways environments, underscore our optimism for the future. We know that how customers buy can be categorized into market segments that reflect different priorities. In contrast to the traditional Steelcase customer for whom relationships and standards are paramount, an evolving breed of high-growth customers emphasized a different set of priorities: ease of the purchase decision (speed), price and value. Our Turnstone brand embraced this learning and this year is introducing kick, a lower cost furniture system.

- ***Fourth, we recognized that these trends were global in nature.*** This perspective motivated us to further our investment in our International organization by investing more than $370 million dollars in acquisitions and capital expenditures over the past two years. ***We have exceeded our original targets by growing International sales from $138.4 million in fiscal 1998 to $709.4 million in fiscal 2001.*** While the international market continues to be fragmented, we are building a truly global Steelcase brand and beginning to develop and source products wherever it makes the most sense. (Six of our ten best-selling new products came from our International organization.) At Orgatec, the biennial tradeshow in Cologne, Germany, this past October, our company distinguished itself by dramatizing the strength of the Steelcase brand across European markets, in contrast to numerous local market brands.

TOTAL REVENUE MIX

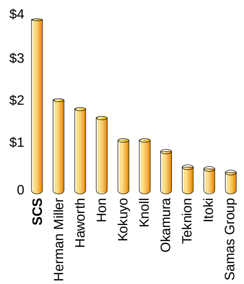
(in billions)



STRATEGIC ACQUISITIONS HAVE AN INCREASING CONTRIBUTION TO THE OVERALL MIX; FOR FY99 - FY01 THEY ACCOUNTED FOR 76.9% OF REVENUE GROWTH.

GLOBAL MARKET

(in billions)



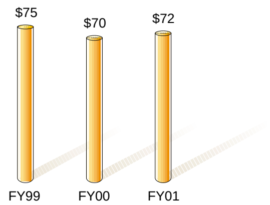
STEELCASE IS THE LEADING GLOBAL BRAND WITH CLOSE TO DOUBLE THE REVENUES OF ITS NEAREST COMPETITOR.

So, to summarize progress on our decision to broaden our strategy, in fiscal 2001 the strategy is working well and gaining traction. This is evident in ***total sales growth that exceeds the industry rate, hence, increased market share; new product sales growth that is three to four times total sales growth; and a higher percentage of new customers buying our new products.***

Our progress is also evident in the power of the Steelcase brand. ***In fiscal 2001, we have a 12 percent share of a growing $33 billion global office furniture market,*** only 41 percent represented by the U.S. (We hold a 20 percent share of the $13.3 billion U.S. market as defined by BIFMA.) No one else comes close. And, we believe the market as we have redefined it is significantly larger. More than 800 dealer locations support our global business, nearly two times our nearest competitor. We hold leading market positions in the major international markets we serve, and plan to drive growth and profitability at very competitive rates.

RESEARCH & DEVELOPMENT

(annual expenditures in millions)



DEDICATION TO INNOVATION: STEELCASE CONSISTENTLY SPENDS MORE ON R&D ON AN ANNUAL BASIS THAN ANYONE ELSE IN THE INDUSTRY.

Public Ownership – Revisited

Regarding our decision to "go public," we know that our job is to build shareholder value. But this has always been so, including when we were a privately owned company. We build shareholder value by driving profitable growth through innovation. As I just discussed, we know we are on the right track to build shareholder value through the implementation of our strategic vision. ***In the last three years, our compound annual growth rate (CAGR) in revenues is 11.9 percent, while over the last six years our CAGR in revenues is 11.2 percent.***

Admittedly, in the last three years our progress in growing profits has not kept pace with growth in revenues. Excluding non-recurring items, we achieved record operating income in fiscal 2001 and both net income and EPS increased from fiscal 2000. However, we have not surpassed the net income and EPS levels achieved in fiscal 1998 and 1999. From my perspective this is due to the significant investment in new products, acquisitions and systems that were integral to implementing our strategy. The challenge to our supply chain – including production, distribution and systems – has been to manage the significant increase in complexity resulting from the proliferation of new products and meeting the needs of two unique customer segments. This has affected Steelcase beyond the initially lower profitability that typically accompanies the introduction of new products.

Charting the Course

Customer Segmentation Drives Our Go-to-Market Strategy

Insight about our users drives development of our strategies and products, but how we "go to market" must also incorporate the needs and preferences of our customers, who actually make the purchase decisions. Our customers generally aggregate into two market segments with differing behaviors and preferences.

The first group – SRI, which stands for Standards, Relationships and Issues – is the segment in which Steelcase has traditionally led in market share. In this segment, Steelcase's ability to provide knowledge, products and services is an important competitive advantage. These customers rely on Steelcase for an understanding of their specific business needs and to provide insight regarding work effectiveness. Our dealer network supports this segment. The second group – EPV, which stands for Ease, Price and Value – is the market segment that has experienced explosive growth in the last few years. For this segment, speed and cost are key benefits, in addition to product features.

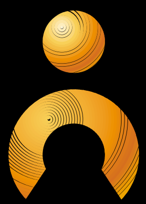
We have made significant inroads in addressing this customer segment with Turnstone, which is introducing kick, a new lower cost furniture system this year (see user-centered innovation). Our challenge is to simplify the supply chain to bring the right products and services to both segments, as efficiently as possible, creating shareholder value in the process.

Organizing Principles: A Model for Change

As Steelcase continues to implement its user-centered vision to transform the ways people work, so too we are changing many of our own ways of working to both meet multiple customer needs and improve our efficiency from product design to delivery to our customers. This is an evolutionary process requiring that we simplify product and process design and look at new sourcing, channel, manufacturing and distribution options.

KEY ORGANIZING PRINCIPLES

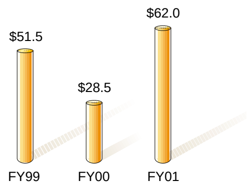
WE ARE EVOLVING THE WAYS WE WORK TO MATCH OUR USER-CENTERED VISION AND IMPROVE OUR EFFICIENCY.



	FROM	TO
Product Portfolio:	Furniture	**Architecture, Furniture, Technology**
Product Compatibility:	Multiple platform	**Common platform**
Distribution:	Single channel	**Multiple channels**
Cost Structure:	Higher than industry	**Competitive with industry**
Manufacturing Model:	Dedicated/vertically integrated	**Hybrid**
Enterprise System:	Fragmented supply chain	**Integrated supply chain**

EVA

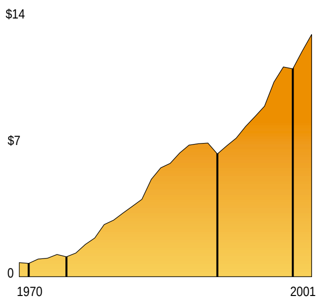
(in millions)



THE MEASURE OF SHAREHOLDER VALUE CREATION – ECONOMIC VALUE ADDED – HAS BEEN SIGNIFICANTLY POSITIVE IN EACH OF THE LAST THREE YEARS.

INDUSTRY GROWTH

U.S.office furniture industry (in billions)



STEELCASE HAS BEEN THE INDUSTRY LEADER SINCE 1974 IN AN INDUSTRY THAT CONTINUES TO DEMONSTRATE STABLE GROWTH (30-YEAR CAGR OF 9.5%) AND ONLY FOUR DOWN YEARS IN THE LAST THREE DECADES.

However, we stand in review of the past few years realizing that we can execute better in several areas, such as simplifying product platforms, increasing focus on cost reduction, further rationalization of production and global sourcing. (See Charting the Course on the previous page.) We are taking specific actions to continue our trend of increasing shareholder value by improving economic value added (EVA), a measure that takes into account the capital that is used by each business unit.

Based on our vision and strategies (see Strategies on the next page), our long-term financial objectives are to increase on an average annual basis:

- ***Revenues 8-10 percent***
- ***EPS 12-15 percent***
- ***EVA in excess of 12 percent***

Taking a longer-term view, ***over the last six years our CAGR in net income and EPS was 20.2 percent and 20.6 percent, respectively,*** in line with these targets. That said, we understand that our more recent shareholders expect to see more progress in growing the bottom line. It's clear that our decision to add "Excel" to our core values is an important statement of our commitment to improve shareholder value. (See Core Values on the next page.)

OUTLOOK FOR THE FUTURE

First, the short-term outlook: The slowdown rippling through the economy has adversely affected sales, primarily in our North America business. At this writing, we anticipate a challenging year in fiscal 2002, and even with no further slowing in the domestic or international economy, revenues could decline as much as 5 percent in the first half of the year. We have taken steps to adjust to this business climate and will continue to do so, if necessary. On the positive side, current trends suggest continuing strength in new products introduced in the last few years. In addition, we are very enthusiastic about the new items we plan to introduce at NeoCon, the largest and most important North American industry trade show, in June. Longer term, we are more encouraged. In the U.S., ***the office furniture industry has delivered stable growth at an above-average CAGR of 9.5 percent over the last 30 years,*** recording only four downturns during that period of time. We believe the following trends support our vision of continued above-average long-term growth: continued gains in new commercial construction and renovation; accelerating obsolescence of existing office space, particularly as it relates to rapid technological change and the changing ways people are working; an increasing percentage of "knowledge" workers in the workplace; globalization; and, the eventual upturn in corporate profits.

We have created major change for Steelcase in the last three years that has required us to re-think how we work most effectively. Our learning curve has been steep in many respects, and we know we have more to do, but we have made significant progress and that is a testament to the commitment and hard work of our more than 20,000 employees. My thanks go to all of them and to our Board of Directors for their support and counsel.

I owe special, heartfelt thanks to Bob Pew, who this year retires from the Board. He has inspired all of us at Steelcase – to grow, be the best and, most importantly, to run our business with integrity, trust and respect. (My thoughts on Bob's contribution are best captured in a letter I wrote to him, which follows the corporate information section.) Another valued colleague of long-standing, Alwyn Rougier-Chapman, has retired as Steelcase's Chief Financial Officer, a role that has been assumed by Jim Keane. Our Chairman, Earl Holton, and I are also pleased to welcome Elizabeth (Lisa) Valk Long, Executive Vice President of Time Inc., to our Board.

In closing, I believe that significant market opportunity lies ahead and Steelcase will be the best positioned to capitalize on that opportunity. For those of you who have been shareholders, thank you for your loyalty and support. For those of you new to the Steelcase story, we appreciate your having taken a closer look.

Sincerely,

James P. Hackett
President and Chief Executive Officer
March 16, 2001

STRATEGIES

As a work effectiveness company, we strive to achieve operational perfection in pursuit of our ambitious financial goals.

- **Achieve better than industry growth by redefining the industry:**
  New domains
  New customer segments
  New products
  Strategic acquisitions
- **Improve margins:**
  Targeted cost reductions and capacity rationalization
- **Leverage strong financial position**
- **Live our core values**

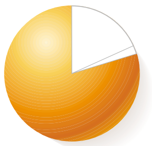
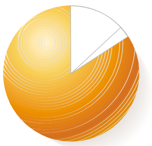
CORE VALUES

At Steelcase, we:

- Act with integrity
- Tell the truth
- Keep commitments
- Treat people with dignity and respect
- Promote positive relationships
- Protect the environment
- Excel

Segment Review

NORTH AMERICA

Revenue Contribution	Operating Income Contribution
	
79.7%	80.5%

(in millions)

Fiscal Year	**2001**	2000	1999
Revenues	**$ 3,098.2**	$ 2,718.7	$ 2,611.7
Operating Income	**$ 246.6**	$ 234.5	$ 303.0
Operating Income Margin	**8.0%**	8.6%	11.6%

The North America segment consists of the following businesses: our core Steelcase brands in the U.S. and Canada (furniture systems, interior architecture, seating, storage, lighting and the products and services that support them) including Turnstone and Steelcase Wood; IDEO (product design, development and innovation services); Attwood (plastic injection-molded parts, marine accessories); the Workstage™ unconsolidated joint venture (turnkey office buildings); and Steelcase Services, including workplace performance and consulting services and Revest® remanufacturing and refurbishing. The North America business segment also incorporates the Steelcase Design Partnership, which in turn includes Brayton International (lounge, executive and health care seating and tables), DesignTex (upholstery textiles, wall coverings, drapery and panel fabrics), Details (ergonomic work tools, computer support products and personal lighting), JM Lynne (wall coverings), Metro (furniture for collaborative work settings) and Vecta (furniture for learning and conference environments and dining areas).

Viewed another way, ***our North America business includes four furniture product categories*** (revenue contribution shown in parentheses): Systems (54.5 percent), Wood (14.8 percent), Seating (22.0 percent) and Storage (8.7 percent). ***These product categories represent the domestic furniture industry's largest markets.*** (See chart on page 13.)

Fiscal 2001 Results

In fiscal 2001, ***North America represented 79.7 percent of total company revenues and 80.5 percent of Steelcase Inc. operating income. Net sales increased 14.0 percent to $3.10 billion,*** compared to $2.72 billion in fiscal 2000, with strong growth across the businesses. Growth has been particularly robust for new products – defined as products introduced within the last five years – like the Leap chair, Pathways, an evolving portfolio of integrated Architecture, Furniture and Technology products, and Answer, our flexible panel-based system that is compatible with Pathways. Answer was the company's fastest-growing product in fiscal 2001. ***New products attracted new customers to our brand - with these customers accounting for 11.5 percent of our fiscal 2001 revenues*** compared to 10.0 percent in fiscal 2000.

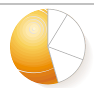
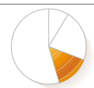
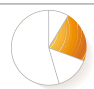
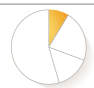
Reported operating income increased 5.2 percent to $246.6 million in fiscal 2001, compared to $234.5 million in the prior year. It included non-recurring charges related to facility closings, production relocation and work force reductions. ***Excluding non-recurring charges, operating income increased 4.4 percent to $270.5 million in fiscal 2001,*** compared to $259.0 million in the prior year, and operating income margin declined to 8.7 percent from 9.5 percent. Competitive pricing and product mix continued to affect both operating income and operating income margin in fiscal 2001. Competitive pricing on established product lines has caused gross margins to contract over the past few years and was again a factor in fiscal 2001, though to a lesser extent than in prior years. New products, which initially are less profitable than average as we ramp up production, became a larger percentage of our sales mix and this caused gross margins to decline in fiscal 2001. However, in recognition of current business conditions, the following steps provide a strong foundation for future profit improvement. First, we are rationalizing our work force, including limiting the use of temporary workers and reducing our salaried work force. Second, we are moving into the second phase of a global procurement initiative, which is expected to yield approximately $30-40 million in cost reductions next year. Third, we are accelerating the implementation of key aspects of our enterprise information system initiatives.

Outlook

One of Steelcase Inc.'s key strategies is to ***achieve better-than-industry revenue growth by redefining the industry through new domains (the integration of Architecture, Furniture and Technology); growing new customer segments; introducing new products; and strategic acquisitions.*** In fiscal 2002, our North America business segment is launching several new products that will expand our presence in new domains and create above-average growth, both in new customer segments and in our more traditional customer base. We will continue to drive sales of new products that have user-centered design and support the harmonious integration of Architecture, Furniture and Technology essential for worker effectiveness, as we did in fiscal 2001. Notable examples of new product introductions at the NeoCon trade show in Chicago in June include the following: the Leap chair Coach edition, a classic combination of the best in both product luxury and seating technology, which will reach an even broader consumer market; Leap® WorkLounge, a highly adjustable, reclining version of our high-performance chair; Cachet™, a reasonably priced, comfortable meeting chair; and a collection of elegant mobile tables along with panel-mounted and freestanding mobile storage solutions, both Pathways compatible; RoomWizard, an electronic conference room scheduler and the first in a new category of information technology appliances designed to enhance workplace communications; and kick, a new lower cost furniture system from Turnstone.

Assuming no further slowing in the U.S. economy, our revenues could decline as much as 10 percent and we expect margins to remain under pressure in the first half of fiscal 2002. Despite the near term challenge the U.S. economy presents, ***we are focused on margin improvement on new products, cost containment and productivity improvement initiatives throughout the business and our longer-term efforts to improve efficiency across the supply chain.***

PRODUCT MARKET SHARE – DOMESTIC U.S.

Product Category	Revenue Contribution	Revenue Growth Rate	Market Share	U.S. Industry Revenue Mix*	Market Size (in billions)
Systems		7.2%	24.8%	44.2%	$5.9
Wood		14.2%	11.6%	25.6%	$3.4
Seating		21.8%	23.3%	19.1%	$2.5
Storage		7.7%	15.8%	11.1%	$1.5

**BIFMA 2000 Shipment Volume*

INTERNATIONAL

Revenue Contribution

18.3%

Operating Income Contribution

12.6%

(in millions)

Fiscal Year	**2001**	2000	1999
Revenues	**$ 709.4**	$ 721.5	$ 622.2
Operating Income	**$ 38.5**	$ 31.4	$ 39.1
Operating Income Margin	**5.4%**	4.4%	6.3%

The International business segment consists of operations in France (Airborne – furniture for emerging growth and cost-conscious companies; Strafor – furniture and furniture systems; architecture and lighting products); ***Germany*** (Pohlschröeder – furniture and furniture systems; Waiko – furniture and furniture systems; Werndl – modular wood furniture); the ***United Kingdom*** (Gordon Russell – furniture and furniture systems); and furniture and furniture systems for the rest of ***Europe, Africa, Asia Pacific, the Middle East and Latin America.***

Steelcase holds leading market positions in its major international markets – France, Germany and the U.K.

Fiscal 2001 Results

In fiscal 2001, ***our International segment represented 18.3 percent of total company revenues and 12.6 percent of Steelcase Inc. operating income.*** Excluding the impact of acquisitions, International sales in local currency increased 14.3 percent in fiscal 2001, but the adverse impact of currency fluctuations caused sales in U.S. dollars to decline 1.7 percent to $709.4 million, versus a comparable $721.5 million in fiscal 2000. (Reported sales for fiscal 2000, totaling $573.2 million, exclude sales for Steelcase Strafor prior to the acquisition date in fiscal 2000.) On a comparable basis in local currencies, sales gains were driven by robust demand across most international markets. ***New products performed extremely well in international markets in fiscal 2001.*** In fact, as noted in the Letter to Shareholders, six of Steelcase Inc.'s ten best-selling new products came from our International business – including the TNT furniture system, Universal Storage and Please, an ergonomic executive chair. Additionally, the Frisco desking system from Werndl, and part of the International Collection now available in North America – gained sales momentum in fiscal 2001.

In fiscal 2001, we launched several other new products including Doue®, a desk product and Fusion®, a well designed yet low priced chair.

Operating income in fiscal 2001 excluding the impact of acquisitions increased 22.6 percent to $38.5 million, versus a comparable $31.4 million the prior year. (Reported International segment operating income for fiscal 2000 was $21.0 million.) The gain in fiscal 2001 reflected strong volumes and improved profitability. Despite capacity constraints, which caused some inefficiencies and service issues, and ongoing restructuring efforts related to the integration of acquired businesses, ***operating income margin improved to 5.4 percent in fiscal 2001*** from 4.4 percent in fiscal 2000 on a comparable basis. In fiscal 2001, the Strafor acquisition was modestly accretive to earnings, ahead of our expectations, despite absorbing approximately $15 million in annual acquisition related expenses.

We had a resounding showing at Orgatec 2000, the largest office furniture trade exhibition in the world, held in Cologne, Germany, in October. Steelcase demonstrated its global leadership as the only company aggressively pursuing the harmonious integration of Architecture, Furniture and Technology and the only participating company with a truly global brand.

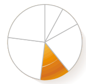
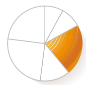
Outlook

As we enter the coming year, we continue to see a great number of opportunities in the International marketplace. ***It is a highly fragmented, but consolidating global market, where there is no single dominant global competitor. Steelcase is the global office furniture leader with a 12 percent share.*** We have a significant opportunity for product extension, new customers and global sourcing. Our International business clearly supports our strategy to achieve better-than-industry revenue growth.

Although we are concerned about the slowing U.S. economy affecting the European marketplace, we currently expect International sales to increase 3 to 5 percent during the first half of fiscal 2002. We continue to generate record levels of unit volume from International manufacturing locations, and while this continues to challenge our service levels, we expect to improve them through targeted capital investment and operational initiatives. We anticipate these moves will lead to modest improvements in International operating margins during the coming year.

To summarize, ***in fiscal 2002, we currently expect local currency sales growth and continued improvement in operating income margins based on volume increases, cost reduction and integration synergies.*** We also anticipate continued International growth over the long term. We will launch several new products that expand our presence in new domains, and allow us to drive above-average growth, both in new customer segments and in our more traditional customer base. These include: TNT phase 3, a comprehensive work environment; Quid™, a new low cost panel-based furniture system developed and introduced in Spain in fiscal 2001, and soon to be launched in Brazil, Kiwi® seating; YoYo, a new generation of adjustable workstations; and further penetration of our Steelcase Design Partnership products in Europe.

MARKET SHARE

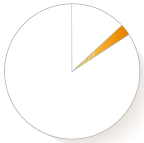
Market	Revenue Contribution	Market Position
France		#1
Germany		#2
U.K.		#2
Rest of Europe, Middle East and Africa		n/a
Asia Pacific		n/a
Latin America		n/a

FINANCIAL SERVICES

Revenue Contribution

2.0%

Operating Income Contribution



2.6%

(in millions)

Fiscal Year	**2001**	2000	1999
Revenues	**$ 78.2**	$ 52.4	$ 34.5
Operating Income	**$ 8.0**	$ 2.6	$ 2.5
Operating Income Margin	**10.2%**	5.0%	7.2%

Financial Services is a global segment with operations in the United States and Canada, with planned European expansion. The segment includes customer leasing services that provide financing alternatives for the acquisition of Steelcase products, as well as dealer financing services that provide a variety of financial services to our dealer network in support of their business goals. ***We are the only office furniture manufacturer in the U.S. to have a captive finance subsidiary.***

Fiscal 2001 Results

This business has become an increasingly significant part of the company's balance sheet since its start-up in 1994. Financial Services is now being reported as a separate business segment. (A separate income statement and balance sheet are included in this Report.) In fiscal 2001, ***Financial Services represented 2.0 percent of total company revenue and 2.6 percent of Steelcase Inc. operating income. Revenues increased 49.2 percent to $78.2 million in fiscal 2001,*** compared to $52.4 million in fiscal 2000. Strong growth in revenue reflects the continuing demand for our financing services, which include furniture leasing, dealer project financing and asset-based lending. ***Operating income more than tripled to $8.0 million in fiscal 2001,*** compared to $2.6 million in the prior year. ***This resulted in significantly improved operating income margins – 10.2 percent in fiscal 2001,*** compared to 5.0 percent the prior year.

Outlook

We have targeted revenue growth of 15 percent from this segment over the next few years. We also expect our financing margin to grow as we leverage the competitive advantage this business provides.

Forward Looking Statements

Portions of this report include "forward-looking statements," involving uncertainties and risks that can cause actual results to vary, particularly with respect to: profit improvements arising from our global purchasing initiative, cost reductions, production rationalization, acceleration of enterprise information system initiatives, work force reductions and other factors; revenue growth arising from new products, strategic acquisitions and expansion into new domains, growing customer segments, and markets; margin and competitive pricing pressures; revenue declines in fiscal year 2002; and increases in sales, revenues and margins within the International and Financial Services business segments. Performance may differ for many reasons, including: competitive and general economic conditions domestically and internationally; pricing changes by the company or its competitors; currency fluctuations; the timing, extent and impact of work force reductions and product rationalization on the company's costs; changes in customer order patterns and in relationships with customers, suppliers, employees and dealers; product (sales) mix; pricing pressures; the success (including product performance and customer acceptance) of new products and current product innovations and their impact on the company's manufacturing processes; acquisitions or divestitures by the company; the company's ability to successfully integrate acquired businesses, initiate and manage alliances and global sourcing, transition manufacturing to other facilities due to production rationalization, and implement technology initiatives; the sufficiency of the reserve established with regard to Pathways product line improvements; and other risks detailed in the company's most recently filed Annual Report on Form 10-K and other filings with the Securities and Exchange Commission.

FINANCIAL HIGHLIGHTS

(in millions, except per share data)

	5-Year Compound Annual Growth Rate	**February 23, 2001**	February 25, 2000 [3]	February 26, 1999	February 27, 1998	February 28, 1997 [1]	February 23, 1996
Statement of Income Data							
Revenues	12.4%	**$ 3,885.8**	$3,344.3	$ 2,761.5	$ 2,775.6	$ 2,420.6	$ 2,165.8
Revenues increase (decrease)		**16.2%**	21.1%	(0.5)%	14.7%	11.8%	5.4%
Gross profit	13.4%	**$ 1,308.7**	$1,130.9	$ 1,008.4	$ 1,019.0	$ 869.0	$ 697.6
Gross profit – % of revenues		**33.7%**	33.8%	36.5%	36.7%	35.9%	32.2%
Operating income	12.2%	**$ 306.4**	$ 274.5	$ 325.9	$ 327.7	$ 150.8	$ 172.2
Operating income – % of revenues		**7.9%**	8.2%	11.8%	11.8%	6.2%	8.0%
Net income	9.4%	**$ 193.7**	$ 184.2	$ 221.4	$ 217.0	$ 27.7	$ 123.5
Net income – % of revenues		**5.0%**	5.5%	8.0%	7.8%	1.1%	5.7%
Earnings Per Share							
Earnings per share – basic		**$ 1.30**	$ 1.21	$ 1.44	$ 1.40	$ 0.18	$ 0.80
Earnings per share – diluted		**$ 1.29**	$ 1.21	$ 1.44	$ 1.40	$ 0.18	$ 0.80
Weighted average shares outstanding – basic		**149.4**	152.8	153.8	154.8	154.7	154.6
Weighted average shares outstanding – diluted		**149.8**	152.8	153.8	154.8	154.7	154.6
Dividends per share of common stock [2]		**$ 0.44**	$ 0.44	$ 0.41	$ 1.36	$ 0.27	$ 0.26
Balance Sheet Data							
Working capital		**$ 319.8**	$ 200.1	$ 290.6	$ 355.1	$ 474.6	$ 475.6
Assets		**$ 3,157.0**	$3,037.6	$ 2,182.5	$ 2,007.2	$ 1,922.1	$ 1,884.5
Long-term debt		**$ 327.5**	$ 257.8	—	—	—	—
Liabilities		**$ 1,520.5**	$1,475.4	$ 682.5	$ 674.8	$ 542.1	$ 490.9
Shareholders' equity		**$ 1,636.5**	$1,562.2	$ 1,500.0	$ 1,332.4	$ 1,380.0	$ 1,393.6
Statement of Cash Flow Data							
Net cash provided by operating activities		**$ 209.8**	$ 305.7	$ 359.9	$ 402.7	$ 126.7	$ 264.1
Depreciation and amortization expense		**$ 162.5**	$ 141.8	$ 107.0	$ 95.3	$ 93.4	$ 92.5
Capital expenditures		**$ 260.5**	$ 188.8	$ 170.4	$ 126.4	$ 122.0	$ 104.6
Dividends paid [2]		**$ 65.9**	$ 67.3	$ 63.1	$ 210.9	$ 41.8	$ 39.8

[1] *During 1997, the Company concluded a 17-year patent litigation which, net of reserves, reduced net income by $123.5 million.*

[2] *During 1998, the Company paid a special dividend in the aggregate amount of $150.9 million, or approximately $0.97 per share of common stock.*

[3] *Includes Steelcase Strafor.*

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions)

Year ended	**February 23, 2001**	February 25, 2000	February 26, 1999
Furniture revenues	**$ 3,807.6**	$ 3,291.9	$ 2,727.0
Finance revenues	**78.2**	52.4	34.5
Total revenues	**3,885.8**	3,344.3	2,761.5
Cost of sales	**2,577.1**	2,213.4	1,753.1
Gross profit	**1,308.7**	1,130.9	1,008.4
Operating expenses	**1,002.3**	856.4	682.5
Operating income	**306.4**	274.5	325.9
Interest expense	**(18.0)**	(10.9)	—
Other income, net	**15.3**	32.8	11.5
Income before provision for income taxes and equity in net income of joint ventures and dealer transitions	**303.7**	296.4	337.4
Provision for income taxes	**110.9**	115.5	124.9
Income before equity in net income of joint ventures and dealer transitions	**192.8**	180.9	212.5
Equity in net income of joint ventures and dealer transitions	**0.9**	3.3	8.9
Net income	**$ 193.7**	$ 184.2	$ 221.4
Earnings per share (basic)	**$ 1.30**	$ 1.21	$ 1.44
Earnings per share (diluted)	**$ 1.29**	$ 1.21	$ 1.44

These condensed consolidated financial statements should be read in conjunction with the full financial statements attached to the proxy statement.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

	February 23, 2001	February 25, 2000
Assets		
Current assets:		
Accounts receivable, less allowances of $50.5 and $45.5	**$ 603.2**	$ 592.6
Notes receivable and leased assets	**270.4**	189.0
Other current assets	**332.1**	345.7
Total current assets	**1,205.7**	1,127.3
Property and equipment, net	**933.8**	939.1
Notes receivable and leased assets	**341.9**	294.1
Goodwill and other intangible assets, net of accumulated amortization of $63.1 and $38.6	**405.1**	422.6
Joint ventures, dealer transitions and other assets	**270.5**	254.5
Total assets	**$ 3,157.0**	$ 3,037.6
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts and notes payable	**$ 254.1**	$ 219.8
Short-term borrowings and current portion of long-term debt	**209.7**	209.0
Accrued expenses	**422.1**	498.4
Total current liabilities	**885.9**	927.2
Long-term liabilities:		
Long-term debt	**327.5**	257.8
Employee benefit plan obligations	**247.7**	243.7
Other long-term liabilities	**59.4**	46.7
Total long-term liabilities	**634.6**	548.2
Total liabilities	**1,520.5**	1,475.4
Shareholders' equity	**1,636.5**	1,562.2
Total liabilities and shareholders' equity	**$ 3,157.0**	$ 3,037.6

These condensed consolidated financial statements should be read in conjunction with the full financial statements attached to the proxy statement.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)

Year ended	**February 23, 2001**	February 25, 2000	February 26, 1999
Operating Activities			
Net income	**$ 193.7**	$ 184.2	$ 221.4
Depreciation and amortization	**162.5**	141.8	107.0
Changes in current assets and liabilities, net of corporate acquisitions	**(138.9)**	(21.8)	20.4
Other, net	**(7.5)**	1.5	11.1
Net cash provided by operating activities	**209.8**	305.7	359.9
Investing Activities			
Capital expenditures	**(260.5)**	(188.8)	(170.4)
Proceeds from the disposal of assets	**179.3**	16.4	—
Corporate acquisitions, net of cash acquired	**(0.1)**	(209.6)	(57.2)
Net increase in notes receivable and leased assets	**(130.9)**	(140.2)	(52.2)
Other, net	**(7.8)**	7.6	(62.4)
Net cash used in investing activities	**(220.0)**	(514.6)	(342.2)
Financing Activities			
Proceeds from issuance of long-term debt	**191.8**	326.3	—
Repayments of debt	**(103.0)**	(93.4)	—
Short-term borrowings, net	**(6.9)**	90.5	—
Common stock issuance (repurchase), net	**(56.5)**	(36.7)	9.8
Dividends paid	**(65.9)**	(67.3)	(63.1)
Net cash provided by (used in) financing activities	**(40.5)**	219.4	(53.3)
Effect of exchange rate changes on cash and cash equivalents	**2.3**	(4.3)	—
Net increase (decrease) in cash and cash equivalents	**(48.4)**	6.2	(35.6)
Cash and cash equivalents, beginning of year	**73.7**	67.5	103.1
Cash and cash equivalents, end of year	**$ 25.3**	$ 73.7	$ 67.5

These condensed consolidated financial statements should be read in conjunction with the full financial statements attached to the proxy statement.

FINANCIAL SERVICES

The Financial Services segment provides a variety of financial solutions to Steelcase dealers and leasing solutions to customers to support the purchase of Steelcase products in the United States, Canada and Europe. The success of this segment of our Company is evidenced by the dramatic growth in both volume and profitability. Due to continued success, the Financial Services segment now comprises a significant portion of the Company's balance sheet. Given the significant growth of this segment, and in order to provide additional clarity, Financial Services' financial information is being reported as a separate segment.

The following tables set forth condensed financial information of the Financial Services operations as of February 23, 2001, and February 25, 2000:

(in millions)

	February 23, 2001	February 25, 2000
Assets		
Project financing	**$ 34.0**	$ 14.8
Asset-based lending	**95.7**	75.4
Term financing	**16.3**	11.9
Leased assets	**449.8**	349.1
Allowance for losses	**(10.6)**	(8.2)
Notes receivable and leased assets	**585.2**	443.0
Other assets	**1.8**	2.6
Total assets	**$ 587.0**	$ 445.6
Liabilities and Shareholders' Equity		
Bank debt	**$ 259.6**	$ 184.9
Intercompany debt	**233.1**	187.9
Other liabilities	**12.3**	11.0
Shareholders' equity	**82.0**	61.8
Total liabilities and shareholders' equity	**$ 587.0**	$ 445.6

(in millions)

Year ended	**February 23, 2001**	February 25, 2000
Financing revenue	**$ 78.2**	$ 52.4
Financing expenses	**61.5**	41.9
Net financing margin	**16.7**	10.5
Selling, general and administrative expenses	**8.7**	7.9
Income before provision for income taxes	**8.0**	2.6
Provision for income taxes	**2.9**	1.1
Net income	**$ 5.1**	$ 1.5

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Steelcase Inc. and subsidiaries as of February 23, 2001 and February 25, 2000, and the related consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended February 23, 2001 appearing in the Appendix to the proxy statement for the 2001 annual meeting of shareholders of the Company (not presented herein). In our report dated March 16, 2001, also appearing in that proxy statement, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly presented, in all material respects, in relation to the consolidated financial statements from which it has been derived.

BDO Seidman, LLP
Grand Rapids, Michigan
March 16, 2001

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated financial statements and other financial information contained in this annual report were prepared by management in conformity with generally accepted accounting principles. In preparing these financial statements, reasonable estimates and judgments have been made when necessary.

Management is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial records. The concept of reasonable assurance recognizes that there are inherent limitations in any control system and that the cost of maintaining a control system should not exceed the expected benefits to be derived therefrom. Management believes its system of internal control effectively meets its objective of reliable financial reporting.

The Audit Committee of the Board of Directors meets periodically with management and the independent accountants to review and discuss audit findings and other financial and accounting matters. The independent accountants have free access to the Audit Committee, with and without management present, to discuss the results of their audit work.

The Company's independent accountants are engaged to audit the Company's condensed consolidated financial statements, in accordance with generally accepted auditing standards for the purpose of expressing an opinion on the financial statements.

James P. Hackett
President and
Chief Executive Officer

Alwyn Rougier-Chapman
Chief Financial Officer

James P. Keane
Senior Vice President,
Finance

INFORMATION FOR OUR INVESTORS

Founded in 1912, the company completed its Initial Public Offering in February 1998. Steelcase Class A Common Stock is listed on the New York Stock Exchange under the symbol SCS. As of April 13, 2001, there were 13,320 Class A Common Stock shareholders and 218 Class B Common Stock shareholders of record. The Class B Common Stock is not publicly traded.

The following table shows the high and low stock prices by quarter for fiscal years 2001 and 2000.

Trading and Dividend Information

Year ended	Feb 23, 2001			Feb 25, 2000		
	High	*Low*	*Cash Dividends Declared*	*High*	*Low*	*Cash Dividends Declared*
First quarter	$12.625	$10.500	$ 0.11	$ 20.750	$ 13.625	$ 0.11
Second quarter	18.125	12.000	0.11	20.000	14.500	0.11
Third quarter	17.625	15.500	0.11	15.500	12.250	0.11
Fourth quarter	15.625	12.625	0.11	13.750	10.250	0.11

Dividends
The company has paid cash dividends each year since 1934. The current rate is $0.11 per share per quarter.

Shareholder Services
For address changes, dividend checks, transfer of ownership, stock certificates or other stock administration matters, contact the transfer agent at:

Fleet National Bank
c/o EquiServe
P.O. Box 8040
Boston, MA 02266-8040
Phone (800) 958-6931

Outside the continental U.S. and Canada: (781) 575-3120

For hearing impaired: (800) 952-9245

Independent Certified Public Accountants
BDO Seidman, LLP
Grand Rapids, Michigan

Investor Inquiries
Inquiries from individual or institutional investors, security analysts and other members of the financial community should be directed to:

Steelcase Investor Relations
CH.3E.16
P.O. Box 1967
Grand Rapids, MI 49501-1967
Phone (616) 247-2200
Fax (616) 475-2270
E-mail ir@steelcase.com

Investor Relations Online
If you wish to receive investor information when published, please visit the investor relations section of www.steelcase.com. You can subscribe to e-mail alerts to receive notification whenever new events, SEC filings or news releases are posted to the site. You may also submit requests for printed materials, including the company's Form 10-K and additional copies of this Annual Report.

New Internet Account Access
Registered shareholders can now access their account information online. Log on to http://gateway.equiserve.com to view share balance, change address, complete certain transactions and more.

Internet / Telephone Voting
As a convenience, shareholders can now vote their proxies via the Internet or by telephone. Instructions can be found in the proxy statement. Attached to the proxy card is an explanation of how shareholders can receive their annual report and proxy statement electronically in the future. Shareholders who choose to do this will receive an e-mail notifying them that these materials have been posted on the Steelcase website. They will not receive printed versions of these materials unless they request them.

Consumer Affairs
For your nearest Steelcase dealer's address and telephone number or for information about Steelcase products, call (800) 333-9939, or visit the company's website (www.steelcase.com).

Corporate Headquarters
Steelcase Inc.
901 44th Street
Grand Rapids, MI 49508
Phone (616) 247-2710

Annual Meeting
The annual meeting of the company's shareholders will be held at 11:00 a.m. EDT on Monday, June 25, 2001, in the corporate theater at the company's headquarters.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

David Bing *3*
Chairman, The Bing Group

William P. Crawford *2*
Retired; formerly President and Chief Executive Officer, Steelcase Design Partnership

James P. Hackett *1,2*
President and Chief Executive Officer, Steelcase Inc.

Earl D. Holton *1,2,3*
Chairman of the Board of Directors, Steelcase Inc.; Vice Chairman of the Board of Directors, Meijer, Inc.

David D. Hunting, Jr. *3*
Retired; formerly Executive Vice President, Subsidiaries, Steelcase Inc.

Elizabeth Valk Long *3*
Executive Vice President, Time Inc.

Frank H. Merlotti *1,2*
Retired; formerly President, Chief Operating Officer and Chief Executive Officer, Steelcase Inc.

Robert C. Pew II *1,2*
Chairman Emeritus of the Board of Directors, Retired; formerly Chairman of the Board of Directors and Chief Executive Officer, Steelcase Inc.

Robert C. Pew III *1,2*
Owner, Cane Creek Farm, Fletcher, North Carolina; formerly President, Steelcase North America and Executive Vice President, Operations, Steelcase Inc.

Peter M. Wege II *1,2*
President, Greylock, Inc., Grand Rapids, Michigan; formerly President, Steelcase Canada Ltd., Markham, Ontario, Canada

P. Craig Welch, Jr. *2*
Manager, Honzo LLC; Grand Rapids, Michigan; formerly Director of Information Services, Director of Production Inventory Control, Steelcase Inc.

1/ Executive Committee
2/ Compensation Committee
3/ Audit Committee

Executive Officers

Robert A. Ballard
President, Steelcase North America, Steelcase Inc.

Robert W. Black
President, International, Steelcase Inc.

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

John S. Dean
Vice President, Global E-Business, and Chief Information Officer, Steelcase Inc.

Mark T. Greiner
Senior Vice President, Research, Concepts and Ventures, Steelcase Inc.

James P. Hackett
President and Chief Executive Officer, Steelcase Inc.

Nancy W. Hickey
Senior Vice President, Global Human Resources, Steelcase Inc.

James P. Keane
Senior Vice President, Chief Financial Officer, Steelcase Inc.

Michael I. Love
President and Chief Executive Officer, Steelcase Design Partnership

concept and design: genesis

Jim Hackett wrote this letter to honor Bob Pew's extraordinary contribution to Steelcase. Bob Pew dedicated close to 50 years of his life to Steelcase, 23 of those years spent leading and inspiring the company as chief executive officer. Bob played an integral role in the company's growth; Steelcase grew from a $15 million company to a $3.9 billion company during his tenure.

Dear Bob,

You might not realize this, but the fact that I can call you by your first name was one of the things that so impressed me 18 years ago. Before I knew you, I thought everyone who ran a company had to be called Mr. or Mrs.

You never wanted that because you had learned that people are what make this enterprise so special. And, in your mind, all people have equity in our success. So it seemed that the informality of just "Bob" worked well when anyone wanted to talk to you.

And talking with you is one of the things that's made you legendary. I hear from employees on a regular basis who reminisce about the days when "Bob" walked through our factory floors and offices, just talking to employees to see how things were going.

It seems that whatever you might have been worried about on any given day would always take a back seat to an employee issue. In your mind, employees always came first.

Well, maybe second only to integrity. You have always known that our business needs to be based on trust. And you can't have trust without integrity. If one principle has been foremost in your mind, it's this: to run our business with integrity.

And running the business...you can't get enough credit for that, either. In many ways, your family's stake in Steelcase made everyone feel that you had a special interest, beyond money, for the business to succeed. Boy, did you ever: you had a strong sense that being the biggest would be a fleeting goal and that being the best was more important. Well, not only did we become the biggest in this industry (by far), but we are the best company ever in this industry. You have allowed us to become a standard by which other fine organizations are judged. And you enabled all of us to earn good money and look forward to a bountiful retirement.

Customers, dealers and designers smile when I mention your name. Mostly because you were always straight and truthful with them, but also because you had humility that made all of us realize we could be more selfless.

I have met many great leaders, but none with your stature, humility and caring for people. You've showed that all of those measures can build a business and that the hollow ideals of short-term gains work against the momentum of being the best.

We are glad that you stuck around to be a member of our board, as chairman emeritus. Funny...such a fancy name for a guy we call "Bob."

Thanks,

Jim

Steelcase

We aspire to transform the ways people work...to help them work more effectively than they ever thought they could.

www.steelcase.com