

Steelcase Revises Guidance for Fourth Quarter Fiscal 2002, Announces Additional Cost Reduction Activities

GRAND RAPIDS, Mich., Feb 12, 2002 (BUSINESS WIRE) -- Steelcase Inc. (NYSE:SCS) today revised its guidance for the fourth quarter of fiscal 2002 ending February 22, 2002. The company now expects a fourth quarter fiscal 2002 loss in the range \$(0.07) to \$(0.12) per share before one-time charges, or \$(0.21) to \$(0.29) per share on a reported basis.

The company's revised guidance reflects lower than expected sales volume, especially in International markets. The company now expects that due to the sustained global reduction in business capital spending, fourth quarter 2002 revenue could decrease by about 35 percent compared to the same quarter of last year.

The revised guidance also includes anticipated additional International reserves related to inventories and dealer receivables. These reserve charges are individually small, but collectively significant. Additionally, the company expects North American margins to decline in the quarter, due to reduced manufacturing overhead absorption partially offset by lower variable compensation.

As released on December 19, 2001, the company noted that conversations with larger customers suggested further tightening of demand. "The magnitude of the decline was unclear at that time," said James P. Keane, chief financial officer. "Since December, orders have in fact, softened substantially, especially in International markets."

The company is acting to improve its competitiveness in International markets and intends to consolidate facilities and reduce headcount by 200 to 300 positions in Europe over the next six to nine months. Steelcase expects to incur an after-tax charge of \$12 to \$14 million in the quarter associated with these and other actions in the company's International segment.

In North America, the company will incur a fourth quarter after-tax charge of \$9 to \$11 million related to eliminating 150 to 200 salaried positions in the next 60 days and for accelerated depreciation on certain fixed assets.

About Steelcase Inc.

Steelcase Inc., a Fortune 500 company, 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. Founded in 1912 and headquartered in Grand Rapids, Michigan, the company has led the global office furniture industry in sales every year since 1974. Its product portfolio includes interior architectural products, furniture systems, technology products, seating, lighting, storage and related products and services. Fiscal 2001 revenue was approximately \$4 billion. Steelcase Inc. and its subsidiaries have dealers in more than 800 locations, manufacturing facilities in over 30 locations and approximately 20,000 employees around the world. The company's Class A Common Stock trades on the NYSE under the symbol SCS. For more information, visit www.steelcase.com.

Forward-looking Statements

From time to time, in written reports and oral statements, the company discusses its expectations regarding future performance. For example, certain portions of this release contain various "forward-looking statements", including those relating to anticipated revenue, costs and earnings for the current fiscal year. Such statements involve certain risks and uncertainties that could cause actual results to vary. The company's performance may differ materially from that contemplated by such statements for a variety of reasons, including, but not limited to: competitive and general economic conditions domestically and internationally; delayed or lost sales and other impacts related to the commercial and economic disruption caused by recent terrorist attacks on the United States; changes in domestic and international government laws and regulations; major disruptions at our key facilities or in the supply of any key raw materials; competitive pricing pressure; pricing changes by the company or its competitors; currency fluctuations; changes in customer demand and order patterns; changes in relationships with customers, suppliers, employees and dealers; product (sales) mix; the success (including product performance and customer acceptance) of new products, current product innovations and platform simplification, and their impact on the company's manufacturing processes; possible acquisitions or divestitures by the company; the company's ability to reduce costs, including ramp-up costs associated with new products and to improve margins on new products; the impact of work force reductions (including elimination of temporary workers, hourly layoffs, early retirement programs and salaried work force reductions); the company's success in integrating acquired businesses, initiating and managing alliances and global sourcing, transitioning production of its products to other manufacturing facilities as a result of production rationalization and implementing technology initiatives; changes in business strategies and decisions; and other risks detailed in the company's Form 10-K for the year ended February 23, 2001 and other filings with the Securities and Exchange Commission.

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