STRONACH FRANK
Form SC 13D/A
December 23, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D/A

(Amendment No. 5)

Under the Securities Exchange Act of 1934

MAGNA INTERNATIONAL INC.

(Name of Issuer)

COMMON SHARES
(Title of Class of Securities)

559222 401
(CUSIP Number)

Frank Stronach, Stronach Trust, 445327 Ontario Limited,

446 Holdings Inc. and 447 Holdings Inc.

c/o Miller Thomson LLP

40 King Street West

Suite 5800

Toronto, Ontario

Canada M5H 3S1

Attn.: John Campbell

(416) 595-8695

With a copy to:

Kenneth G. Alberstadt

Akerman Senterfitt LLP

335 Madison Avenue, Suite 2600

New York, New York 10017

(212) 880-3817

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

December 22, 2010
(Date of Event Which Requires Filing of This Amendment)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box. ¨

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d 7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 559222 401

1. Names of Reporting Persons **FRANK STRONACH**

I.R.S. Identification Nos. of above persons (entities only) None

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ¨ (b) x

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

¨

6. Citizenship or Place of Organization

Austria

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	12,644,098*
	8. Shared Voting Power	0
	9. Sole Dispositive Power	12,644,098*
	10. Shared Dispositive	

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

12,644,098*

12. x Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.21%

14. Type of Reporting Person (See Instructions)

IN

* The numbers reported reflect a two-for-one stock split of Common Shares that was effective on November 26, 2010.

CUSIP No. 559222 401

1. Names of Reporting Persons **STRONACH TRUST**

I.R.S. Identification Nos. of above persons (entities only) None

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ¨ (b) x

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

Ontario, Canada

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	12,460,766*
	8. Shared Voting Power	0
	9. Sole Dispositive Power	12,460,766*
	10. Shared Dispositive	

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

12,460,766*

12. x Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.14%

14. Type of Reporting Person (See Instructions)

OO

* The numbers reported reflect a two-for-one stock split of Common Shares that was effective on November 26, 2010.

CUSIP No. 559222 401

1. Names of Reporting Persons **445327 ONTARIO LIMITED**

I.R.S. Identification Nos. of above persons (entities only) None

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ¨ (b) x

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

¨

6. Citizenship or Place of Organization

Ontario, Canada

Number of Shares Beneficially Owned by Each Reporting Person With		
	7. Sole Voting Power	12,460,766*
	8. Shared Voting Power	0
	9. Sole Dispositive Power	12,460,766*
	10. Shared Dispositive	

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

12,460,766*

12. x Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.14%

14. Type of Reporting Person (See Instructions)

CO

* The numbers reported reflect a two-for-one stock split of Common Shares that was effective on November 26, 2010.

CUSIP No. 559222 401

1. Names of Reporting Persons **446 HOLDINGS INC.**

I.R.S. Identification Nos. of above persons (entities only) None

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ¨ (b) x

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

..

6. Citizenship or Place of Organization

Ontario, Canada

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	12,460,766*
	8. Shared Voting Power	0
	9. Sole Dispositive Power	12,460,766*
	10. Shared Dispositive	

0

11. Aggregate Amount Beneficially Owned by Each Reporting Person

12,460,766*

12. x Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.14%

14. Type of Reporting Person (See Instructions)

CO

* The numbers reported reflect a two-for-one stock split of Common Shares that was effective on November 26, 2010.

This Amendment No. 5 (this Amendment) is being filed by Frank Stronach (Mr. Stronach), the Stronach Trust, 445327 Ontario Limited (445) and 446 Holdings Inc. (446 ; 446, together with Mr. Stronach, the Stronach Trust and 445, the Reporting Persons) and amends the Statement on Schedule 13D filed on October 1, 2007, as previously amended, by the Reporting Persons (the Statement). This Amendment is being filed to report various dispositions of Common Shares by the Reporting Persons.

Item 4. Purpose of the Transactions.

(a) The Reporting Persons completed open market sales of 3,059,964 Common Shares between December 17 and December 22, 2010 in order to take advantage of market conditions and opportunities for sale at prices which the Reporting Persons considered favorable. The Reporting Persons intend to dispose of an indeterminate number of additional Common Shares when market conditions are deemed favorable. However, the Reporting Persons will continue to evaluate their ownership and voting position in the Issuer and may consider and pursue other future courses of action, including among others, the possibility of continuing to hold a substantial number of Common Shares for investment. The Reporting Persons or their representatives may engage in communications with other shareholders of the Issuer and members of the Issuer s management and board of directors with regard to the business operations of the Issuer and strategies for enhancing shareholder value.

Other than as described above and elsewhere in this Statement, none of the Reporting Persons currently has plans or proposals that relate to or would result in any of the consequences listed in paragraphs (a) through (j) of Item 4 of the Special Instructions for Complying with Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) The aggregate number of common shares outstanding as of December 8, 2010 was 242,662,912 based upon the information provided by Computershare Trust Company of Canada, the Company s transfer agent. As of the date hereof, 446 holds 12,460,766 Common Shares of the Company, which shares may also be deemed to be beneficially owned by Mr. Stronach, the Stronach Trust and 445. In addition, Mr. Stronach holds options to purchase 2,700,000 Common Shares, of which 183,332 are vested and exercisable within 60 days from the date hereof.

(b) The information contained in the cover pages is incorporated herein by reference.

(c) 446 sold Common Shares in the open market during the past sixty days as set forth below:

Date of Transaction	**Amount of Common Shares**	**Average Price per Common Share**	**Price Range**
12/17/10	973,611	$51.1349	$51.00 $51.29
12/20/10	594,909	$51.0728	$51.00 $51.45
12/21/10	141,000	$51.0316	$51.00 $51.10
12/22/10	1,350,444	$52.0799	$52.00 $52.53

(d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the common shares of the Company reflected on the cover pages to this Amendment.

(e) Not applicable.

Item 7. Material to be Filed as Exhibits.

Exhibit A Joint Filing Agreement, among the Reporting Persons, dated December 23, 2010.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certify that the information set forth in this statement with respect to such undersigned is true, complete and correct.

Dated: December 23, 2010

FRANK STRONACH

/s/ Frank Stronach

THE STRONACH TRUST

by /s/ Frank Stronach
Authorized Signing Officer

445327 ONTARIO LIMITED

by /s/ Frank Stronach
Authorized Signing Officer

446 HOLDINGS INC.

by /s/ Frank Stronach
Authorized Signing Officer

EXHIBIT A

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other Reporting Persons (as such term is defined in the Schedule 13D referred to below) on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the common shares of Magna International Inc., a corporation existing under laws of the Province of Ontario, Canada, and that this Agreement may be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument.

Dated: December 23, 2010

FRANK STRONACH
/s/ Frank Stronach

THE STRONACH TRUST

by /s/ Frank Stronach
Authorized Signing Officer

445327 ONTARIO LIMITED

by /s/ Frank Stronach
Authorized Signing Officer

446 HOLDINGS INC.

by /s/ Frank Stronach
Authorized Signing Officer

: #000000; background: #FFFFFF"> ***Business cycles and other changes in demand could adversely impact our revenue and profits.***

Office furniture industry revenues are impacted by a variety of cyclical macroeconomic factors such as corporate profits, non-residential fixed investment, white-collar employment growth and commercial office construction and vacancy rates. Our product sales are directly tied to corporate capital spending, which is outside of our control. Geopolitical uncertainties, terrorist attacks, acts of war, natural disasters, other world events or combinations of such and other factors outside of our control could also have a significant effect on business confidence and the global economy and therefore, our business.

Other demand influences on our industry include the evolving nature of collaborative and distributed work, technology changes, organizational changes, employee health and safety concerns and the globalization of companies. The trend towards off-shoring white collar jobs could cause our major customers in our core markets to shift employment growth to countries where our market share is not as strong. If we are unsuccessful in adapting our business to these changes and trends, our revenues and profits may be adversely impacted.

The current deteriorating global economic conditions and financial markets may adversely affect our business.

The recent distress in the financial market has resulted in extreme volatility in the capital markets and diminished liquidity and credit availability. There can be no assurance our access to liquidity will not be adversely affected by changes in the financial markets and the global economy. In addition, deterioration in our financial results could negatively impact our credit ratings. The tightening of the credit markets or a downgrade in our credit ratings could increase our borrowing costs and make it more difficult for us to access funds, refinance our existing indebtedness, enter into agreements for new indebtedness or obtain funding through the issuance of securities.

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In addition, the stress in the credit markets is having a significant negative impact on many businesses around the world. The current credit market could adversely impact our customers, dealers and suppliers as follows:

If our customers have difficulty in accessing the necessary liquidity for their operations, they may be unable to allocate capital for the purchase of our products and services, or they may be unable to pay amounts owed to our dealers or us. Additionally, our customers may seek to renegotiate contract prices as a result of the economic downturn and reduced capital spending.

We rely largely on a network of independent and company-owned dealers to market, deliver and install our products to customers. Customer concentration within some of our dealers is relatively high. If our dealers are unable to access liquidity or become insolvent, they may be unable to deliver required products and services and unable to pay amounts owed to us.

If our suppliers are unable to access liquidity or become insolvent, they may be unable to deliver raw materials or component parts and labor. In addition, some of our suppliers also serve the automotive industry. Any adverse impacts to the automotive industry, as a result of the economic slowdown or stress in the credit markets, could have a ripple effect on these suppliers which could adversely impact their ability to supply us necessary parts or labor. Any such disruptions could negatively impact our ability to deliver products and services to our dealers and/or customers, which in turn could have an adverse impact on our business, operating results or financial condition.

In response to the recent economic downturn and declines in our revenue, in Q4 2009 we announced a number of reductions to the compensation and benefits of our North American workforce. We expect to reverse these reductions when general economic conditions improve. In addition, the decline in our revenue has had and will continue to have a negative impact on the amount of performance-based incentive compensation earned by our employees. While we do not expect these events will have a significant impact on our ability to retain our employees in the near-term, as the global economy improves, our ability to attract and retain appropriately-skilled employees may be negatively impacted if we do not offer market-competitive levels of compensation and benefits.

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

We believe our future success depends upon our ability to deliver a great experience to our customers, which includes innovative, well-made products and world-class processes. Our success relies in part on our research and development and engineering efforts, our ability to manufacture or source the products and customer acceptance of our products. As it relates to new markets, our success also depends on our ability to create and implement local supply chain and distribution strategies to reach these markets. The potential inability to successfully implement and manage our growth strategies could adversely affect our business and our results of operations.

Our growth strategies call for:

expansion in existing markets by leveraging our current distribution to win new customers and more fully serve existing customers and their installed base of our products.

expansion in new adjacent markets such as the mid-market segment of the office furniture market (firms with 50 to 250 employees), vertical markets such as healthcare and higher education and progressive live/work solutions through multiple or alternate channels.

expansion in emerging markets growth in emerging markets is subject to the risk factors listed below relating to our global operations but also include other risks. As we hire new people and establish new processes in these locations, we are implementing our global business standards, but there is some risk our activities could expose us to liabilities.

investments in new business development initiatives which, like many startups, could have a relatively high failure rate. We limit our investments in these initiatives and have governance procedures to contain the associated risks, but losses could result and may be material.

potential investments in acquisitions, joint venture alliances and additional channels of distribution. We may not be able to enter into acquisitions or joint venture arrangements on acceptable terms, and we may not successfully integrate these activities into our operations. We also may not be successful in implementing new distribution channels, and changes could create discord in our existing channels of distribution.

The successful implementation of our growth strategies will depend, in part, on our ability to attract and retain an appropriately-skilled workforce. Competition for highly skilled and talented employees could result in higher compensation costs, difficulties in maintaining a capable workforce and leadership succession planning challenges.

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

We procure raw materials from a significant number of sources within the U.S., Canada, Mexico, Europe and Asia. These raw materials are not rare or unique to our industry. The cost of steel, aluminum, wood, particleboard, petroleum-based products and other commodities, such as fuel and energy, has fluctuated significantly in recent years due to changes in global supply and demand. These changes can also lead to supply interruptions. Our gross margins could be affected if these types of costs continue to fluctuate. In the short term, rapid changes in raw material costs can be very difficult to offset with price increases because of contractual agreements we have entered into with our customers. It is difficult to find effective financial instruments to hedge against these risks. We may not be successful in passing along a portion of higher raw materials costs to our customers because of competitive pressures.

Disruptions to the supply of raw materials, component parts and labor in our manufacturing operations could adversely affect our supply chain management.

We are reliant on the timely flow of raw materials and components from third party suppliers and our own manufacturing operations. The flow of such materials and components may be affected by:

fluctuations in the availability and quality of the raw materials,

disruptions caused by labor activities,

the financial solvency of our suppliers, especially in light of the current limited credit environment, and

damage and loss or disruption of production from accidents, natural disasters and other causes.

Our migration to a less vertically integrated manufacturing model has increased our reliance on a global network of suppliers. Any disruptions in the supply and delivery of component parts and products or deficiencies in our ability to develop and manage our network of suppliers could have an adverse impact on our business, operating results or financial condition.

We operate in a highly competitive environment and may not be able to compete successfully.

The office furniture industry is highly competitive, with a number of competitors offering similar categories of product. We compete on a variety of factors, including: brand recognition and reputation, price, lead time, delivery and service, insight from our research, product design and features, product quality, strength of dealers and other distributors and relationships with customers and key influencers, such as architects, designers and facility managers.

In the North America segment, our top competitors in our primary markets are Haworth, Inc., Herman Miller, Inc., HNI Corporation, Inc., Kimball International Inc. and Knoll, Inc., and our competitors generally offer products which are similar to the products we offer. Some of our competitors may have lower cost structures and a broader offering of moderately priced products, potentially making it more difficult for us to compete in certain customer segments. In addition, such competition may prevent us from maintaining or raising the prices of our products in response to rising raw material prices and other inflationary pressures or in an industry downturn.

Although we do not have major offshore competitors in our North America segment, there are other segments of the North America furniture industry, notably the residential furniture and made-to-stock office furniture segments sold through retailers, where lower-cost imports have become dominant. While customer lead time and customization requirements are currently inhibiting factors, it is possible we could see increased competition from imports in our core markets.

In the International segment, we compete against a larger number of smaller size competitors. Our North America competitors also compete in some of our International markets, but their market share varies significantly by market. Most of our top competitors have strong relationships with their existing customers that can be a source of significant future sales through repeat and expansion orders. These competitors manufacture products with strong acceptance in the marketplace and can develop products that could have a competitive advantage over Steelcase products. In certain markets, we compete using an import model which requires longer lead times than local competitors with domestic supply chains, and poses foreign currency exposures that we may not be able to hedge entirely.

We also compete in adjacent markets such as healthcare and higher education where competition is more fragmented. We could face increased competition from incumbent players as well as difficulty in penetrating related channels of distribution which could impact our success in these markets.

Our continued success depends upon many things, including our ability to continue to manufacture and market high quality, high performance products at competitive prices and our ability to evolve our business model and implement world-class processes to enable us to effectively compete in the office furniture and adjacent industries. Our success is also dependent on our ability to sustain our positive brand reputation and recognition among existing and potential customers and use our brand and our trademarks effectively as we enter new markets.

Our global operations subject us to risks that may negatively affect our results of operations and financial condition.

We have sales offices and manufacturing facilities in many countries, and as a result, we are subject to risks associated with doing business globally. Our global operations are subject to risks that may limit our ability to manufacture, design, develop or sell products in particular countries, which in turn could have an adverse effect on our results of operations and financial condition, including:

- political, social and economic conditions,
- intellectual property protection,
- differing employment practices and labor issues,
- local business and cultural factors that differ from our global business standards and practices,
- regulatory requirements and prohibitions that differ between jurisdictions,
- restrictions on our operations by governments seeking to support local industries, nationalization of our operations and restrictions on our ability to repatriate earnings, and

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

In the U.S. and most countries in Europe, our revenue and costs are typically in the same currency. However, there are some situations where we export and import products in different currencies. We also may hold assets, such as equity investments, real estate investments and cash balances, or carry

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liabilities in currencies other than the U.S. dollar. Fluctuations in the rate of exchange between the U.S. dollar and the currencies of other countries in which we conduct business, and changes in currency controls with respect to such countries, could negatively impact our business, operating results and financial condition. In addition, changes in tariff and import regulations and changes to U.S. and international monetary policies may also negatively impact our revenue.

Disruptions within our dealer network could adversely affect our business.

We rely largely on a network of independent and company-owned dealers to market, deliver and install our products to customers. Our business is influenced by our ability to initiate and manage new and existing relationships with dealers.

From time to time, an individual dealer or Steelcase may choose to terminate the relationship, or the dealership could face financial difficulty leading to failure or difficulty in transitioning to new ownership. In addition, our competitors could engage in a strategy to attempt to acquire or convert a number of our dealers to carry their products. We do not believe our business is dependent on any single dealer, the loss of which would have a sustained material adverse effect upon our business. However, temporary disruption of dealer coverage within a specific local market could temporarily have an adverse impact on our business within the affected market. The loss or termination of a significant number of dealers could cause difficulties in marketing and distributing our products and have an adverse effect on our business, operating results or financial condition. In the event that a dealer in a strategic market experiences financial difficulty, we may choose to make financial investments in the dealership, reducing the risk of disruption, but increasing our financial exposure. Establishing new dealers in a market can take considerable time and resources.

A portion of our distribution network is company-owned because of the need for us to make financial investments in dealerships in order to preserve our market share and profitability in the affected regions. In certain international markets, we have adopted a direct model of distribution through which we establish company-owned sales and service capabilities. If we are not able to effectively manage these businesses, they could have a negative effect on our operating results. Our direct-sale and owned-dealer models sell non-Steelcase products where product gaps exist. These models involve increased operational risk, the risk of conflict with other distribution channels and the risk we will not be able to compete effectively to win business in those markets because of a more limited breadth of product offering than a dealer who carries multiple lines of products.

We could be adversely affected by product defects.

Product defects can occur within our own product development and manufacturing processes or through our increasing reliance on third parties for product development and manufacturing activities. Our migration to a less vertically integrated manufacturing model has increased our reliance on a global network of suppliers, which subjects us to higher levels of risk associated with maintaining acceptable quality levels. We incur various expenses related to product defects, including product warranty costs, product recall and retrofit costs and product liability costs. The amount of our product defect expenses relative to product sales varies from time to time and could increase in the future. We maintain a reserve for our product warranty costs based on certain estimates and our knowledge of current events and actions, but our actual warranty costs may exceed our reserve, resulting in a need to increase our accruals for warranty charges. In addition, the reputation of our brands may be diminished by product defects and recalls. We purchase insurance coverage to reduce our exposure to significant levels of product liability claims and maintain a reserve for our self-insured losses based upon estimates of the aggregate liability using claims experience and actuarial assumptions. Any significant increase in the rate of our product defect expenses could have a material adverse effect on our results of operations.

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

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

Item 1B. Unresolved Staff Comments:

None.

Item 2. Properties:

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

Segment/Category Primarily Supported	Number of Principal Locations	Owned	Leased
North America	11	7	4
International	9	8	1
Other	7	4	3
Total	27	19	8

In Q4 2009, we announced we will be closing two additional North America facilities. These facilities are leased and included in the table above and are expected to be vacated in 2010.

Item 3. Legal Proceedings:

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

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

None.

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Supplementary Item. Executive Officers of the Registrant:

Our executive officers are:

Name	Age	Position
Mark A. Baker	48	Senior Vice President, Global Operations Officer
Mark T. Greiner	57	Senior Vice President, WorkSpace Futures
James P. Hackett	54	President and Chief Executive Officer, Director
Nancy W. Hickey	57	Senior Vice President, Chief Administrative Officer
James P. Keane	49	President, Steelcase Group
Michael I. Love	60	President, Nurture by Steelcase
John S. Malnor	47	Vice President, Growth Initiatives
Frank H. Merlotti, Jr.	58	President, Coalesse
James G. Mitchell	59	President, Steelcase International
Mark T. Mossing	51	Corporate Controller and Chief Accounting Officer
Lizbeth S. O Shaughnessy	47	Vice President, Chief Legal Officer and Secretary
David C. Sylvester	44	Vice President, Chief Financial Officer

Mark A. Baker has been Senior Vice President, Global Operations Officer since September 2004. Mr. Baker held the position of Senior Vice President, Operations from 2001 to September 2004.

Mark T. Greiner has been Senior Vice President, WorkSpace Futures since November 2002.

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

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

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

Michael I. Love has been President, Nurture by Steelcase since May 2006. Mr. Love was President and Chief Executive Officer, Steelcase Design Partnership from 2000 to May 2006.

John S. Malnor has been Vice President, Growth Initiatives since December 2008. Mr. Malnor was President, Turnstone from October 2007 to December 2008 and General Manager, Turnstone from 2004 to October 2007. From 2001 to 2004, Mr. Malnor held the position of Director, Market Development for Turnstone.

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

James G. Mitchell has been President, Steelcase International since June 2004 and was Managing Director, United Kingdom from 2003 to June 2004.

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

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

David C. Sylvester has been Vice President, Chief Financial Officer since October 2006 and was Vice President, Global Operations Finance from 2005 to October 2006. From 2001 to 2005, Mr. Sylvester held the position of Vice President, International Finance.

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PART II

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

Common Stock

Our Class A Common Stock is listed on the New York Stock Exchange under the symbol SCS. Our Class B Common Stock is not registered under the Exchange Act or publicly traded. See Note 11 to the consolidated financial statements for additional information. As of the close of business on April 23, 2009, we had outstanding 133,479,801 shares of common stock with 8,603 shareholders of record. Of these amounts, 77,875,649 shares are Class A Common Stock with 8,492 shareholders of record and 55,604,152 shares are Class B Common Stock with 111 shareholders of record.

Class A Common Stock Per Share Price Range	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2009				
High	$ 14.51	$ 12.83	$ 11.91	$ 6.62
Low	$ 10.50	$ 8.92	$ 5.08	$ 3.96
Fiscal 2008				
High	$ 20.72	$ 20.42	$ 19.31	$ 18.49
Low	$ 18.55	$ 14.03	$ 14.63	$ 12.86

Dividends

The declaration of dividends is subject to the discretion of our Board of Directors and to compliance with applicable laws. Dividends in 2009 and 2008 were declared and paid quarterly. In Q4 2008, our Board of Directors declared and paid a special cash dividend of $1.75 per share on our Class A Common Stock and Class B Common Stock. The payment of this dividend aggregated $247.5. The amount and timing of future dividends depends upon our results of operations, financial condition, cash requirements, future business prospects, general business conditions and other factors that our Board of Directors may deem relevant at the time.

	Total Dividends Paid				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2009	$ 20.3	$ 20.2	$ 20.2	$ 10.6	$ 71.3
2008	$ 22.1	$ 21.6	$ 21.2	$ 268.8	$ 333.7

Fourth Quarter Share Repurchases

The following table is a summary of share repurchase activity during Q4 2009:

		(c)	(d) Approximate

Period	(a) Total Number of Shares Purchased		(b) Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)		Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
11/29/08 1/2/09					$	215.1
1/3/09 1/30/09	189	$	4.65			215.1
1/31/09 2/27/09	26,142	$	4.04			215.1
Total	26,331 (2)				$	215.1

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

(2) All of these shares were repurchased to satisfy participants tax withholding obligations upon the vesting of stock awards, pursuant to the terms of our Incentive Compensation Plan.

Item 6. Selected Financial Data:

Financial Highlights	February 27, 2009	February 29, 2008 (1)	February 23, 2007	February 24, 2006	February 25, 2005
Operating Results					
Revenue	$ 3,183.7	$ 3,420.8	$ 3,097.4	$ 2,868.9	$ 2,613.8
Revenue (decrease) increase	(6.9)%	10.4%	8.0%	9.8%	11.4%
Gross profit (2)	$ 923.1	$ 1,098.6	$ 920.9	$ 820.2	$ 716.6
Gross profit % of revenue (2)	29.0%	32.1%	29.7%	28.6%	27.4%
(Loss) income from continuing operations before income tax expense (benefit)	$ (8.8)	$ 211.4	$ 124.6	$ 76.4	$ 5.0
(Loss) income from continuing operations before income tax expense (benefit) % of revenue	(0.3)%	6.2%	4.1%	2.7%	0.2%
(Loss) income from continuing operations	$ (11.7)	$ 133.2	$ 106.9	$ 48.9	$ 11.7
(Loss) income from continuing operations % of revenue	(0.4)%	3.9%	3.5%	1.7%	0.5%
Income from discontinued operations (3)					$ 1.0
Net (loss) income	$ (11.7)	$ 133.2	$ 106.9	$ 48.9	$ 12.7
Net (loss) income % of revenue	(0.4)%	3.9%	3.5%	1.7%	0.5%
Per Share Data					
(Loss) income from continuing operations:					
Basic	$ (0.09)	$ 0.93	$ 0.72	$ 0.33	$ 0.08
Diluted	$ (0.09)	$ 0.93	$ 0.71	$ 0.33	$ 0.08
Income from discontinued operations basic and diluted					$ 0.01
Net (loss) income:					
Basic	$ (0.09)	$ 0.93	$ 0.72	$ 0.33	$ 0.09
Diluted	$ (0.09)	$ 0.93	$ 0.71	$ 0.33	$ 0.09
Dividends common stock (4)	$ 0.53	$ 2.35	$ 0.45	$ 0.33	$ 0.24
Financial Condition					
Working capital	$ 231.8	$ 251.7	$ 585.5	$ 291.9	$ 447.8
Total assets	$ 1,750.0	$ 2,124.4	$ 2,399.4	$ 2,344.5	$ 2,364.7
Long-term debt	$ 250.8	$ 250.5	$ 250.0	$ 2.2	$ 258.1

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

(2) Gross profit reflects the reclassification of cost of sales and operating expenses relating to certain indirect manufacturing costs. See Item 7 for further details.

(3) Income from discontinued operations relates to the disposition of AW Corporation in 2005.

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

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

The following review of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and accompanying notes thereto included elsewhere within this Report. Certain amounts in the prior years financial statements have been reclassified to conform to the current year s presentation. During 2009, we completed a review of certain indirect manufacturing costs to determine the consistency of classification of these costs across our business units and reportable segments. Based on our analysis, we adjusted our results to increase costs of sales and decrease operating expenses by the following amounts:

	Year Ended		
Reclassification from operating expenses to cost of sales	**February 27, 2009**	**February 29, 2008**	**February 23, 2007**
North America	$ 21.5	$ 23.5	$ 23.7
International	0.9	1.1	0.5
Other	2.7	2.7	2.8
	$ 25.1	$ 27.3	$ 27.0

Financial Summary

Results of Operations

	Year Ended					
Income Statement Data Consolidated	**February 27, 2009**		**February 29, 2008**		**February 23, 2007**	
Revenue	$ 3,183.7	100.0%	$ 3,420.8	100.0%	$ 3,097.4	100.0%
Cost of sales	2,236.7	70.3	2,322.6	67.9	2,155.2	69.6
Restructuring costs	23.9	0.7	(0.4)		21.3	0.7
Gross profit	923.1	29.0	1,098.6	32.1	920.9	29.7
Operating expenses	842.9	26.5	874.7	25.6	794.1	25.6
Goodwill and intangible assets impairment charges	65.2	2.0	21.1	0.6	10.7	0.3
Restructuring costs	14.0	0.5			2.4	0.1
Operating income	1.0	0.0	202.8	5.9	113.7	3.7
Other (expense) income, net	(9.8)	(0.3)	8.6	0.3	10.9	0.4
(Loss) income before income tax expense	(8.8)	(0.3)	211.4	6.2	124.6	4.1
Income tax expense	2.9	0.1	78.2	2.3	17.7	0.6
Net (loss) income	$ (11.7)	(0.4)%	$ 133.2	3.9%	$ 106.9	3.5%

Overview

2009 compared to 2008

We recorded a net loss of $11.7 in 2009 compared to net income of $133.2 in 2008. The 2009 deterioration was driven by a number of factors, including lower volume within our North America segment and Other category, increased impairment charges and restructuring costs, a significant reduction in cash surrender value of our company-owned life insurance policies (COLI), lower interest income and higher commodity cost inflation which exceeded benefits from pricing actions. These factors were partially offset by lower variable compensation costs and benefits from restructuring and other cost reduction activities completed during the year.

Our revenue decreased $237.1 or 6.9% in 2009 compared to 2008. 2009 revenue was negatively impacted by $30.8 of sales related to net divestitures compared to 2008 and an estimated $45 from an extra week of shipments in the prior year, as our fiscal year 2008 consisted of 53 weeks. The balance of the decline in 2009 revenue was in our North America segment and Other category. The overall global economic slowdown in the last six months of 2009 and factors contributing to the turmoil in the capital markets influenced the decreased demand for office furniture, though revenue in our International segment did not initially deteriorate as quickly as in our North American segment. We expect the effects of the global economic slowdown and related turmoil in the capital markets to decrease the demand for office furniture across all segments in 2010.

Cost of sales increased to 70.3% of revenue in 2009, a 240 basis point deterioration compared to 2008. We estimate that the majority of the deterioration was due to lower fixed cost absorption related to lower volume, which had the effect of increasing cost of sales as a percent of revenue compared to the prior year. Other factors contributing to the increase were a reduction in cash surrender value of COLI, which accounted for approximately 80 basis points of the decline, and higher commodity cost inflation, which exceeded benefits from pricing actions and occurred primarily within our North America segment, impacting consolidated cost of sales by approximately 40 basis points. The deterioration in cost of sales was partially mitigated by lower variable compensation expense, which was approximately $18 lower than in 2008, and benefits from restructuring and other cost reduction activities completed during the year.

Operating expenses decreased by $31.8 compared to 2008, with approximately $40 of lower variable compensation in 2009 and an estimated $12 of expenses associated with the additional week in 2008, partially offset by a $13.8 decline in cash surrender value of COLI and an $8.5 impairment charge related to a corporate aircraft classified as held for sale. Operating expenses increased as a percent of revenue due to reduced volume leverage.

Goodwill and intangible assets impairment charges were primarily related to PolyVision, which is included in the Other category. These charges in 2009 were primarily due to the impact of the substantial decline in our stock price and market capitalization. As part of our annual goodwill impairment testing, we prepared a reconciliation of the fair value of our reporting units to our adjusted market capitalization as of February 27, 2009. We determined the fair value of PolyVision (using a discounted cash flow method) was less than its carrying value, resulting in non-cash impairment charges of $63.0 in Q4 2009.

Operating income decreased by $201.8 in 2009 compared to 2008. The North America segment declined $100.0 due to the reduction in revenue, the decline in cash surrender value of COLI and increased restructuring costs, partially offset by lower variable compensation. The International segment declined $16.0 primarily due to a decline in revenue in Q4 2009 compared to the prior year. The Other category declined $84.7 due to higher impairment charges at PolyVision and a decline in revenue in the Coalesse Group and PolyVision, as well as temporary inefficiencies associated with the consolidation of manufacturing activities in the Coalesse Group.

We recorded restructuring costs of $37.9 in 2009, compared to net restructuring credits of $0.4 in 2008. The 2009 charges primarily related to the consolidation of additional manufacturing and distribution facilities in North America, employee termination costs related to the reduction of our global white-collar workforce and further modernization of our industrial system in the Other category. See further discussion and detail of these items in the *Segment Disclosure* analysis below and in Note 17 to the consolidated financial statements.

2008 compared to 2007

Net income improved by $26.3 in 2008 compared to 2007. The improvement was due to increased volume and price yield, reduced cost of sales, lower restructuring costs and significant improvements in the performance of our wood business, partially offset by lower favorable tax adjustments, higher impairment charges at PolyVision and increased spending related to longer-term growth initiatives.

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Our revenue increased 10.4% in 2008 compared to 2007. Revenue in 2008 increased for all of our reportable segments, but growth in our International segment of 21.5% was the strongest. As compared to 2007, revenue was lower by $79.6 related to net divestitures. 2008 revenue was positively impacted by approximately $73 from currency translation effects and an estimated $45 from an extra week of shipments as compared to 2007.

Cost of sales decreased to 67.9% of revenue in 2008, a 170 basis point improvement compared to the prior year. Improvements in the North America segment and the Other category of 220 and 240 basis points, respectively, were the key drivers of this improvement. The improvements were due to fixed cost leverage associated with higher volume, improved pricing yields, benefits from restructuring and product simplicity initiatives and continued implementation of lean manufacturing principles, partially offset by lower cash surrender value appreciation on COLI in the North America segment.

Operating expenses along with goodwill and intangible assets impairment charges increased $91.0 in 2008 compared to 2007. Currency translation effects, higher impairment charges at PolyVision, increased spending related to longer-term growth initiatives, lower cash surrender value appreciation on COLI and costs associated with an additional week of operations in 2008 primarily drove the increase.

Operating income improved by $89.1 in 2008 compared to 2007, due to better performance in our North America and International segments and lower restructuring costs, offset by lower operating income in the Other category, primarily due to impairment charges at PolyVision.

We recorded net restructuring credits of $0.4 in 2008, compared to net restructuring costs of $23.7 in 2007. The net credit in 2008 primarily consisted of a gain on the sale of real estate related to our former headquarters campus for our International segment in Strasbourg, France, offset by charges related to the completion of a two-year facility rationalization initiative at our Grand Rapids, Michigan campus.

Other (Expense) Income, Net and Effective Income Tax Rate

		Year Ended	
Other (Expense) Income, Net	**February 27, 2009**	**February 29, 2008**	**February 23, 2007**
Interest expense	$ 17.0	$ 16.9	$ 18.5
Other income, net:			
Interest income	5.8	23.0	25.9
Equity in income of unconsolidated ventures	4.7	4.9	3.5
Elimination of minority interest in consolidated dealers	(3.2)	(7.2)	(2.8)
Miscellaneous	(0.1)	4.8	2.8
Total other income, net	7.2	25.5	29.4
Total interest expense and other income, net	$ (9.8)	$ 8.6	$ 10.9
Effective income tax rate	(33.0)%	37.0%	14.2%

Interest income decreased in 2009 compared to 2008 due to lower average cash and investment balances and lower interest rates.

Our consolidated results include the results of several dealers in which either we own a majority interest or we maintain participative control, but our investments are structured such that we do not share in their profits or losses. Elimination of minority interest in consolidated dealers represents the elimination of earnings where either our class of equity does not share in the earnings or the earnings are allocated to the minority interest holder.

Miscellaneous consists of foreign exchange gains and losses, unrealized gains and losses on derivative instruments and other income and expenses. Included in this amount for 2009 is a $6.6 gain

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related to the sale of an investment, offset by $5.9 of foreign exchange losses and $2.0 of impairment charges related to our auction rate security investments. Included in this amount for 2008 and 2007 is $3.9 and $3.6, respectively, related to gains on dealer transitions.

Our 2009 effective tax rate was negatively impacted by $36.6 of non-deductible losses associated with declines in cash surrender value of COLI, and favorably impacted by $7.5 of tax reserve reductions related to the completion of U.S. Internal Revenue Service examinations of 2004 through 2008. During 2007, we recorded a number of favorable tax adjustments that lowered our effective tax rate, including reductions in net operating loss valuation allowances and the reversal of reserves in connection with the favorable resolution of a Canadian tax audit. See further discussion and detail of these items in Note 12 to the consolidated financial statements.

Segment Disclosure

We operate on a worldwide basis within North America and International reportable segments, plus an Other category. Our Other category includes the Coalesse Group, PolyVision and IDEO. Unallocated corporate expenses are reported as Corporate. Additional information about our reportable segments is contained in Item 1: *Business* and Note 15 to the consolidated financial statements included within this report.

North America

	Year Ended								
Income Statement Data North America		**February 27, 2009**			**February 29, 2008**			**February 23, 2007**	
Revenue	$	1,740.0	100.0%	$	1,936.6	100.0%	$	1,796.2	100.0%
Cost of sales		1,256.4	72.2		1,348.2	69.7		1,290.6	71.9
Restructuring costs		14.0	0.8		0.8			18.5	1.0
Gross profit		469.6	27.0		587.6	30.3		487.1	27.1
Operating expenses		394.5	22.7		420.9	21.7		389.1	21.6
Restructuring costs		8.4	0.5					1.7	0.1
Operating income	$	66.7	3.8%	$	166.7	8.6%	$	96.3	5.4%

2009 compared to 2008

Operating income in the North America segment decreased by $100.0 in 2009 compared to 2008. The 2009 deterioration was driven by lower fixed cost absorption related to lower volume, decreases in cash surrender value of COLI, higher commodity cost inflation which exceeded benefits from pricing actions and increased restructuring costs and impairment charges, partially offset by lower variable compensation and benefits from restructuring and other cost reduction activities completed during the year.

North America revenue, which accounted for 54.7% of consolidated 2009 revenue, decreased by $196.6 or 10.2% from 2008. Net divestitures had the effect of decreasing revenue by $54.3 as compared to 2008. Current year revenue was also negatively impacted by an estimated $34 from an extra week of shipments in the prior year and approximately $6 from currency translation effects related to our subsidiary in Canada. The remaining decrease in revenue was primarily due to decreased volume across most of our vertical markets and geographic regions throughout the U.S. These declines were mitigated in part by relative stability in the federal government, healthcare, technology and higher education vertical markets. Order rates deteriorated significantly throughout the second half of the year as business capital spending declined in connection with the deteriorating U.S. and global economic environment, which we believe led to an increase in project deferrals and cancellations.

Cost of sales as a percent of revenue increased 250 basis points compared to the prior year. The deterioration was primarily the result of lower fixed cost absorption related to lower volume, which we

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estimate impacted cost of sales by 150 basis points. Other factors contributing to the increase were a reduction in cash surrender value of COLI, which represented 130 basis points of the decline, and higher commodity cost inflation which exceeded benefits from pricing actions and we estimate represented 60 basis points of the decline. The deterioration in cost of sales was partially offset by variable compensation expense which was $13.8 lower than in 2008 and benefits from restructuring and cost reduction efforts.

Operating expenses were 22.7% of revenue in 2009, compared to 21.7% of revenue in 2008. Operating expenses decreased in absolute dollars compared to 2008 primarily due to variable compensation expense which was $32.0 lower than in 2008, an $11.4 reduction resulting from net divestitures and benefits from restructuring and cost reduction efforts, partially offset by a $14.1 impact from the decline in cash surrender value of COLI and an $8.5 impairment charge related to a corporate aircraft classified as held for sale.

Restructuring costs of $14.0 in 2009 included in gross profit primarily consisted of move and severance costs associated with the closure of three manufacturing facilities within our network. Restructuring costs of $8.4 included in operating expenses primarily consisted of employee termination costs related to the reduction of our white-collar workforce.

2008 compared to 2007

Operating income increased by $70.4 in 2008 compared to 2007. The 2008 improvement was driven by volume growth, improved pricing yield, significant improvements in the performance of our wood business, benefits of prior restructuring activities and lower restructuring costs, partially offset by lower cash surrender value appreciation on COLI policies and higher spending related to longer-term growth initiatives.

Revenue growth of 7.8% in 2008 was driven by relatively strong sales across the Steelcase Group, Nurture by Steelcase and Details brands. While positive, growth at Turnstone moderated in 2008 compared to strong double digit percentages in prior years. As compared to 2007, North America revenue for 2008 was lower by $80.6 related to net divestitures and included an estimated $34 of additional sales from the extra week of shipments and approximately $9 from favorable currency translation effects related to sales by our subsidiary in Canada.

Cost of sales decreased 220 basis points from 2007 as a percent of revenue. The improvement was the result of fixed cost leverage associated with higher volume, improved pricing yields, benefits from prior restructuring activities and product simplicity initiatives and continued implementation of lean manufacturing principles, including significant improvement in the performance of our wood product category. These improvements were partially offset by lower cash surrender value appreciation on COLI.

Income from COLI was $11.8 lower in 2008 compared to 2007, with $6.3 of the decrease negatively impacting cost of sales and the remainder of the decrease impacting operating expenses.

Operating expenses were 21.7% of revenue in 2008 compared to 21.6% of revenue in 2007. Operating expenses increased in absolute dollars compared to 2007 primarily due to costs associated with the additional week of operations in 2008, higher spending related to longer-term growth initiatives, marketing and product development and lower cash surrender value appreciation on COLI, partially offset by lower expenses associated with net divestitures.

Restructuring costs of $0.8 in 2008 and $18.5 in 2007 included in gross profit consisted of move and severance costs associated with our plant consolidation initiative at our Grand Rapids, Michigan manufacturing campus, which we completed during 2008, offset in part by realization of conditional proceeds related to the sale of related properties.

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International

Income Statement Data International	Year Ended February 27, 2009		February 29, 2008		February 23, 2007	
Revenue	$ 922.2	100.0%	$ 893.8	100.0%	$ 735.8	100.0%
Cost of sales	629.1	68.2	598.1	66.9	490.5	66.6
Restructuring costs	0.3		(2.0)	(0.2)	2.8	0.4
Gross profit	292.8	31.8	297.7	33.3	242.5	33.0
Operating expenses	250.1	27.2	240.7	26.9	208.2	28.4
Restructuring costs	1.7	0.2			0.1	
Operating income	$ 41.0	4.4%	$ 57.0	6.4%	$ 34.2	4.6%

2009 compared to 2008

International reported operating income of $41.0, a decrease of $16.0 compared to 2008. The 2009 deterioration was driven by commodity cost inflation, unfavorable currency impacts and significant declines in volume in Q4 2009. Operating income also decreased as a percent of revenue due to the dilutive impact of consolidating our acquisition of Ultra in Asia in Q4 2008. These decreases were partially offset by improved fixed cost leverage related to higher volume during the first three quarters of 2009 and operational improvements at a small subsidiary which negatively impacted 2008 results.

Revenue increased $28.4 or 3.2% in 2009 compared to 2008 and represented 29.0% of consolidated revenue. Current year revenue was positively impacted by $23.5 of incremental sales related to net acquisitions and approximately $4 from currency translation effects. Strong growth in revenue in Germany was offset by decreases in Spain, France and the United Kingdom. The increase was partially offset by a substantial drop in revenue in Q4 as the global economic slowdown and related turmoil in the capital markets dramatically decreased the demand for office furniture across all International markets.

Cost of sales increased by 130 basis points as a percent of revenue compared to 2008. The deterioration was primarily due to higher commodity cost inflation, unfavorable currency impacts, which represented approximately 30 basis points of the decline, and the dilutive impact of consolidating our acquisition of Ultra in Asia, which represented approximately 30 basis points of the decline.

Operating expenses increased by $9.4 in 2009 compared to 2008, primarily due to $8.5 related to net acquisitions and unfavorable currency translation impacts of approximately $3, partially offset by variable compensation expense which was approximately $3 lower than in 2008.

2008 compared to 2007

International reported operating income of $57.0 in 2008, an improvement of $22.8 compared to 2007. The 2008 improvement was driven by increased profitability in certain markets, most notably Germany, France and Latin America, lower restructuring costs and benefits of currency translation.

Revenue increased 21.5% in 2008 compared to 2007. The growth was relatively broad-based across most of our International regions, but was particularly strong in Germany, France, Eastern Europe, Spain, Latin America and Asia Pacific. Currency translation had the effect of increasing revenue by approximately $64 in 2008 as compared to 2007. Revenue also included $13.6 of incremental sales related to net acquisitions.

Cost of sales increased by 30 basis points as a percent of revenue compared to 2007. Improvements due to volume leverage and benefits from prior restructuring activities were more than offset by operational issues at a small subsidiary, higher material and transportation costs and unfavorable currency impacts, most notably in the United Kingdom.

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Operating expenses increased by $32.5 in 2008 compared to 2007, primarily due to currency translation impacts of approximately $18, higher spending on growth initiatives in Asia and the effects of net acquisitions.

Other

Income Statement Data Other	Year Ended February 27, 2009		February 29, 2008		February 23, 2007	
Revenue	$ 521.5	100.0%	$ 590.4	100.0%	$ 565.4	100.0%
Cost of sales	351.2	67.3	376.3	63.8	374.1	66.2
Restructuring costs	9.6	1.9	0.8	0.1		
Gross profit	160.7	30.8	213.3	36.1	191.3	33.8
Operating expenses	172.9	33.2	186.8	31.6	169.8	30.0
Goodwill and intangible assets impairment charges	63.2	12.1	21.1	3.6	10.7	1.9
Restructuring costs	3.9	0.7			0.6	0.1
Operating (loss) income	$ (79.3)	(15.2)%	$ 5.4	0.9%	$ 10.2	1.8%

2009 compared to 2008

Our Other category includes the Coalesse Group (formerly known as the Premium Group), PolyVision and IDEO. The Other category reported an operating loss of $79.3 in 2009, compared to operating income of $5.4 in 2008. The decline was primarily the result of higher goodwill and intangible assets impairment charges at PolyVision, lower fixed cost absorption related to lower volume within the Coalesse Group and PolyVision, increased restructuring costs and disruption costs associated with the consolidation of manufacturing activities, partially offset by lower variable compensation expense. Additionally, prior to 2009, the Other category also included our Financial Services subsidiary, which had $13.8 of revenue and $8.6 of operating income from Financial Services in 2008, primarily related to residual gains from early lease terminations we originated and funded in prior years.

2009 revenue decreased by $68.9 or 11.7% compared to 2008. The decrease in revenue includes the effects of our decisions to exit a portion of the PolyVision public bid contractor whiteboard fabrication business and to transfer corporate whiteboard and certain other corporate technology products to the Steelcase brand in the North America segment during the first six months of 2009. In addition, the weakening economy in the U.S. contributed to decreases in revenue in the Coalesse Group, PolyVision and IDEO.

Cost of sales as a percent of revenue increased by 350 basis points in 2009 compared to 2008 primarily due to the reduction in volume, higher commodity cost inflation which exceeded benefits from pricing actions and disruption costs associated with the consolidation of manufacturing activities.

Operating expenses were 33.2% of revenue in 2009 compared to 31.6% of revenue in 2008. Operating expenses decreased in absolute dollars compared to 2008 primarily due to variable compensation expense, which was approximately $3 lower than in 2008 and benefits from restructuring and other cost reduction activities efforts.

During the second half of 2009, there was a substantial decline in the market price of our Class A common stock and thus our market capitalization. As part of our annual goodwill impairment testing, we prepared a reconciliation of the fair value of our reporting units to our adjusted market capitalization as of February 27, 2009. We determined that the fair value of PolyVision (using a discounted cash flow method) was less than its carrying value, resulting in non-cash goodwill and intangible assets impairment charges of $63.0 in Q4 2009. See Note 8 to the consolidated financial statements for additional information.

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In 2008, we entered into an agreement which will allow certain members of the management of IDEO to purchase a controlling equity interest in IDEO in two phases by 2013. The agreement provides that, under any circumstance, we will retain a minimum 20% equity interest in IDEO. As of February 27, 2009, IDEO management effectively purchased 20% of IDEO under the first phase of the agreement. Phase two of the agreement begins in 2010 and allows IDEO management to purchase an additional 60% equity interest. Phase two also includes a variable compensation program that may provide IDEO management with a portion of the funding for the remaining purchase.

Restructuring costs of $13.5 in 2009 primarily related to the closure of two manufacturing facilities: one within the Coalesse Group and one at PolyVision.

2008 compared to 2007

The Other category reported operating income of $5.4 in 2008, a $4.8 decline compared to 2007. The decline was primarily the result of higher impairment charges at PolyVision which offset improved profitability in the Coalesse Group and PolyVision, excluding the impact of the impairment charges. IDEO s business grew significantly in 2008, but operating income growth was offset by higher variable compensation earned by certain members of IDEO management in connection with an agreement to enable them to acquire an ownership interest in IDEO, as described above.

Revenue increased by $25.0, or 4.4% in 2008 compared to 2007 due to growth at IDEO and across most of the Coalesse Group.

Cost of sales as a percent of revenue decreased by 240 basis points in 2008 compared to 2007 primarily due to improvements at IDEO, PolyVision and across most of the Coalesse Group companies.

We recorded goodwill and intangible assets impairment charges of $21.1 at PolyVision in 2008 related to a deterioration in their financial performance, which was primarily driven by intense price competition in the public bid contractor whiteboard fabrication business. We recorded $10.7 of similar charges at PolyVision in 2007.

Corporate

		Year Ended	
Income Statement Data Corporate	**February 27, 2009**	**February 29, 2008**	**February 23, 2007**
Operating expenses	$ 27.4	$ 26.3	$ 27.0

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

The reduction in variable compensation expense in 2009 was offset by an increase in general accounts receivable reserves and lower gains recognized from the transfer of equity interests of IDEO to certain members of its management.

Liquidity and Capital Resources

Liquidity

We believe we currently need approximately $50 of cash to fund the day-to-day operations of our business. Our current target is to maintain a minimum of $100 of additional cash and short-term investments as available liquidity for funding investments in growth initiatives and as a cushion against volatility in the economy. Our actual cash and short-term investment balances will fluctuate from quarter to quarter as we plan for and manage certain seasonal disbursements, particularly the annual payment

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of accrued variable compensation and retirement plan contributions in Q1 of each fiscal year. These are general guidelines; we may modify our approach in response to changing market conditions or opportunities. As of February 27, 2009, we held a total of $193.6 in cash and cash equivalents and short-term investments.

The following table summarizes our consolidated statements of cash flows:

	Year Ended		
Cash Flow Summary	**February 27, 2009**	**February 29, 2008**	**February 23, 2007**
Net cash flow provided by (used in):			
Operating activities	$ 103.7	$ 249.7	$ 280.5
Investing activities	(61.1)	(91.3)	(51.9)
Financing activities	(131.7)	(484.4)	(127.1)
Effect of exchange rate changes on cash and cash equivalents	(7.2)	12.7	1.9
Net (decrease) increase in cash and cash equivalents	(96.3)	(313.3)	103.4
Cash and cash equivalents, beginning of period	213.9	527.2	423.8
Cash and cash equivalents, end of period	$ 117.6	$ 213.9	$ 527.2

During 2009, cash and cash equivalents decreased by $96.3 to a balance of $117.6 as of February 27, 2009. Of our total cash and cash equivalents, approximately 75% was located in the U.S. and the remaining 25% was located outside of the U.S., primarily in Canada and Europe. These funds, in addition to short-term investments, cash generated from future operations, funds available from COLI and other long-term investments and available credit facilities, are expected to be sufficient to finance our foreseeable liquidity and capital needs.

We have short-term investments of $76.0 as of February 27, 2009 maintained in a managed investment portfolio which consists of short-term investments in U.S. Treasury, U.S. Government agency and corporate debt instruments.

We also have investments in auction rate securities (ARS) with a par value of $26.5 and an estimated fair value of $21.5 as of February 27, 2009 and one Canadian asset-backed commercial paper (ABCP) investment with a par value of Canadian $5.0 and an estimated fair value of $3.3 as of February 27, 2009. These securities are included in *Other assets* on the Consolidated Balance Sheets due to the tightening of the U.S. credit markets and current lack of liquid markets for ARS or Canadian ABCP. We intend to hold these investments until the market recovers and do not anticipate the need to sell these investments in order to operate our business or fund our growth initiatives. See Note 4 to the consolidated financial statements for additional information.

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Cash provided by operating activities

Cash Flow Data Operating Activities	February 27, 2009	Year Ended February 29, 2008	February 23, 2007
Net (loss) income	$ (11.7)	$ 133.2	$ 106.9
Depreciation and amortization	87.3	92.4	101.4
Deferred income taxes	(4.8)	11.3	30.9
Goodwill and intangible assets impairment charges	65.2	21.1	10.7
Changes in cash surrender value of COLI	39.0	(1.4)	(12.6)
Changes in operating assets and liabilities, net of divestitures and acquisitions	(96.5)	(6.2)	35.7
Other, net	25.2	(0.7)	7.5
Net cash provided by operating activities	$ 103.7	$ 249.7	$ 280.5

The decrease in cash provided by operating activities in 2009 was primarily due to a significant decline in net income largely driven by the recent effects of deteriorating global economic conditions and the related impacts on business capital spending and our revenue. The associated cash generated from reductions in working capital was more than offset by payments earlier in the year related to variable compensation and other benefit costs earned in prior years.

Cash used in investing activities

Cash Flow Data Investing Activities	February 27, 2009	Year Ended February 29, 2008	February 23, 2007
Capital expenditures	$ (83.0)	$ (79.6)	$ (58.2)
Divestitures and acquisitions	17.5	(13.8)	(9.9)
Net purchases of investments	(15.2)	(42.2)	(33.1)
Proceeds from repayments of lease fundings and notes receivable, net	11.4	21.1	27.2
Proceeds from disposal of fixed assets	4.9	27.5	18.9
Other, net	3.3	(4.3)	3.2
Net cash used in investing activities	$ (61.1)	$ (91.3)	$ (51.9)

We continue to closely scrutinize capital spending to ensure we are making the right investments to sustain our business and to preserve our ability to introduce innovative, new products. Capital expenditures in 2009 included investments in product development, showrooms and corporate facilities and progress payments toward the replacement of an existing corporate aircraft in April 2009. Capital expenditures during 2009 and 2008 included $13.2 and $13.6, respectively, for payments related to the replacement aircraft.

Net cash used in investing activities in 2009 and 2008 included the allocation of $20 and $50, respectively, of cash and cash equivalents into a managed investment portfolio, which consists of short-term investments in U.S. Treasury, U.S. Government agency and corporate debt instruments. In 2008 and 2007, we purchased ARS, certain of which we continue to hold due to a current lack of liquidity in the marketplace.

Proceeds from the disposal of fixed assets primarily related to the sale of real estate, facilities and equipment associated with manufacturing consolidation initiatives completed in Grand Rapids, Michigan and Strasbourg, France.

Divestitures in 2009 represent the proceeds from the sale of Custom Cable and an international dealer. In 2008, the amount related to the acquisition of Ultra, partially offset by cash proceeds from the divestiture of an owned dealer. The 2007 amount related to an acquisition within our healthcare business offset by the sale of a small subsidiary of PolyVision.

Cash used in financing activities

Cash Flow Data Financing Activities	February 27, 2009	Year Ended February 29, 2008	February 23, 2007
(Repayments) borrowings of short-term and long-term debt, net	$ (2.1)	$ 1.4	$ (9.8)
Excess tax benefit from exercise of stock options and vesting of restricted stock	0.4	1.7	3.9
Common stock repurchases, net of issuances	(58.7)	(153.8)	(54.0)
Dividends paid	(71.3)	(333.7)	(67.2)
Net cash used in financing activities	$ (131.7)	$ (484.4)	$ (127.1)

We used cash related to financing activities in 2009 primarily to return value to shareholders through dividend payments and common stock repurchases. We paid dividends of $0.15 per share in Q1, Q2 and Q3 2009 and $0.08 per share in Q4 2009. We paid dividends of $2.35 per share in 2008 consisting of quarterly dividends of $0.15 per share and a special cash dividend of $1.75 during Q4 2008. Dividends in 2007 were $0.45 per share. During Q1 2010, we announced a quarterly dividend of $0.08 per share.

During 2009 and 2008, we made common stock repurchases of $59.2 and $165.3, respectively. All of the 2009 repurchases related to our Class A Common stock. Of the 2008 repurchases, $132.3 related to the repurchase of 7.7 million shares of our Class A Common Stock, and $33.0 related to the repurchase of 1.7 million shares of our Class B Common Stock from entities affiliated with a member of our Board of Directors. As of February 27, 2009, $215.1 remained available under our repurchase authorizations. We have no outstanding share repurchase commitments.

Share repurchases of Class A common stock to enable participants to satisfy tax withholding obligations upon vesting of restricted stock and restricted stock units, pursuant to the terms of our Incentive Compensation Plan, were $1.7 and $3.2 in 2009 and 2008, respectively.

In 2009 and 2008, we received proceeds of $0.5 and $11.5, respectively, from the issuance of shares of Class A common stock as a result of the exercise of stock options. See Note 13 to the consolidated financial statements for additional information.

Capital Resources

Off-Balance Sheet Arrangements

We are contingently liable under loan and lease guarantees for certain Steelcase dealers and joint ventures in the event of default or non-performance of the financial repayment of a liability. In certain cases, we also guarantee completion of contracts by our dealers. Due to the contingent nature of guarantees, the full value of the guarantees is not recorded on our Consolidated Balance Sheets; however, when necessary we record reserves to cover potential losses. See Note 14 to the consolidated financial statements for additional information.

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Contractual Obligations

Our contractual obligations as of February 27, 2009 were as follows:

		Payments Due by Period			
		Less than	1-3	3-5	After 5
Contractual Obligations	**Total**	**1 Year**	**Years**	**Years**	**Years**
Long-term debt and short-term borrowings	$ 255.7	$ 4.9	$ 250.6	$ 0.2	$
Estimated interest on debt obligations	41.0	16.5	24.4	0.1	
Operating leases	210.7	47.2	71.1	40.3	52.1
Committed capital expenditures	48.6	21.5	27.1		
Purchase obligations	15.4	11.8	2.7	0.9	
Other long-term liabilities	297.9	102.2	67.1	41.6	87.0
Total	$ 869.3	$ 204.1	$ 443.0	$ 83.1	$ 139.1

Total consolidated debt as of February 27, 2009 was $255.7. Of our total debt, $249.6 is in the form of term notes due in August 2011. As of February 27, 2009, our debt to total capital ratio was 25.9%, an increase from 22.1% in 2008 due to lower shareholders equity at the end of 2009 as a result of the 2009 net loss and dividend payments and share repurchases during the year.

We have commitments related to certain sales offices, showrooms and equipment under non-cancelable operating leases that expire at various dates through 2019. Minimum payments under operating leases having initial or remaining non-cancelable terms in excess of one year are presented in the contractual obligations table above.

Committed capital expenditures represent obligations we have related to property, plant and equipment purchases and include outstanding commitments of $44.4 to purchase two corporate aircraft that are intended to replace existing aircraft.

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

Other long-term liabilities represent contributions and benefit payments expected to be made for our post-retirement, pension, deferred compensation, defined contribution and variable compensation plans. It should be noted