

STEELCASE INC
Form DEF 14A
May 22, 2003

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

SCHEDULE 14A

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

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

Check the appropriate box:

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

STEELCASE INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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**STEELCASE INC.
901 44th Street SE
Grand Rapids, Michigan 49508**

NOTICE OF ANNUAL MEETING

Date:

June 26, 2003

Time:

11:00 a.m. Eastern Daylight

Time

Location:

Steelcase Town Hall 1111
44th Street SE Grand Rapids,
Michigan 49508

To Steelcase Shareholders:

You are cordially invited to attend our 2003 annual meeting of shareholders. The meeting is being held to allow you and the other shareholders of Steelcase to vote on the following proposal and any other business that properly comes before the meeting:

Election of three Directors to a three-year term on the Board of Directors.

The Board of Directors has nominated for election: William P. Crawford, Elizabeth Valk Long and Robert C. Pew III.

You may vote at the meeting if you were a shareholder of record at the close of business on May 1, 2003. Your Board of Directors recommends that you vote for each of the nominees.

Please carefully review the attached proxy statement and accompanying proxy card. Every vote is important, and we urge you to vote your shares as soon as possible. You may vote by telephone, the Internet, or by signing and returning the enclosed proxy card. This will allow your shares to be voted if you do not attend the meeting. Whether you appoint a proxy by returning the enclosed proxy card or by responding by telephone or the Internet, if you attend the meeting, you may withdraw your proxy and vote your own shares.

We look forward to seeing you at the meeting.

By Order of the Board of Directors

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

May 22, 2003

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QUESTIONS AND ANSWERS

1. Q: What am I voting on?

A: The election of nominees to serve on our Board of Directors and any other business that properly comes before the 2003 annual meeting of shareholders (the Meeting).

2. Q: How does the Board of Directors recommend I vote?

A: The Board of Directors recommends that you vote **FOR** each of the nominees for Director listed on page 4.

3. Q: Who is entitled to vote?

A: Shareholders of record of Class A Common Stock or Class B Common Stock at the close of business on May 1, 2003 may vote at the Meeting.

4. Q: What does it mean if I receive more than one proxy card?

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

5. Q: How many votes do I have?

A: Each shareholder has one vote per share of Class A Common Stock and ten votes per share of Class B Common Stock owned of record at the close of business on May 1, 2003.

6. Q: How do I vote?

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

To vote by telephone or the Internet: Please follow the instructions on the proxy card. *The deadline for voting by telephone or the Internet is 11:59 p.m. Eastern Daylight Time on June 25, 2003.*

To vote by mail: Please complete, sign, date and return the accompanying proxy card in the enclosed postage-paid envelope. *Only those proxy cards received and processed before 11:00 a.m. Eastern Daylight Time on June 26, 2003 will be voted.*

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

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

If you do not specify a choice and you use the enclosed proxy card, your shares will be voted **FOR** the election of all nominees for Director listed under Proposal Requiring your Vote Election of Directors on page 4.

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

7. Q: How will voting on any other business be conducted?

A: For any other matter that may properly come before the Meeting, your shares will be voted in the discretion of the holders of the proxy. As of May 1, 2003, we do not know of any other matter to be considered at the Meeting.

8. Q: Can I revoke my proxy?

A: If you appoint a proxy, you may revoke it at any time before it is exercised in any of three ways:

1. By notifying the Secretary of Steelcase in writing;
2. By delivering to the Secretary of Steelcase a proxy dated with a later date; or
3. By attending the Meeting and voting in person.

9. Q: Who can attend the Meeting?

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

10. Q: Can I listen to the Meeting if I cannot attend?

A: If you have access to the Internet, you can listen to a live webcast of the Meeting. Instructions for listening to this webcast will be available on the Webcasts & Presentations page of the Investor Relations section of www.steelcase.com approximately one week before the Meeting. An audio replay of the Meeting will be available within two hours of the Meeting and until July 31, 2003.

11. Q: How many shares are entitled to vote at the Meeting?

A: As of the close of business on May 1, 2003, the record date for determining shareholders entitled to vote at the annual meeting, there were outstanding 43,181,532 shares of Class A Common Stock and 104,431,465 shares of Class B Common Stock.

12. Q: Does any shareholder own 5% or more of Steelcase's common stock?

A: Yes, please see the Stock Ownership of Management and More than 5% Shareholders section on pages 9 to 13.

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13. Q: When and how are shareholder proposals for next year's annual meeting to be submitted?

A: Shareholder proposals submitted for inclusion in our proxy statement for the 2004 annual meeting of shareholders must be received by us by January 23, 2004. Other shareholder proposals to be presented from the floor at our 2004 annual meeting of shareholders must be received by us no earlier than March 28, 2004 and no later than April 17, 2004. All shareholder proposals must be sent in the manner and meet the requirements specified in our Amended Bylaws.

14. Q: When and how are shareholder recommendations for Director Nominees to be submitted?

A: The Nominating and Corporate Governance Committee will consider shareholder nominations for membership on the Board of Directors. Nominations for the 2004 annual meeting of shareholders must be received by us no earlier than March 28, 2004 and no later than April 17, 2004. All shareholder nominations must be sent in the manner and meet the requirements specified in our Amended Bylaws.

15. Q: What if multiple shareholders share the same address?

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

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PROPOSAL REQUIRING YOUR VOTE ELECTION OF DIRECTORS

Our Board of Directors currently consists of eleven Directors divided into three classes (Classes I, II and III), serving staggered three-year terms. David Bing, who has served as a Director since 1998, has decided not to stand for re-election as a Class II Director due to personal commitments. Because Steelcase's Second Restated Articles of Incorporation specify that the classes must be as equal in number as possible, the Board of Directors has nominated Elizabeth Valk Long, who has been a Class III Director since 2001, to stand for re-election as a Class II Director. Ms. Long's election will create a vacancy in Class III, which will remain vacant until the Board of Directors fills it or reduces the number of Directors that make up our Board to ten.

There are three nominees for election this year. Each is nominated to serve as a Class II Director for a three-year term that will expire at the 2006 annual meeting. The following pages contain information regarding the Director nominees and our other Directors.

The Board of Directors recommends a vote FOR each of the nominees.

OUR BOARD OF DIRECTORS

Nominees for Election as Class II Directors for the Term Expiring in 2006:

William P. Crawford

Director since 1979

Mr. Crawford held various positions at Steelcase, including President and Chief Executive Officer, Steelcase Design Partnership, from 1991 until his retirement in 2000. Age 60.

Elizabeth Valk Long

Director since 2001

Ms. Long held various management positions at Time Inc., a magazine publisher, until her retirement in 2001. From 1995 to 2001 she was Executive Vice President of Time Inc. Ms. Long also serves on the Board of Directors of J.M. Smucker Company and Jefferson-Pilot Corporation. Age 53.

Robert C. Pew III

Director since 1987

Mr. Pew has been the owner of Cane Creek Farm since 1995. From 1974 to 1984 and from 1988 to 1994, Mr. Pew held various positions at Steelcase, including President, Steelcase North America and Executive Vice President, Operations. Age 52.

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Michael J. Jandernoa

Director since 2002

Mr. Jandernoa has served as Chairman of the Board of Directors of Perrigo Company, a manufacturer of over-the-counter store brand pharmaceutical and nutritional products, since 1991. Mr. Jandernoa has also served in various executive capacities with Perrigo Company, including Chief Executive Officer from 1988 to 2000. He is also a director of Fifth Third Bank a Michigan Banking Corporation. Age 53.

Peter M. Wege II

Director since 1979

Mr. Wege has been Chairman of the Board of Directors of Contract Pharmaceuticals Limited, a manufacturer and distributor of prescription and over-the-counter pharmaceuticals since 2000. Mr. Wege has also served as President of Greylock, Inc., a venture capital firm, since 1990. From 1981 to 1989, he held various positions at Steelcase, including President of Steelcase Canada Ltd. Age 54.

Kate Pew Wolters

Director since 2001

Ms. Wolters has been engaged in philanthropic activities since 1996. She is currently President of the Kate and Richard Wolters Foundation and is a community volunteer and advisor. She also serves as Chair of the Board of Trustees of the Steelcase Foundation and as a member of the Board of Directors of Founders Trust Personal Bank. Age 45.

Related Directors

Mr. Pew III and Ms. Wolters are brother and sister and are first cousins to Mr. Crawford and Mr. Welch, Jr., who are first cousins to each other. Additionally, Mr. Frank H. Merlotti, Sr., who retired from our Board of Directors in June 2002, is the father of Frank H. Merlotti, Jr. who serves as President, Steelcase North America.

CORPORATE GOVERNANCE MATTERS COMMITTEES OF THE BOARD OF DIRECTORS

Our Board of Directors held four meetings during the fiscal year ended February 28, 2003. All Directors attended 100% of the board meetings and the meetings of committees on which they served during the year.

The Board of Directors is committed to monitoring the effectiveness of policy and decision making at the Board and management levels. The Board's goal is to provide oversight, counseling and direction to management in a manner that helps build long-term shareholder value and assures the vitality of Steelcase for its customers, employees and other constituencies. In fulfilling its responsibilities, the Board has full and free access to Steelcase's management and, as appropriate, its outside advisors. The Board and each of its Committees may also hire independent legal, financial or other advisors as they deem necessary, without consulting with or obtaining advance approval from any member of management.

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Four standing Committees assist the Board of Directors in fulfilling its responsibilities, as follows:

Audit Committee

Serves as an independent and objective party to oversee Steelcase's financial reporting process and internal control system;

Appoints the independent auditor and reviews and approves its fees in advance;

Reviews the audit efforts of Steelcase's internal audit department;

Reviews the audit effort of the independent auditor, BDO Seidman, LLP, who is ultimately accountable to the Board of Directors and the Audit Committee;

Reviews the auditor's independence; and

Monitors compliance with the Audit Committee Charter.

Compensation Committee (and Sub-Committee)

Establishes, reviews and determines any proposed changes to Steelcase's compensation philosophy and benefit plans;

Establishes the base salary of our President and Chief Executive Officer and reviews executive and other management compensation practices; and

The Compensation Sub-Committee is composed entirely of outside directors as defined by Section 162(m) of the Internal Revenue Code. This Sub-Committee establishes performance-based compensation for certain executives in compliance with Section 162(m), which governs the deductibility of certain compensation.

Executive Committee

Exercises the powers of our Board of Directors when necessary during intervals between regular meetings, subject to any limitations of law; and

Performs such other duties as may be directed by the Board of Directors from time to time.

Nominating and Corporate Governance Committee

Oversees and evaluates issues of corporate governance and makes recommendations to the Board regarding governance policies and practices;

Oversees the annual self-evaluation of the Board of Directors and each of its committees;

Oversees the annual review of the Chief Executive Officer;

Makes recommendations to the Board of Directors regarding individuals qualified to serve as Directors; and

Makes recommendations to the Board of Directors regarding committee assignments for members of the Board.

Table of Contents**Board of Directors Committee Membership Roster (Fiscal Year 2003)**

Name	Audit Committee ¹	Compensation Committee	Sub- Committee	Executive Committee	Nominating and Corporate Governance Committee
David Bing	ü				ü4
William P. Crawford		ü		ü	ü
James P. Hackett		ü		ü	ü
Earl D. Holton	ü	ü	ü	ü5	ü
David D. Hunting, Jr.	ü2				
Michael J. Jandernoa	ü2				
David W. Joos		ü3	ü4		
Elizabeth Valk Long	ü				
Frank H. Merlotti, Sr.		ü3		ü5	
Robert C. Pew III		ü		ü	ü
Peter M. Wege II		ü		ü	ü
P. Craig Welch, Jr.		ü	ü		ü
Kate Pew Wolters	ü				
Number of Meetings in Fiscal Year 2003:					
6 4 2 1 2					

Notes:

- 1 Outside of the regularly scheduled meetings of the Audit Committee, the Audit Committee Chair discusses the independent auditor's quarterly review of financial results with members of management and the independent auditors.
- 2 Effective June 27, 2002, Michael J. Jandernoa became Chair of the Audit Committee upon the retirement of David D. Hunting, Jr. from the Steelcase Board of Directors.
- 3 Effective June 27, 2002, David W. Joos became Chair of the Compensation Committee upon the retirement of Frank H. Merlotti, Sr. from the Steelcase Board of Directors.
- 4 Committee Chair.

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5 Effective June 27, 2002, Earl D. Holton became Chair of the Executive Committee upon the retirement of Frank H. Merlotti, Sr. from the Steelcase Board of Directors.

DIRECTORS COMPENSATION

In fiscal year 2003, we compensated our non-employee Directors as follows:

Type of Compensation	Director	Board Chair
Annual Retainer	\$25,000	\$90,000
Board of Directors Meeting Attendance Fee (per meeting)	\$ 2,000	\$0
Committee Attendance Fee (per meeting)	\$ 1,000	\$0
Committee Chair Attendance Fee (per meeting)	\$ 1,500	\$0

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Each Director is also reimbursed for out-of-pocket expenses incurred to attend meetings of our Board of Directors or its committees. Mr. Hackett, as an employee, is not paid for his service as a Director or committee member.

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

In fiscal year 2003, non-employee Directors owning fewer than 1,000 shares of Steelcase common stock were required to defer at least 25% of their retainer as a deemed investment in Steelcase Class A Common Stock.

Each Director participates in the Steelcase Inc. Incentive Compensation Plan. Each person who was a non-employee Director in fiscal year 2003 received a non-qualified stock option for 8,000 shares of Class A Common Stock under that plan, except Mr. Holton, who received a non-qualified stock option for 19,000 shares of Class A Common Stock.

Each non-employee Director is eligible to receive healthcare coverage under our Benefit Plan for Outside Directors. In addition, William P. Crawford, David D. Hunting, Jr., Frank H. Merlotti, Sr., and Robert C. Pew III currently receive or are entitled to receive payments under supplemental retirement and/or deferred compensation arrangements that were in effect when their active employment with Steelcase ended.

Steelcase Directors serving on a subsidiary's board of directors are paid a retainer and/or fees for their attendance at meetings. During fiscal year 2003, Mr. Wege II earned \$15,000 and Mr. Crawford earned \$8,500 for such service. Directors are also reimbursed for out-of-pocket expenses incurred to attend meetings.

STOCK OWNERSHIP OF MANAGEMENT AND MORE THAN 5% SHAREHOLDERS

The table below shows the amount of Steelcase common stock beneficially owned as of May 1, 2003 (unless another date is indicated) by:

1. Each person serving as a Director as of May 1, 2003;
2. Each executive officer named in the Summary Compensation Table on page 18;
3. Each other person known by Steelcase to beneficially own more than 5% of Steelcase Common Stock; and
4. Directors and all executive officers, as a group.

Generally, a person beneficially owns shares if the person has or shares with others the right to vote those shares or to dispose of them, or if the person has the right to acquire voting or disposition rights within 60 days after May 1, 2003 (for example, by exercising options). In most cases, each individual has the sole power to vote or dispose of the shares shown as beneficially owned in the table below. Where this is not the case, voting and disposition powers are clarified in the notes following the table.

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Name of Beneficial Owner	Class A Common Stock ¹			Class B Common Stock		Deferred Stock ³
	Shares Beneficially Owned	Stock Options ²	Percent of Class	Shares Beneficially Owned	Percent of Class	
David Bing ⁴	400	18,629	*	0	0	959
Robert W. Black ⁵	110	190,943	*	21,000	*	0
William P. Crawford ⁶	410	137,834	*	12,285,547	11.8	0
James P. Hackett ⁷	79,789	915,245	2.3	81,900	*	0
Nancy W. Hickey ⁸	8,330	117,046	*	0	0	0
Earl D. Holton ⁹	8,400	61,299	*	0	0	9,171
Michael J. Jandernoa	10,000	0	*	0	0	399
David W. Joos ¹⁰	1,400	2,666	*	0	0	1,609
James P. Keane ¹¹	16,110	155,217	*	0	0	0
Elizabeth Valk Long ¹²	1,400	6,412	*	0	0	6,590
Michael Love ¹³	8,560	92,649	*	0	0	0
Robert C. Pew III ¹⁴	19,900	18,629	*	1,561,184	1.5	0
Peter M. Wege II ¹⁵	400	18,629	*	918,956	*	0
P. Craig Welch, Jr. ¹⁶	55,400	18,629	*	5,016,765	4.8	12,644
Kate Pew Wolters ¹⁷	141,500	2,666	*	2,078,856	2.0	0
Fifth Third Bancorp ¹⁸ Fifth Third Center Cincinnati, OH 45263 and Fifth Third Bank 111 Lyon Street, N.W. Grand Rapids, MI 49503	1,169,189	0	2.7	85,151,047	81.5	0
Peter M. Wege ¹⁹ P.O. Box 6388 Grand Rapids, MI 49516	6,840,085	12,217	15.9	20,797,323	19.9	0
Robert C. Pew II ²⁰ c/o Steelcase Inc. 901 44th Street Grand Rapids, MI 49508	5,000	15,963	*	21,513,853	20.6	0

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W. Michael Van Haren ²¹ 900 Fifth Third Center 111 Lyon Street N.W. Grand Rapids, MI 49503	130,350	0	*	13,755,945	13.2	0
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Mary I. Pew ²² c/o Steelcase Inc. 901 44th Street Grand Rapids, MI 49508	0	0	0	11,425,584	10.9	
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