



BULLETIN

01-14

Revised: April 30, 2004

SUBJECT: Master Agreement with Steelcase, Inc.

VENDOR(S): Steelcase, Inc.
Federal ID number 38-0819050

AGREEMENT NO.: 701/OP/035
University of California

TERM: 9/1/01 through 8/31/07

DESCRIPTION:

Via a provision in the UC contract, the CSU may participate in the UC's contract with Steelcase, Inc. for the full office product line of wood, steel, modular furniture and the Steelcase "Design Partnership" companies (Atelier, Brayton, Details, Metro, Stow Davis, Vecta, and Design Tex) products. Exceptions: First File and Revest.

All CSU campuses shall be initially established as "Drop-Ship" locations. As usage increases, "Turn-Key" services may be considered on a campus-by-campus basis. (See DEFINITIONS.)

Steelcase shall assist the CSU participants in locating and securing the services of qualified service providers for design, installation and similar services. Rates for such services shall be established between the CSU campus and the service provider.

See March 26, 2004 letter from Kevin Schmidtbauer re: steel price increases (attached).

VENDOR CONTACTS:

Kevin Schmidtbauer
Steelcase - Market Mgr.
UC Contract Owner
UC Team Leader
510.433.4146 office
415.899.9529 cell
kschmidt@steelcase.com

Dorine Marshall

Steelcase - Market Mgr.
UC Team Leader - Southern CA
949.254.0997 cell
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Lisa Ainsworth
Brayton - District Mgr.
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714.803.7343 cell
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Metro - Regional Mgr.
949.933.3350 cell
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Meg Smith
Vecta - Regional Mgr.
760.390.0342 cell
msmith@vecta.com

CONTRACTUAL ISSUES: Remain the responsibility of the UC:

Stuart Davis, Director, Strategic Sourcing
University of California Office of the President
1111 Franklin Street, 10th Floor
Oakland, CA 94607-5200
Phone: (510) 987-0470 Fax: (510) 839-0856
Stuart.Davis@ucop.edu

OPERATIONAL ISSUES: For the CSU will be handled by

Charles W. Hughes, Director,
Procurement & Support Services
CSULB
1250 Bellflower Boulevard
Long Beach, CA 90840-0123
Voice: (562) 985-4296 Fax: (562) 985-5432
chughes@csulb.edu

ORDERING INSTRUCTIONS:

1. As of March 1, 2002, E&I Coop will not be a servicing dealer for Steelcase. All orders for Steelcase and related products under the UC/CSU contract will need to be sent to an authorized Steelcase dealer (list set forth below).
2. As of March 1, 2002, CSU campuses that are E&I members that order any furniture under "non-Steelcase" related E&I Coop contracts (not the UC/CSU contract) should forward their orders to the E&I headquarters in NY, not to the Western Region.

Authorized Steelcase dealers in California are as follows:

BKM Total Office of California
9650 Chesapeake Dr.
San Diego, CA 92123
(858) 569-4700

Peninsula Business Interiors
2560 West Shaw Ave., Suite 102-106
Fresno, CA 93711
(559) 449-4333

BKM Total Office of California
1201 Bell Ave.
Tustin, CA 92780
(714) 566-1400

Peninsula Business Interiors
325 Main St.
Salinas, CA 93901
(831) 757-4107

BKM Total Office of California
19801 S. Vermont Ave.
Torrance, CA 90502
(310) 965-7800

One Workplace L. Ferrari
731 Sansome St.
San Francisco, CA 94111
(415) 627-4600

BKM Total Office of California
222 W. Carillo St.
Santa Barbara, CA 93101
(805) 882-2120

One Workplace L. Ferrari
1057 Montague Expressway
Milpitas, CA 95035
(408) 263-1001

United Corporate Furnishings
1780 North Market Blvd.
Sacramento, CA 95834
(916) 553-5900

DEFINITIONS:

“DROP SHIP” services include the following:

- Physical representation by sales representative for problem solving and general support;
- Maintenance of catalogs/price lists/color & fabric samples;
- Cost estimates;
- After sales support for shortages/damages, expediting, warranty repair coordination, invoice resolution.

“TURN-KEY” is a full-service option in which all aspects of support for the procurement of furnishings, including design services, is provided to the user.

“Turn-key” services including the following:

- Complete users support/assistance
- Space planning
- Design assistance
- Color/material coordination assistance
- P.O. specification development
- Order entry
- Project management
- Delivery coordination

- Expediting
- Product receipt (at dealer location)
- Correction of shortages/damages
- Filing of freight claims
- Warehousing
- Direct delivery to end user
- Unpacking
- Product set-up/installation
- Inspection & Instruction
- Development & execution of punch-list
- Follow-up/correction of invoice discrepancies
- Warranty repair coordination
- Packing material/debris removal

GENERAL TERMS & CONDITIONS:

CSU campuses are optional participants during the remaining term of the agreement.

The terms and conditions of the UC Agreement 701/OP/035 shall apply.

The CSU will not pursue the establishment of other systemwide furniture agreements during the remaining term of this Agreement.

DISTRIBUTION:

Chief Administrators/Business Officers
Vice Presidents, Academic Affairs
Facility Deans
Business Officers
Procurement and Support Services Officers

March 26, 2004

Mr. Stuart Davis
Director, Strategic Sourcing
University of California Office of the President
1111 Franklin Street
Oakland, CA 94607

Dear Stuart,

Over the past few months, you may have heard or read about the rapid increases in the prices of steel and aluminum, as well as the current supply shortages.

Major macro-economic forces are driving metal prices higher. For example, cold-rolled steel prices have risen seventy percent since December 2003 and prices are projected to go even higher over the next several months. Demand for metal in China continues to grow at a torrid pace. At the same time, U.S. domestic demand is growing. Metal industry capacity, the value of the U.S. dollar, raw material shortages, and increases in transportation costs have all led to unprecedented increases in metal pricing. While most metal industry experts are hopeful that pricing levels will ease later in the year, these experts agree that it will require a shift in at least some of these major macro-economic activities to make an impact on metal pricing. At this point, it is unclear when a significant change in these market factors will occur. For details on this world economic crisis, please see the attached documents regarding Metal Industry Data and Trends.

As a result, Steelcase, like many companies, can no longer afford to absorb these significant increases and is forced to take action.

Steelcase is implementing a metal surcharge. The surcharge is 1% of University of California contracted list pricing and is not subject to discounting.

The surcharge applies to orders effective April 26, 2004.

If an order ships after June 4, 2004, it will also receive this surcharge, regardless of the order entry date.

Products included in the Wood specification guides are not subject to the surcharge, with the exception of:

- All lighting
- All wiring and cabling, except those for exclusive use with Elective Elements or Relevant
- All worksurface supports from the Unison specification guide

The Wood specification guides include:

- Wood furniture – casegoods and tables
- Wood seating
- Relevant
- Stow Davis
- Unison
- Elective Elements

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The surcharge is also being added to all Brayton executive seating, BraytonSpaces, and Brayton Collaborative products, as well as all Vecta products.

Please communicate this information to all of your campus contacts that purchase these products.

This is not a price adjustment and it is not Steelcase's intention to make additional profit from this temporary surcharge. Steelcase is not publishing a new price list. This surcharge is to help partially offset the increase in raw materials. This approach is similar to fuel surcharges that have been added by many industries during times of unanticipated, temporary fuel spikes. It does not cover any other increases Steelcase is experiencing from suppliers.

Steelcase will continue to closely monitor this situation and the surcharge to the University of California will be eliminated once the market price for steel has fallen below \$550/ ton for three (3) consecutive months on the CRU Monitor U.S. Midwest Cold Rolled Steel index. The current index monitor is attached. The CRU Monitor is an industry-wide, global, independent source of steel pricing information.

Steelcase has been clear with all customers that there will be no exceptions to the surcharge. As long as steel prices remain at these inflated levels, Steelcase will be applying the surcharge to all orders that ship after June 4, 2004, with a last order entry date of April 25, 2004. However, should Steelcase reverse its current position and make an exception to the surcharge for some other customer, Steelcase will advise UC and provide to UC the same relief afforded to that other customer.

If you have any questions, please contact me for further information.

Sincerely,

Kevin Schmidtbauer
Market Manager
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Email: kschmidt@steelcase.com

Enclosures: Metal Industry Data and Trends
CRU Monitor Index – 3/11/04