

OFFICEMAX INC
Form 10-Q/A
March 16, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q/A

AMENDMENT NO. 1

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2004

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 1-5057

OFFICEMAX INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

150 Pierce Road
Itasca, Illinois
(Address of principal executive offices)

82-0100960
(I.R.S. Employer Identification No.)

60143
(Zip Code)

(630) 773-5000

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding as of October 31, 2004
Common Stock, \$2.50 par value	88,042,269

OFFICEMAX INCORPORATED

FORM 10-Q/A

INTRODUCTORY NOTE

This Amendment No. 1 to quarterly report on Form 10-Q/A (Form 10-Q/A) is being filed to amend the company s quarterly report on Form 10-Q for the quarter ended September 30, 2004, which was originally filed on November 9, 2004 (Original Form 10-Q). Accordingly, pursuant to rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Form 10-Q/A contains the complete text of Items 1, 2 and 4 of Part I and Item 6 of Part II, as amended, as well as certain currently dated certifications. Unaffected items have not been repeated in this Amendment No. 1.

Based on the results of an investigation into the company s accounting for vendor income that began in the fourth quarter of 2004, the company concluded in February 2005 that it overstated operating income in the first quarter of 2004 by \$7.1 million and understated operating income by \$1.1 million and \$1.7 million in the second and third quarters of 2004, respectively. Net income was overstated by \$4.3 million in the first quarter of 2004 and understated by \$0.7 million and \$1.0 million in the second and third quarters of 2004. For the nine months ended September 30, 2004, operating income was overstated by \$4.3 million and net income was overstated by \$2.6 million. The company s financial statements as of and for the year ended December 31, 2003, were not materially impacted. See Note 24 to the accompanying consolidated financial statements for a discussion of the adjustment.

This Amendment No. 1 does not reflect events occurring after the filing of the Original Form 10-Q, which was filed on November 9, 2004. Such events include, among others, the events described in the company s current reports on Form 8-K filed after the filing of the Original Form 10-Q. This Amendment No. 1 is effective for all purposes as of November 9, 2004.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OfficeMax Incorporated and Subsidiaries
Consolidated Statements of Income
(thousands, except per-share amounts)

	Three Months Ended September 30	
	2004 (Restated)	2003 (unaudited)
Sales	\$ 3,650,930	\$ 2,110,601
Costs and expenses		
Materials, labor and other operating expenses	2,833,329	1,695,809
Depreciation, amortization and cost of company timber harvested	102,130	78,019
Selling and distribution expenses	496,229	224,405
General and administrative expenses	77,745	38,576
Other (income) expense, net	(1,161)	1,133
	3,508,272	2,037,942
Equity in net income of affiliates		4,038
Income from operations	142,658	76,697
Interest expense	(39,945)	(31,657)
Interest income	455	221
Foreign exchange gain	1,072	133
	(38,418)	(31,303)
Income before income taxes and minority interest	104,240	45,394
Income tax provision	(40,926)	(12,510)
Income before minority interest	63,314	32,884
Minority interest, net of income tax	(1,145)	
Net income	62,169	32,884
Preferred dividends	(3,242)	(3,191)
Net income applicable to common shareholders	\$ 58,927	\$ 29,693
Net income per common share		
Basic	\$ 0.68	\$ 0.51
Diluted	\$ 0.64	\$ 0.48

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries
Consolidated Statements of Income
(thousands, except per-share amounts)

	Nine Months Ended September 30	
	2004 (Restated)	2003 (unaudited)
Sales	\$ 10,581,773	\$ 5,892,828
Costs and expenses		
Materials, labor and other operating expenses	8,275,205	4,789,443
Depreciation, amortization and cost of company timber harvested	301,172	227,331
Selling and distribution expenses	1,480,676	656,039
General and administrative expenses	224,373	109,246
Other (income) expense, net	(91,768)	14,121
	10,189,658	5,796,180
Equity in net income of affiliates	6,311	4,453
Income from operations	398,426	101,101
Interest expense	(121,029)	(94,911)
Interest income	1,389	653
Foreign exchange gain	728	2,949
	(118,912)	(91,309)
Income before income taxes, minority interest and cumulative effect of accounting changes	279,514	9,792
Income tax (provision) benefit	(104,758)	415
Income before minority interest and cumulative effect of accounting changes	174,756	10,207
Minority interest, net of income tax	(2,393)	
Income before cumulative effect of accounting changes	172,363	10,207
Cumulative effect of accounting changes, net of income tax		(8,803)
Net income	172,363	1,404
Preferred dividends	(9,776)	(9,744)
Net income (loss) applicable to common shareholders	\$ 162,587	\$ (8,340)
Net income (loss) per common share		
Basic before cumulative effect of accounting changes	\$ 1.88	\$ 0.01
Cumulative effect of accounting changes, net of income tax		(0.15)
Basic	\$ 1.88	\$ (0.14)
Diluted before cumulative effect of accounting changes	\$ 1.78	\$ 0.01
Cumulative effect of accounting changes, net of income tax		(0.15)
Diluted	\$ 1.78	\$ (0.14)

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries
Consolidated Balance Sheets
(thousands)

	2004 (Restated)	September 30 (unaudited)	2003	December 31 2003
ASSETS				
Current				
Cash and cash equivalents	\$	168,306	\$	94,544
Receivables, less allowances of \$10,360, \$14,349 and \$10,865		1,006,283		574,817
Inventories		1,511,476		643,391
Deferred income taxes		144,436		59,073
Other		72,392		36,943
		2,902,893		1,410,768
				2,501,292
Property				
Property and equipment				
Land and land improvements		84,347		75,309
Buildings and improvements		908,248		758,515
Machinery and equipment		5,048,437		4,731,788
		6,041,032		5,565,612
Accumulated depreciation		(3,283,711)		(3,060,970)
		2,757,321		2,504,642
Timber, timberlands and timber deposits		296,595		319,470
		3,053,916		2,824,112
				3,155,726
Goodwill		1,148,787		420,715
Intangible assets, net		210,249		25,056
Investments in equity affiliates		85		39,992
Other assets		514,361		346,187
				349,318
Total assets	\$	7,830,291	\$	5,066,830
			\$	7,376,159

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries
Consolidated Balance Sheets
(thousands, except share amounts)

	2004 (Restated)	September 30 (unaudited)	2003	December 31 2003
LIABILITIES AND SHAREHOLDERS EQUITY				
Current				
Short-term borrowings	\$ 452,429	\$ 7,167	\$ 5,188	\$ 5,188
Current portion of long-term debt	437,237	77,949	83,016	83,016
Income taxes payable		6,181	694	694
Accounts payable	1,098,342	555,843	1,255,303	1,255,303
Accrued liabilities				
Compensation and benefits	308,585	235,959	317,934	317,934
Interest payable	40,173	25,204	34,130	34,130
Other	440,641	131,387	280,646	280,646
	2,777,407	1,039,690	1,976,911	1,976,911
Debt				
Long-term debt, less current portion	1,416,673	1,517,049	1,999,876	1,999,876
Adjustable conversion-rate equity securities (ACES)	172,500	172,500	172,500	172,500
Guarantee of ESOP debt		40,504	19,087	19,087
	1,589,173	1,730,053	2,191,463	2,191,463
Other				
Deferred income taxes	134,069	157,682	43,311	43,311
Compensation and benefits	567,489	655,529	564,331	564,331
Other long-term liabilities	228,685	55,459	256,355	256,355
	930,243	868,670	863,997	863,997
Minority interest	22,523		20,154	20,154
Commitments and contingent liabilities				