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OfficeMax jobs to remain in Ohio

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Boise Cascade selling paper, timber assets to private group. Nerve center of retail operations will stay in Shaker Heights

Boise Cascade Corp., which bought Shaker Heights-based OfficeMax last year, announced Monday it is selling its paper and timber assets to a private group so it can focus on selling office products under the OfficeMax name.

That's good news for the 800 employees at the Shaker Heights operation, which served as OfficeMax headquarters from its founding in 1988 until the linkup with Boise Cascade.

Those jobs have been unsettled since the deal creating the third-largest office supply retailer was announced a year ago. At the time, some theorized that Boise would move all operations, including those in Shaker Heights, to Chicago, where the Boise Office Solutions division was located.

In a move that surprised many, Boise Cascade said it is dumping its name in favor of the OfficeMax label. Although the headquarters of the new OfficeMax will move to suburban Chicago from Boise, Idaho, the nerve center of its retail operations will remain in Northeast Ohio.

"It's a very critical part of our operation," Bill Bonner, spokesman for OfficeMax, said of the Shaker Heights facility. "The employees there have valuable retail experience."

Bonner said the company has invested significantly in upgrades to the Shaker Heights center in the past few months. The primary idea behind the sale is to fuel the company's growth, he said, and that would only be a boost to Cleveland-area employees.

Boise Cascade, which bought OfficeMax for \$1.06 billion, is selling its timber and paper assets to Boise Cascade LLC, a new company formed by Chicago-based buyout firm Madison Dearborn Partners LLC.

The deal "allows the company to pay down a lot of debt and accelerate their growth," said Todd Cruse, an analyst for ICM Asset Management in Spokane, Wash.

OfficeMax will retain a 10 percent stake in the new Boise Cascade after the completion of the sale in November. It will also continue being supplied with paper, about 700,000 tons this year, by the new Boise Cascade.

The spinoff and name change marks the completion of the review of the company's future launched with the OfficeMax purchase, Boise Cascade Chairman George Harad said Monday.

Harad said the deal ``completes Boise's transformation, begun in the mid-1990s, from a predominantly manufacturing-based company to a world-scale distribution company.''

The sale will fuel the expansion of OfficeMax, which should have operating income of \$210 million to \$240 million this year, Harad said.

The company closed 45 OfficeMax stores in the first quarter and is cutting debt to compete against Staples Inc., the largest office supply retailer.

Harad will become executive chairman of OfficeMax, which will be traded on the New York Stock Exchange under the symbol OMX. Chris Milliken, who currently heads Boise Cascade's office products division, will serve as OfficeMax president.

Thomas Stephens, former chief executive at MacMillan Bloedel Ltd., will be CEO of Boise Cascade LLC, which will remain in Boise.

The new OfficeMax will get about \$3.2 billion in cash from the sale and plans to use about \$2.3 billion of that to reduce debt. The remaining \$900 million will be returned to shareholders through stock buybacks, cash dividends or a combination, the company announced.

The deal requires approval from regulators in the United States and Brazil, where the company has timber interests, Harad said, adding that he did not expect problems.

A limited number of jobs in Boise will probably be eliminated because of the deal, Harad said, but would not elaborate.

The new OfficeMax company has no plans for further consolidation beyond those already planned, he said, mainly closing 26 to 31 of the remaining 56 office product warehouse distribution centers during the next two years.

OfficeMax was founded by Michael Feuer and Robert Hurwitz with a single store in the Cleveland suburb of Mayfield Heights. At its height in 2003, it had about 1,000 stores.

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