

## **Boise Cascade to Sell Forest Assets for \$3.7 Billion**

**July 26 (Bloomberg) 11:36 a.m. EDT:** Boise Cascade Corp. agreed to sell its paper and timberland assets for \$3.7 billion and change its name to OfficeMax Inc., completing its transition from a timber company to the No. 3 office-products retailer.

Boise Cascade, which bought OfficeMax for \$1.06 billion in December, is selling its timber and paper assets to closely held Boise Cascade LLC, formed by equity investment company Madison Dearborn Partners LLC. The company will take the OfficeMax name when the sale is complete in mid-November, the company said in a statement.

Boise Cascade, which will reduce the new company's debt to between \$250 million and \$300 million, closed 45 retail stores and fired workers in the first quarter to compete against No. 1 Staples Inc. Boise Chief Executive George Harad, 60, will become executive chairman of OfficeMax, which will be traded on the New York Stock Exchange under the symbol OMX.

"The sale is the right decision for the company and at a pretty good price," said Marc Lehmann, who helps manage \$1.4 billion of assets at New York-based Jana Partners LLC, which owns Boise Cascade stock. "The sale doesn't change Boise Cascade's competitive position, but does focus management on one line of business."

Boise Cascade LLC will remain based in Boise, Idaho. Thomas Stephens, former chief executive at MacMillan Bloedel Ltd. and Manville Corp, will be CEO.

"This transaction represents a return to Boise Cascade's traditional roots as a leader in the paper and forest products industry," Stephens said in the statement.

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### ***Debt:***

Shares of Boise Cascade rose 33 cents to \$33.38 at 11:31 a.m. in New York Stock Exchange composite trading. They had risen 31 percent in the past year.

Boise will get about \$3.1 billion to \$3.2 billion in cash proceeds from the sale, and plans to use approximately \$2.2 billion to \$2.3 billion of that to reduce debt. The remaining \$800 million to \$1 billion will be returned to shareholders through stock buybacks, cash dividends, or a combination, the company said in a statement.

The sale "allows the company to pay down a lot of debt and accelerate their growth, said Todd Cruse, an analyst for Spokane, Washington-based ICM Asset Management, Inc., who follows the office-supplies industry.

Boise had a second-quarter profit of \$50.4 million compared with a net loss of \$3.93 million a year earlier. Revenue climbed 76 percent to \$3.40 billion, boosted by rising sales of office products. They climbed to \$2.01 billion from \$905 million.

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***Staples:***

Staples's first-quarter profit rose fivefold to \$125.7 million from a year earlier, when an accounting change reduced earnings by \$62 million. Sales increased 12 percent to \$3.45 billion as small businesses spent more.

Boise's office products head, Chris Milliken, will become president and chief executive officer of OfficeMax. The company's corporate headquarters will be in Itasca, Illinois.

J.P. Morgan and Lehman brothers served as financial advisors and provided financing to Madison Dearborn Partners. The firm Kirkland & Ellis LLP represented Madison Dearborn.

Boise was advised by Goldman, Sachs & Co.

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