

BOWNE & CO INC
Form 10-K405
March 27, 2002

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

Form 10-K

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2001, or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission File No. 1-5842

Bowne & Co., Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

13-2618477
(I.R.S. Employer Identification Number)

345 Hudson Street
New York, New York
(Address of principal executive offices)

10014
(Zip code)

(212) 924-5500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, Par Value \$.01	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of class)

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this

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Form 10-K or any amendment to this Form 10-K. x

The aggregate market value of the Common Stock issued and outstanding and held by nonaffiliates of the Registrant, based upon the closing price for the Common Stock on the New York Stock Exchange on March 15, 2002, was \$437,667,377. For purposes of the foregoing calculation, the Registrant's Employees Stock Purchase Plan and its Global Employees Stock Purchase Plan are deemed to be affiliates of the Registrant.

The number of shares outstanding of each of the Registrant's classes of common stock was 33,348,913 shares of Common Stock outstanding as at March 15, 2002.

Documents Incorporated by Reference

Certain portions of the documents of the Registrant listed below have been incorporated by reference into the indicated parts of this Annual Report on Form 10-K:

Notice of Annual Meeting of Stockholders and Proxy Statement Anticipated to be dated April 9, 2002	Part III, Items 11-12 Part IV, Item 14
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PART I

Item 1. Business

Bowne & Co., Inc. (Bowne and its subsidiaries are hereinafter collectively referred to as the Company, We or Our unless otherwise noted), established in 1775, is the world's largest financial printer and a global market leader in the field of empowering informationSM by combining superior customer service with appropriate technologies to manage, repurpose and distribute a client's information to any audience, through any medium, in any language, anywhere in the world. The Company offers its customers an integrated way to design and manage their information flows to take advantage of the latest technologies for creating, storing, moving, presenting, and utilizing information in any combination of paper and electronic forms. It manages documents on a client's site or at its own facilities. It provides its services and solutions in the traditional creation and printing of transactional financial documents, corporate reporting and mutual fund reports. It also provides digital database management, document management, and printing of personalized documents such as mutual fund and other investment companies' monthly client statements and enrollment kits. The Company, through Bowne Business Solutions, provides outsourcing solutions such as reprographics, desktop publishing, IT support, word processing, litigation support, scanning and coding, to support the creation of documents for multinational companies and for clients in the professional services industries including investment banking, legal, and consulting. Finally, Bowne Global Solutions is a leading provider of comprehensive globalization and localization solutions for its clients in, among others, the software, technology, automotive, communications and aerospace industries.

The Company currently operates the following business segments:

Financial Printing Consisting of transactional financial (principally initial public offerings, secondary offerings, and merger and acquisition transactions), corporate reporting (including Forms 10-K and 10-Q, proxy materials, and other compliance documents), mutual funds, commercial and digital printing. In 2001, Financial Printing had revenue of \$721.2 million (representing 68% of total revenue), and earnings before interest, taxes, depreciation and amortization (EBITDA) of \$53.0 million, excluding the effect of restructuring, integration and asset impairment charges. The largest class of service in this segment, transactional financial printing, accounted for \$289.2 million, or 27% of total 2001 revenue.

Outsourcing Consisting of document management outsourcing solutions, described above, primarily for the legal and financial communities. In 2001, the outsourcing segment generated revenue of \$231.8 million (representing 22% of total revenue), and EBITDA of \$13.0 million, excluding the effect of restructuring, integration and asset impairment charges.

Globalization Consisting of globalization business processing, software localization and content reengineering of software and technology products, terminology management, technical writing and translation services which enable companies to market products globally while reflecting local markets in terms of culture, language and business requirements. The globalization segment had 2001 revenue of \$101.7 million (representing 10% of total revenue), and EBITDA of \$6.1 million, excluding the effect of restructuring, integration and asset impairment charges.

In April 2001, Bowne's management decided to discontinue the operations of its Internet Consulting and Development business segment, Immersant, which consisted of integrated Internet applications primarily for the financial services sector. These operations are shown as discontinued and all prior period financial statements have been restated accordingly, including the reallocation of fixed overhead charges to other business segments.

Segment revenues, operating results, identifiable assets and capital spending attributable to the Company's operations for the calendar years 2001, 2000 and 1999, are shown in Note 15 of the Notes to Consolidated Financial Statements.

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Financial Printing

Transactional financial printing includes registration statements, prospectuses, debt agreements, special proxy statements, offering circulars, tender offer materials and other documents related to corporate financings, acquisitions and mergers. Corporate reporting includes interim reports, regular proxy materials prepared by corporations for distribution to stockholders, Securities and Exchange Commission reports on Forms 10-K, 10-Q and other forms, and stock exchange listing applications. Mutual fund printing includes regulatory and shareholder communications such as annual or interim reports, prospectuses, information statements, and marketing-related materials.

The Company receives its clients' information in numerous formats and repurposes it for distribution typically in print, digital or Internet formats. One of the Company's newer print solution offerings, digital printing, assists customers by providing their individual clients with high-speed, customized periodic statements or other on-demand printing. Such customers include mutual funds, stock brokers, investment banks, retail banks and other financial institutions that manage multi-option client portfolios as well as insurance companies and others that manage 401(k) and other retirement plans, and employers that offer multiple benefit options to their employees.

The Company provides some commercial printing which consists of annual reports, sales and marketing literature, point of purchase materials, research reports, newsletters and other custom-printed matter. The Company also provides language translation of written documents, including highly confidential legal and financial documents.

The Company's international financial printing business provides similar services as those delivered by its domestic operations. International print capabilities are delivered either by the Company or through a number of strategic alliances.

The Company's revenues historically have been derived primarily from transactional financial printing services. To shift away from being solely a financial printing company and to reduce dependence on the volatile financial markets, Bowne has broadened and deepened the services it offers throughout all phases of a document's life cycle. Bowne is no longer just involved with the typesetting, printing and filing of documents.

Over the past few years, the Company has expanded its capabilities within all phases of a document's life cycle; in the electronic receipt of client documents, composition, conversion, assembly, output, delivery, packaging, archiving, content management, translation and data mining. We have accomplished this via acquisitions, organic growth and the development of new tools and technologies and, as a result, are creating new customer relationships and broadening our solution offerings to existing customers. We have invested in new capabilities that enable us to better serve the changing manner in which our clients communicate with their customers. These capabilities include digital on-demand printing and electronic delivery of personalized communications, as well as traditional print fulfillment. These capabilities enable our clients to strengthen their customer relationships and increase their market leadership. For example, through Bowne's digital capabilities we can take the data from customers' databases—the financial records of a 401(k) plan, for example—and develop new ways to present this information on statements that are more useful to participants. Bowne also produces on-demand enrollment kits that eliminate the need for inventory and certain information that is specifically targeted to the recipient.

Bowne's digital, print-on-demand services change client's investor communications from one-to-many to one-to-one. Using advanced database technology, coupled with high-speed laser printing or Internet delivery, Bowne offers clients the opportunity to reach their customers individually. Print-on-demand services also help reverse the traditional process of printing information first and then storing it until needed. Bowne can keep an electronic library of clients' documents in conjunction with an inventory of conventionally printed materials, so that fulfillment can be customized. Bowne's ability to handle householding—the customized printing, grouping and mailing of multiple accounts—is particularly well-suited to the mutual funds industry as it looks to lower distribution costs.

The documents produced by Bowne are personalized because the information contained in each document can be different. In the case of statements, each successive statement can contain completely

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different data. What distinguishes Bowne from other on-demand printers is the link between final documents and the data that drives them. Clients who need to reproduce documents in which the data changes from document-to-document (or from day-to-day) benefit from these services. The market for these solutions includes mutual funds, brokerage firms, defined contribution providers, investment banks, insurance companies and commercial banks.

The Company believes the opportunity in the financial marketplace, and in a wide range of other markets, is enormous. The client relationship management (CRM) market is currently estimated at about \$3 billion and forecast by the Gartner Group to reach \$7.6 billion by 2005. The essence of CRM is the greater use of personalized information, and with the increasing adoption of CRM-based marketing, the demand for personalized print will increase as well. Personalization is the tailoring of a product, communication or service to the individual customer using database information about the customer. The use of database information allows large companies with large and diverse customer bases to enter into a more personalized dialogue with their customers. According to a recent Cahners In-Stat survey, the percentage of businesses with more than 100 employees that are planning to use personalized communication techniques will almost double this year from 22% to 43%. Moreover, the Yankee Group estimates that global spending on personalized technologies will increase from \$500 million in 2001 to \$2.1 billion in 2006. With its strong client relationships established over the years, combined with its print-on-demand and customized document creation tools, the Company believes it is well positioned to help clients meet the personalization demands of CRM.

As part of that positioning, the Company has created a new business unit within its financial print segment, Bowne Enterprise Solutions (BES), to focus its growth in this area. Using a consultative and solutions-based model, BES intends to partner with clients to deliver quality applications based upon the effective integration of data repurposing, document creation, content management and variable distribution methods, including offset, digital print or electronic delivery. With our technology platforms, menu of document services, and reputation for exceeding client expectations in customer service, we believe we have the ability to help our clients create, manage and distribute critical information to produce better returns on their marketing dollars. We see potential revenue opportunities in the following areas: 1) kits (new brokerage accounts, healthcare enrollment, 401(k)plans), 2) statements (brokerage, 401(k) plans, asset management/high net worth, mutual funds, variable annuities), 3) collateral fulfillment (brokerage, mutual funds), 4) collateral printing (banking/insurance, mutual funds), and 5) mutual funds (electronic document delivery, document conversion, printing, document creation tools).

Outsourcing

By combining a 1998 acquisition, Donnelly Enterprise Solutions Incorporated (DESI), with its own unit, the Company offers outsourcing of document management principally to the financial services and legal communities. Outsourcing includes the on-site management of document-building and reproduction operations at customers facilities, off-site backup of those same services, specialized applications of graphics and presentation technologies, desktop publishing, helpdesk and IT systems management, scanning and coding services and digital file and case management systems. Outsourcing allows clients to improve their main business focus, gain access to the latest in technology innovations, and reduce the operating costs of investing in and managing non-core business activities. The Company believes it is the leading provider of these services to the legal and investment banking industries. This segment is commonly referred to as Bowne Business Solutions (BBS).

BBS provides a full range of document and information management solutions to multinational companies and to the professional services industries including investment banking, legal, and consulting. The Company s solution offerings can be thought of in two main categories: document services and information technology.

In the realm of document services, BBS manages the creation, production and distribution of information by providing global outsourcing solutions at client premises and/or at Bowne Creative Production Centers. BBS can manage the entire life cycle of a document, from creation and design, through production and

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publishing, to distribution and management. Solutions include word processing, desktop publishing, graphic design, reprographics, and digital printing.

BBS provides services on-site at many major law firms including network management, systems administration, hardware maintenance, and end-user services (such as training and help desk management). BBS' advanced document creation and distribution services are designed for organizations that generate and distribute time-sensitive and confidential documents to multiple locations around the world.

BBS offers solutions to help clients manage their desktop, server, and computer networks. In particular, the Company solves end-user computer problems through helpdesk outsourcing, network design and network implementation.

On-site network management services provide clients with numerous benefits including improvements in the amount of computer uptime available to end-users and reducing the cost of operating distributed computing systems and networks.

BBS also offers litigators the benefits of image-based document management, including instant access to all documents and the control lawyers need to build cases effectively.

BBS can handle document coding needs, from database design to delivery, design and custom-made indexes and document databases, and high quality training for efficient access to vital data.

A joint venture agreement with Williams Lea, Great Britain's leading provider of document management solutions, has empowered BBS to develop solutions on a global basis. Together, BBS and Williams Lea provide global outsourcing services to multinational corporations, international law firms, commercial and investment banks, and financial institutions around the globe.

Globalization

The Company's globalization services consist of technology and linguistic expertise and outsourced processes which enable companies to market products globally while reflecting local markets in terms of culture, language, and business requirements. This segment is commonly referred to as Bowne Global Solutions (BGS).

BGS is a leading provider of comprehensive globalization solutions and technology enabling its customers to reach their customers in any part of the world. BGS' global team delivers globalization business processing, terminology management, technical documentation authoring and translation, software internationalization, technology product localization, and web content localization to the world's most respected companies. With this suite of integrated globalization services, BGS enables industry leaders to compete and grow global market share through locally relevant, culturally connected products and services. BGS vertical markets include aerospace, automotive, medical devices, power and telecommunications, high tech-software and hardware, financial services, entertainment and e-learning.

Global competition for products and services continues to intensify as companies pursue new markets and customers around the world. As a result of the velocity and depth of information available through the Internet, the ability to rapidly and effectively reach new buyers is a critical success factor for the globally active enterprise. Digital capital is the intellectual property, information and processes which companies produce in a digital format such as source code, multi-media, web content, documentation and training materials. BGS' mission is to utilize its skills, expertise and technology to help unlock the unrealized potential in the client's digital capital by transforming it into forms useful and appropriate for customers in distinct markets around the world.

In August 2001, Bowne acquired Mendez S.A. (Mendez) from Lernout and Hauspie for \$44.8 million in cash, plus related acquisition costs. With the acquisition of Mendez, BGS has strengthened its position in the globalization and localization industry, enabling it to combine complementary lines of business, improve efficiencies and enhance service offerings. By adding Mendez' technical writing and translation services to its portfolio of globalization solutions, BGS offers a complete range of globalization and localization services. Bowne now has the ability to transform digital capital in 64 major language markets. The combined entity has

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approximately 1,600 employees in 20 countries around the globe with production operations located in: United States, Belgium, Spain, Germany, Japan, France, United Kingdom, Ireland, Sweden, Finland, Brazil, Denmark, Italy, Portugal, China, The Netherlands, Taiwan, Korea, Norway and Slovakia.

Other Information

For each of the last three fiscal years, the Company's financial printing business segment has accounted for the largest share of consolidated total revenues, as shown below:

Type of Service	Year Ended December 31,		
	2001	2000	1999
Transactional financial printing	27%	41%	43%
Corporate reporting printing	15	11	13
Mutual fund printing	16	13	13
Commercial printing	6	8	6
Digital printing and other	4	5	5
	<hr/>	<hr/>	<hr/>
Financial Printing	68	78	80
Outsourcing	22	16	15
Globalization	10	6	5
	<hr/>	<hr/>	<hr/>
	100%	100%	100%
	<hr/>	<hr/>	<hr/>

We have facilities to serve customers throughout the United States, Canada, Europe, Latin America, South America and Asia.

Although investment in equipment and facilities is required, the Company's business is principally service-oriented. In all of our activities, speed, accuracy, and the need to preserve the confidentiality of the customers' information is paramount.

The Company maintains conference rooms and telecommunications capabilities at all of its financial printing offices for use by customers while transactions are in progress. On-site conveniences are also provided to customers which promote speed and ease of editorial changes and otherwise facilitate the completion of jobs. For many of its outsourcing customers, the Company maintains facilities and stations staff at the customers' premises. The Company's globalization activities are conducted in a number of countries around the world. In addition, the Company uses an extensive electronic communications network which facilitates data handling and makes collaboration practicable among customers at different sites.

The Company was established in 1775, incorporated in 1909, reincorporated in 1968 in the State of New York, and reincorporated again in 1998 in Delaware. Its corporate offices are located at 345 Hudson Street, New York, NY 10014, telephone (212) 924-5500. The Company's web site is www.bowne.com.

Competition

The Company believes that it offers a unique array of information empowerment solutions to its clients. However, competition in the various individual services described above is intense; not only the speed and accuracy with which the Company can meet customer needs, but also the price of the services, quality of the product and supporting services are factors in this competition.

In transactional financial, corporate reporting and mutual fund printing, the Company competes directly with a number of other financial printers having the same degree of specialization. Some of those financial printers operate at multiple locations and some are subsidiaries or divisions of companies having greater financial resources than those of the Company. Although there is no published information available to determine its exact share of the total financial printing market, the Company believes it is the largest in terms of sales volume in this field. In addition to its customer base, the Company has experienced competition for sales, customer service and production personnel in financial printing.

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In commercial printing, the Company competes with general commercial printers, which are far more numerous than those in the financial printing market. The digital printing unit faces diverse competition from a variety of industries including other printers, transfer agents, banks and Internet consultants.

The field of document management outsourcing also has a great deal of competition, with some participants having been established in this field much longer than the Company. Furthermore, the costs of entry into this market are much lower than those associated with the Company's other business activities.

With respect to its globalization offerings, the Company believes it holds the leading market position following its 2001 acquisition of Mendez. The Company's competition is from (i) the in-house departments of companies, (ii) small single-language vendors, and (iii) a small number of international service providers. Some of the outsourcing companies have offered their services to the same potential customers for a longer time, but none of them has acquired a leading market position.

Cyclical, Seasonal and Other Factors Affecting the Company's Business

The Company's transactional financial printing service is affected by conditions in the world's capital markets. Revenue and net income depend upon the volume of public financings, particularly equity offerings, which are influenced by corporate funding needs, stock market fluctuations, prevailing interest rates, and general economic and political conditions.

The corporate reporting revenue is seasonal as the greatest number of proxy statements and regulatory reports are required to be printed during the Company's first fiscal quarter ending March 31 and the early part of the Company's second quarter ending June 30. Because of these cyclical and seasonal factors, coupled with the general need to complete certain printing jobs quickly after delivery of copy by the customers, the Company must maintain physical plant and customer service staff sufficient to meet peak work loads. However, mutual fund, commercial and digital printing are not considered to be as cyclical or seasonal.

In the first quarter of the year, the globalization segment revenues are seasonally low due to the relatively high volume of consumer products that ship in the fourth quarter of any given year.

While the globalization segment and the previously discussed services of the financial printing segment are seasonal or cyclical, the Company's outsourcing segment, while slightly impacted by the capital market activity, is less cyclical or seasonal.

During the last 12 months, the Company has reduced the cost in its financial printing segment largely through staff reduction. This business is now sized to the lower levels of capital market activity that are expected throughout 2002. However, as the capital markets return to more robust levels, the Company does not anticipate the need to add significantly to staffing levels, as we begin to more fully leverage the technology investments of the past few years.

Research and Development

The Company evaluates, on an ongoing basis, advances in computer software, hardware and peripherals, computer networking, telecommunications systems and Internet-related technologies as they relate to the Company's business and to develop and install enhancements to the Company's proprietary systems.

Like its principal competitors, the Company utilizes a computerized typesetting and telecommunications system in the process of preparing documents. In order to serve the customers of its globalization services, the Company continually tests new programs and often works directly with its customers in the design and development of new software and other technological products.

Patents and Other Rights

The Company has no significant patents, licenses, franchises, concessions or similar rights other than certain trademarks. Except for a proprietary computer typesetting and telecommunication system, the Company does not have significant specialized machinery, facilities or contracts which are unavailable to other firms providing the same or similar services to customers. The Company has many trademarks and service

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marks worldwide, most of which are registered or pending registration. The most significant of these is the trademark and trade name Bowne®. The Company owns the service marks Empowering InformationSM and Empowering Your InformationSM and trademarks BowneLink® and FundSmith®.

Sales and Marketing

The Company employs approximately 350 sales people. In addition to soliciting business from existing and prospective customers, the sales people act as a liaison between the customer and those in charge of service operations. They also provide advice and assistance to customers. The Company regularly advertises in financial newspapers and trade publications and conducts sales promotion by mail and by presentations at seminars and trade shows.

Customers and Backlog of Orders

The Company's customers include a wide variety of business corporations, law firms, investment banks, insurance companies, bond dealers, mutual funds and other financial institutions, as well as the leading software companies.

During the fiscal year ended December 31, 2001, no customer accounted for 10% or more of the Company's sales. However, one customer, Microsoft, is significant to the globalization segment. The Company has no backlog, within the common meaning of that term, which is normal throughout the service offerings in which the Company is focused. However, within its financial printing segment, the Company maintains a backlog of customers preparing for financial offerings. This backlog is greatly affected by the capital markets.

Employees

At December 31, 2001, the Company had approximately 8,000 employees. Relations with the Company's employees are considered to be good. Less than one percent of the Company's employees are members of various unions. The Company provides pension, profit-sharing, certain insurance and other benefits to most non-union employees.

Suppliers

The Company purchases various materials and services from a number of suppliers, of which the most important items are paper, computer hardware, copiers, software and peripherals, communication equipment and services, and electrical energy. The Company purchases paper from paper mills and from paper merchants. The Company has experienced no difficulty to date in obtaining an adequate supply of these materials and services. Alternate sources of supply are presently available. However, a severe paper or multi-market energy shortage could have an adverse effect upon many of the Company's operations.

International Sales

The Company conducts operations in Canada, Europe, Latin America, South America and Asia. In addition, the Company has affiliations with certain firms providing similar services abroad. Revenues derived from foreign countries other than Canada were approximately 12% of the Company's total revenues in 2001, 14% in 2000 and 12% in 1999. During 2001, 2000 and 1999, revenues derived from foreign countries other than Canada totaled \$122, \$161 and \$131 million, respectively. The financial printing segment had \$52, \$109 and \$87 million in these years, respectively. The globalization segment had revenues of \$70 million in 2001, \$52 million in 2000, and \$44 million in 1999. Canadian revenues were approximately 5% of the Company's total sales in 2001, and 6% in both 2000 and 1999. During 2001, 2000, and 1999, revenues derived from Canada totaled \$50, \$68, and \$66 million, respectively.

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Information regarding the material facilities of the Company, as of December 31, 2001, four of which were leased and nine of which were owned in fee, is set forth below.

Location	Year Lease Expires	Description	Square Footage
345 Hudson Street New York, NY	2006	Customer service center, general office space, computer center, and corporate headquarters.	222,000
800 Central Blvd Carlstadt, NJ	2009	Digital printing plant and general office space.	130,000
60 Gervais Drive Don Mills (Toronto), Ontario, Canada	2003	Typesetting, printing plant and general office space.	71,000
60 Queen Victoria Street London, England	2020	Customer service center and general office space.	30,000
5021 Nimtz Parkway South Bend, IN	Owned	Printing plant and general office space.	127,000
1200 Oliver Street Houston, TX	Owned	Typesetting, printing plant and general office space.	110,000
215 County Avenue Secaucus, NJ	Owned	Printing plant and general office space.	125,000
2103 East University Drive Dominguez Hills, CA	Owned	Printing plant and general office space.	103,000
325 West Ohio Street Chicago, IL	Owned	Customer service center, typesetting and general office space.	100,000
411 D Street Boston, MA	Owned	Typesetting, printing plant and general office space.	73,000
1241 Superior Avenue Cleveland, OH	Owned	Customer service center, typesetting and general office space.	73,000
1931 Market Center Blvd Dallas, TX	Owned	Customer service center, typesetting and general office space.	68,000
1500 North Central Avenue Phoenix, AZ	Owned	Customer service center, typesetting and general office space.	50,000

All of the properties described above are well maintained, in good condition and suitable for all presently anticipated requirements of the Company. The majority of the Company's equipment is owned outright. The outsourcing solutions business leases most of its machinery and equipment over a term of three years with the expiration of the lease coterminous with the related customer contract. The Company plans to move to a new leased facility in Chicago during the first half of 2002 and therefore intends to sell its Chicago facility later this year. Reference is made to Note 13 of the Notes to Consolidated Financial Statements.

Item 3. Pending Legal Proceedings

The Company is involved in no pending legal proceedings other than routine litigation incidental to the conduct of its business which is not material to its business.

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None.

PART II**Item 5. Market for Registrant's Common Equity and Related Stockholder Matters****Share Prices**

The Company's common stock is traded on the New York Stock Exchange under the symbol BNE. The following is the range of high and low share prices as reported by the New York Stock Exchange and dividends paid per share for calendar 2001 and 2000 by year and quarters.

	<u>Range of Share Prices High</u>	<u>Range of Share Prices Low</u>	<u>Dividends Per Share</u>
2001			
Fourth quarter	\$ 13.80	\$ 9.06	\$.055
Third quarter	12.25	8.94	.055
Second quarter	12.50	9.26	.055
First quarter	11.31	9.00	.055
Calendar year	13.80	8.94	\$.22
2000			
Fourth quarter	\$ 11.00	\$ 7.88	\$.055
Third quarter	10.88	8.63	.055
Second quarter	13.25	9.06	.055
First quarter	14.38	10.38	.055
Calendar year	14.38	7.88	\$.22

The number of holders of record of the Company's common stock on March 15, 2002 was approximately 1,354.

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	Year Ended December 31,				
	2001	2000	1999	1998	1997
Operating Data					
Revenues	\$ 1,054,631	\$ 1,179,338	\$ 1,072,729	\$ 906,361	\$ 775,241
Expenses:					
Cost of revenues	717,662	758,482	671,708	549,198	451,897
Selling and administrative	264,821	294,779	276,811	238,816	201,183
Depreciation	41,117	42,349	39,606	33,587	27,849
Amortization	8,001	7,318	7,023	4,485	1,613
Restructuring, integration and asset impairment charges	20,949	2,106			
Purchased in-process research and development and other charges	800			9,025	6,991
Operating income	1,281	74,304	77,581	71,250	85,708
(Loss) gain on sale of subsidiary	(1,858)				35,273
Interest expense	(6,422)	(7,254)	(6,281)	(5,113)	(1,548)
Other income (expense), net	1,565	(1,635)	983	2,788	2,596
(Loss) income from continuing operations before income taxes	(5,434)	65,415	72,283	68,925	122,029
Income tax expense	(2,281)	(28,145)	(30,220)	(31,486)	(51,626)
(Loss) income from continuing operations	\$ (7,715)	\$ 37,270	\$ 42,063	\$ 37,439	\$ 70,403
Balance Sheet Data					
Current assets	\$ 264,698	\$ 314,508	\$ 309,439	\$ 276,064	\$ 285,504
Current liabilities	\$ 186,556	\$ 180,966	\$ 193,690	\$ 160,638	\$ 120,639
Working capital	\$ 78,142	\$ 133,542	\$ 115,749	\$ 115,426	\$ 164,865
Current ratio	1.42 to 1	1.74 to 1	1.60 to 1	1.72 to 1	2.37 to 1
Net plant and equipment	\$ 163,838	\$ 171,938	\$ 173,293	\$ 166,367	\$ 138,933
Total assets	\$ 630,230	\$ 660,215	\$ 678,624	\$ 642,298	\$ 500,653
Long-term debt	\$ 76,941	\$ 85,676	\$ 47,281	\$ 74,887	\$ 2,537
Stockholders' equity	\$ 330,029	\$ 360,966	\$ 408,460	\$ 383,171	\$ 358,600
Per Share Data					
(Loss) income from continuing operations:					
Basic	\$ (.23)	\$ 1.08	\$ 1.14	\$ 1.02	\$ 1.94
Diluted	\$ (.23)	\$ 1.05	\$ 1.12	\$ 1.00	\$ 1.89
Dividends	\$.22	\$.22	\$.22	\$.20	\$.18

The operations of the Internet Consulting and Development segment have been discontinued, accordingly, the amounts above have been restated from previously published numbers to reflect the effect of discontinued operations.

In addition, revenue and cost of revenue have been restated for all periods to reflect the reclassification of all amounts billed to customers for out-of-pocket expenses as revenue in accordance with Emerging Issues Task Force Topic D-103, Income Statement Characterization of Reimbursements received for Out-of-Pocket Expenses Incurred. The Company previously recorded these amounts billed as reductions of cost of

revenue. The adoption of this provision had no effect on EBITDA or net income. The adoption of this new

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standard resulted in restatements of revenue and cost of revenue of \$60.8 million, \$77.5 million, \$73.4 million, \$72.0 million and \$61.9 million for each of the five years ended December 31, 2001 through December 31, 1997, respectively.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*
(In thousands, except per share information and where noted)

Cautionary Statement Concerning Forward Looking Statements

The Company desires to take advantage of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 (the "1995 Act"). The 1995 Act provides a "safe harbor" for forward-looking statements to encourage companies to provide information without fear of litigation so long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected.

Set forth below is a summary of factors the Company believes important and that could cause actual results to differ from the Company's expectations. The Company is publishing these factors pursuant to the 1995 Act. These factors should not be construed as exhaustive or as an admission regarding the adequacy of disclosure made by the Company prior to the effective date of the 1995 Act. Readers should understand that many factors govern whether any forward-looking statements can or will be achieved. Any one of those results could cause actual results to differ materially from those projected. The words "believe," "expect," "anticipate," "intend," "aim," "will" and similar words identify forward-looking statements. The Compa