

BOWNE & CO INC
Form 11-K
June 23, 2005

Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K
ANNUAL REPORTS OF EMPLOYEES STOCK PURCHASE, SAVINGS AND
SIMILAR PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

þ Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934
(No Fee Required)
For the Fiscal Year Ended December 31, 2004

OR

o Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934
(No Fee Required)
For the transition period from _____ to _____

Commission file number 1-5842

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
Bowne & Co., Inc.
401(k) Savings Plan
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:
BOWNE & CO., INC.
345 Hudson Street
New York, New York 10014
(212) 924-5500
-
-

BOWNE & CO., INC.
401(k) SAVINGS PLAN
TABLE OF CONTENTS

Items 1 and 2. Financial Statements

	Page
<u>Report of Independent Registered Public Accounting Firm</u>	F-1
<u>Statements of Net Assets Available for Benefits as of December 31, 2004 and 2003</u>	F-2
<u>Statement of Changes in Net Assets Available for Benefits for the year ended</u> <u>December 31, 2004</u>	F-3
<u>Notes to Financial Statements</u>	F-4
<u>Supplemental Schedule:</u> Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2004	F-10
<u>EX-23: CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	

Exhibits

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Trustees of the
Bowne & Co., Inc.

401(k) Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Bowne & Co., Inc. 401(k) Savings Plan as of December 31, 2004 and 2003 and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. These financial statements are the responsibility of the Plan's Trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Bowne & Co., Inc. 401(k) Savings Plan at December 31, 2004 and 2003 and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2004 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

New York, New York

June 8, 2005

F-1

Table of Contents

BOWNE & CO., INC.
401(k) SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2004	2003
Assets:		
Investments:		
Investment in marketable securities, at fair value (note 6)	\$ 209,970,718	\$ 216,766,983
Investment in limited partnership	31,234	30,682
Loans to participants	6,500,520	7,170,238
 Total investments	 216,502,472	 223,967,903
 Receivables:		
Employee contributions	801,289	869,712
Employer contributions	398,653	434,466
 Total receivables	 1,199,942	 1,304,178
 Total assets	 217,702,414	 225,272,081
 Liabilities:		
Due to other qualified plan (note 9)	92,504	
 Total liabilities	 92,504	
 Net assets available for benefits	 \$ 217,609,910	 \$ 225,272,081

See accompanying notes to financial statements.

Table of Contents

BOWNE & CO., INC.
401(k) SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2004
Investment activity:	
Net appreciation in market value of investments (note 6)	\$ 16,625,532
Interest	5,608,512
Dividends	290,696
	22,524,740
Interest income on participant loans	418,681
Total investment income	22,943,421
Contributions:	
Employees	14,443,409
Employers	7,001,893
Rollovers	1,157,471
Total contributions	22,602,773
Total additions	45,546,194
Deductions:	
Benefits paid to participants	23,519,527
Administrative expenses	296,468
Total deductions	23,815,995
Net increase before assets transfers	21,730,199
Asset transfers to other qualified plan (note 9)	(29,392,370)
Net decrease	(7,662,171)
Net assets available for benefits:	
Beginning of period	225,272,081
End of period	\$ 217,609,910

See accompanying notes to financial statements.

Table of Contents

**BOWNE & CO., INC.
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003**

(1) Description of the Plan

The following brief description of the Bowne & Co., Inc. (the Company) 401(k) Savings Plan (the Plan), provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution plan established November 1, 1961 covering eligible employees of participating companies of the Company. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective December 31, 2003, the Company merged the Bowne & Co., Inc. Employee Stock Purchase Plan (the ESPP) into this Plan. All of the ESPP plan assets and participant account balances were transferred to the Plan on December 31, 2003.

At December 31, 2004 the participating companies in the Plan were as follows:

BGS Companies, Inc.	Bowne of Chicago, Inc.
Bowne & Co., Inc.	Bowne of Cleveland, Inc.
Bowne Business Communications, Inc.	Bowne of Dallas, L.P.
Bowne DecisionQuest, Inc.	Bowne of Los Angeles, Inc.
Bowne Digital Solutions L.L.C.	Bowne of New York City, L.L.C.
Bowne Global Solutions, Inc.	Bowne of Phoenix, Inc.
Bowne Global Solutions II, Inc.	Bowne of South Bend, Inc.
Bowne Information Services, Inc.	Bowne Publishing, L.L.C.
Bowne International, L.L.C.	Bowne Translation Services, L.L.C.
Bowne of Atlanta, Inc.	FundSmith, L.L.C.
Bowne of Boston, Inc.	

(b) Eligibility

The Plan covers all full-time employees of the participating companies. Effective January 1, 2004, the Plan was amended to include full-time employees of the participating companies that are covered by collective bargaining agreements, subject to certain provisions. Prior to January 2004, the Plan covered only full-time employees of the participating companies who were not covered by collective bargaining agreements. Employees are eligible to participate as of the first day of employment.

(c) Contributions

Participants are able to direct the Company to deposit contributions withheld through automatic payroll deductions, subject to certain limitations of up to 50% of annual compensation on a pre-tax basis and up to 15% of annual compensation on an after-tax basis (up to 10% on an after-tax basis for highly compensated employees). For calendar years ended December 31, 2004 and 2003, no participant was permitted to make pre-tax contributions to the Plan in excess of \$13,000 and \$12,000, respectively, (annually adjusted as provided by the Plan and the Internal Revenue Code (the Code)).

The Company matches 100% of the first 3% of the participant's compensation plus 50% of the next 2% of compensation after one year of eligible service. Annual discretionary profit-sharing contributions are determined by the Board of Directors of each participating company's business segment, based on company

Table of Contents

BOWNE & CO., INC.
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

performance, and cannot exceed the maximum amounts allowable under the Code. There were no discretionary contributions for the years ended December 31, 2004 and 2003.

A participant not covered by a collective bargaining agreement may make a rollover contribution to the Plan of amounts which he or she has received from another qualified plan.

(d) Vesting

Participants are fully vested at all times in their contribution account, rollover account, and any investment earnings related to those accounts, if applicable. The Plan provides cliff vesting in which participants become fully vested in the Company's discretionary profit-sharing contributions after five years of credited service. Additionally, regardless of years of credited service, participants automatically become vested in company profit-sharing contributions upon the occurrence of the following events: reaching normal retirement age, plan termination, death, or permanent and total disability.

Participants were 100% vested for employer matching contributions if they were employed by the Company as of December 31, 2002. All employees hired after January 1, 2003 must complete one year of service to be eligible for the match, and are 100% vested in the matching contributions.

Effective January 1, 2004, a participant not covered by a collective bargaining agreement that transferred amounts to the Plan from the ESPP is 100% vested in the value of his/her previous ESPP matching contributions and employer matching contributions made on or after January 1, 2004.

Effective February 1, 2004, a participant covered by a collective bargaining agreement that transferred amounts to the Plan from the ESPP is 100% vested in the value of his/her previous ESPP matching contributions and employer matching contributions made on or after February 1, 2004.

(e) Participants' Accounts

Separate accounts are maintained for each participant and are credited with the participant's elective contributions, company contributions, and plan earnings on both employer and employee contributions to the various investment funds. At December 31, 2004, participants can elect to have their accounts in one or more of the following funds:

Bowne & Co. Inc. Stock Fund invests in common stock of the Company (effective January 1, 2003);

Davis New York Venture Fund, Inc. Class A invests in common stocks of companies with market capitalization of at least \$250 million;

Fidelity Magellan Fund invests mainly in the common stocks of domestic, foreign, and international companies;

Morgan Stanley Global/ Equity Class B invests primarily in equity securities of issuers throughout the world;

T. Rowe Price Small-Cap Stock Fund invests at least 65% of total assets in stocks and equity related securities of small companies included in the Russell 2000 Index;

Vanguard 500 Index Fund invests in all stocks included in the Standard and Poor's 500 Composite Stock Price Index;

Vanguard Prime Money Market Fund invests in short-term securities issued by financial institutions, nonfinancial corporations, and the U.S. government;

Table of Contents

**BOWNE & CO., INC.
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)**

Vanguard Wellington Fund invests an average of 65% of its assets in stocks and 35% in bonds;

Vanguard International Growth Fund invests in stocks of high quality, seasoned companies based outside of the U.S.;

Vanguard Mid-Cap Index Fund invests in all stocks included in the Standard and Poor's MidCap 400 Index;

Vanguard PRIMECAP Fund invests in stocks of companies of above average growth or companies with bright prospects for earnings growth. This fund assesses a 1% redemption fee on shares held for less than five years;

Vanguard Short-Term Corporate Fund invests in short-term bonds, including high quality corporate and U.S. Treasury securities;

Vanguard Total Bond Market Index Fund invests in a sampling that matches key characteristics of the Lehman Brothers Aggregate Bond Index, which is aimed at seeking a high level of interest income.

Participants not covered by collective bargaining agreements may change the investment direction of their contributions and transfer amounts from one fund to another daily (initial transfers from the ESPP were required to be invested in the Company's common stock fund.)

Participants covered by collective bargaining agreements can only invest in the Company's common stock fund.

(f) Participant Distributions

On termination of service due to death, disability, retirement, or other reasons, a participant may elect to receive the value of the participant's vested interest in his or her account in a lump-sum amount.

Effective January 1, 2004, amounts transferred to the Plan from the ESPP on behalf of participants not covered by a collective bargaining agreement are able to be withdrawn in whole or in part, subject to certain Plan provisions.

Effective February 1, 2004, pre-tax contributions to the plan on behalf of participants covered by collective bargaining agreements are eligible to be withdrawn prior to termination of employment subject to certain Plan provisions.

(g) Forfeitures

The nonvested portion of a participant's account will be forfeited upon the participant's separation from service before age 65 for reasons other than death or disability. In 2004 and 2003 forfeited amounts were used to reduce employer contributions made during such plan year or succeeding plan years and to pay the expenses of the Plan. Forfeitures used to reduce employer contributions totaled \$24,616 for the year ended December 31, 2004. At December 31, 2004, forfeited nonvested accounts totaled approximately \$70,245.

(h) Loans

The Plan provides two types of loans to participants not covered by collective bargaining agreements: general loans and home purchase loans. Participants not covered by collective bargaining agreements are limited to one outstanding loan of each type at any time. Participants not covered by collective bargaining agreements may borrow the lesser of 50% of their vested account balance or \$50,000, with an annual interest rate of prime plus 1% on the outstanding balance. General loans are subject to a maximum repayment term of

Table of Contents

BOWNE & CO., INC.
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

5 years. Home purchase loans may extend the repayment term to fifteen years. Loan repayment is through payroll deductions.

Amounts transferred to the Plan from the ESPP are not available to be taken as a loan, however, the amounts are included in determining the maximum amount available for a loan under the Plan.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual amounts could differ from those estimates.

(c) Investment Valuation and Income Recognition

The Plan's investments are stated at fair value as determined by quoted market prices. The fair value of the investment in limited partnership was determined by the Investment Manager and is based on the value of the underlying assets. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

(d) Payment of Benefits

Benefit payments are recorded when paid.

(e) Concentration of Risks and Uncertainties

The Plan may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of assets available for plan benefits.

(3) Administrative Expenses

All investment and administrative expenses of the Plan have been paid from the assets of the Plan to the extent not paid by the Company.

(4) Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan by action of its board of directors, subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

Table of Contents

BOWNE & CO., INC.
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

(5) Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated December 10, 2001 that the Plan and related trust are designed in accordance with applicable sections of the Code. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving its last determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

(6) Investments

Investments held by Vanguard Fiduciary Trust Company are as follows as of December 31,:

	2004	2003
Davis New York Venture Fund, Inc. Class A	\$ 6,346,248	\$ 4,640,495
Fidelity Magellan Fund	54,652,068*	56,603,076*
Morgan Stanley Global/ Equity Class B	2,302,362	1,568,779
T. Rowe Price Small-Cap Stock Fund	8,840,795	6,172,591
Vanguard 500 Index Fund	16,980,431*	18,681,992*
Vanguard International Growth Fund	2,848,904	2,881,519
Vanguard Mid-Cap Index Fund	4,241,022	1,241,448
Vanguard Prime Money Market Fund	21,560,658*	26,913,251*
Vanguard PRIMECAP Fund	12,303,254*	10,841,953
Vanguard Short-Term Corporate Fund	5,916,370	7,088,313
Vanguard Total Bond Market Index Fund	2,434,956	3,080,813
Vanguard U.S. Growth Fund		3,354,045
Vanguard Wellington Fund	52,038,477*	54,041,658*
Bowne & Co., Inc. Stock Fund	19,505,173*	19,657,050*
	\$ 209,970,718	\$ 216,766,983

* Individual investments that represent 5% or more of the Plan's net assets.

Net appreciation in market value of investments for the year ended December 31, 2004 was comprised as follows:

Net appreciation in market value of investments in mutual funds	\$ 12,889,388
Net appreciation in market value of investments in common stock	3,735,592
Net appreciation in market value of investment in limited partnership	552
Total net appreciation in market value of investments	\$ 16,625,532

Table of Contents

BOWNE & CO., INC.
401(k) SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (Continued)

(7) Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the participants covered by collective bargaining agreements is as follows:

	December 31,	
	2004	2003
Net Assets:		
Investments:		
Bowne & Co., Inc. Stock Fund	\$ 1,338,059	\$ 1,096,945

	Year Ended December 31, 2004	
Changes in Net Assets:		
Contributions	\$ 114,394	
Dividends		17,773
Net appreciation in market value of investments		226,575
Administrative expenses		(337)
Forfeitures		(63,522)
Benefits paid to participants		(53,769)
	\$	241,114

(8) Related Party Transactions

Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company, who is the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest. The Plan also invests in Bowne & Co., Inc. common stock.

(9) Assets Transferred to Other Qualified Plan

In November 2004, the Company sold its document outsourcing business, Bowne Business Solutions, LLC (BBS). On November 3, 2004 the Plan was amended to allow BBS employees to continue to be eligible for participation in the plan through December 31, 2004, subject to certain limitations. On December 17, 2004 the Plan was further amended to not permit BBS employees participating in the Plan to change contribution rate elections for future contributions or take new loans or hardship withdrawals effective December 23, 2004, and effective December 30, 2004 the BBS employees participating in the Plan were not permitted to reallocate their contributions amongst the Plan's investment funds or take non-hardship withdrawals or distributions from the Plan. Effective December 31, 2004, BBS employees were no longer eligible to participate in the Plan and the amount of assets equal to the participants account balances under the Plan as of December 31, 2004 were transferred to a separate qualified plan (BBS Plan) for these participants. Upon the transfer of the account balances, all obligations related to the Plan ceased and the benefit payments and liabilities are obligations of the BBS Plan. As of December 31, 2004, the total amount of assets belonging to BBS employees participating in the Plan that were required to be transferred to the BBS Plan was

\$29,392,370. As of December 31, 2004, the Company transferred \$29,299,866 to the BBS Plan. The remaining amount required to be transferred is recorded as a liability in the Statements of Net Assets Available For Benefits as of December 31, 2004.

F-9

Table of Contents

BOWNE & CO., INC. 401(k) SAVINGS PLAN
Schedule H, Line 4i Schedule of Assets (Held at End of Year)
As of December 31, 2004

Identity of Party Involved	Description	Current Value
The Vanguard Group	Davis New York Venture Fund, Inc. Class A	\$ 6,346,248
The Vanguard Group	Fidelity Magellan Fund	54,652,068
The Vanguard Group	Morgan Stanley Global/Equity Class B	2,302,362
The Vanguard Group	T. Rowe Price Small-Cap Stock Fund	8,840,795
The Vanguard Group	Vanguard 500 Index Fund*	16,980,431
The Vanguard Group	Vanguard International Growth Fund*	2,848,904
The Vanguard Group	Vanguard Mid-Cap Index Fund*	4,241,022
The Vanguard Group	Vanguard Prime Money Market Fund*	21,560,658
The Vanguard Group	Vanguard PRIMECAP Fund*	12,303,254
The Vanguard Group	Vanguard Short-Term Corporate Fund*	5,916,370
The Vanguard Group	Vanguard Total Bond Market Index Fund*	2,434,956
The Vanguard Group	Vanguard Wellington Fund*	52,038,477
The Vanguard Group	Bowne & Co., Inc. Stock Fund*	19,505,173
	Participant loans*(1)	6,500,520
Institutional Partners, LP	Limited Partnership	31,234
		\$ 216,502,472

* Party-in-interest as defined by ERISA.

(1) 822 loans were outstanding at 12/31/04 bearing an average interest rate of 6.12%

See accompanying independent registered public accounting firm's report.

F-10

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustees have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

By: Borne & Co., Inc.
401(k) Savings Plan
/s/ C. Cody Colquitt

C. Cody Colquitt
Senior Vice President and Chief Financial Officer

Dated: June 23, 2005