SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2003

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 number: 0-28493

O'Sullivan Industries Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	43-1659062
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1900 Gulf Street, Lamar, Missouri	64759-1899
(Address of principal executive offices)	(ZIP Code)

(417) 682-3322

(Registrant's telephone number, including area code)

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 [X] No [ ]

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

As of November 10, 2003, 1,368,000 shares of common stock of O'Sullivan Industries Holdings, Inc., par value $0.01 per share, were outstanding.

The Index to Exhibits begins on page 22.

PART I

Item 1. Financial Statements.

O'SULLIVAN INDUSTRIES HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEETS
(in thousands, except for share data)

Assets	September 30, 2003	June 30, 2003
Current assets:		
Cash and cash equivalents	$ 14,334	$ 7,977
Trade receivables, net of allowance for doubtful accounts of $2,768 and $2,978, respectively	33,979	25,032
Inventories, net	45,278	52,426
Prepaid expenses and other current assets	2,508	2,772
Total current assets	96,099	88,207
Property, plant and equipment, net	68,831	71,867
Other assets	9,625	9,226
Goodwill, net of accumulated amortization	38,088	38,088
Total assets	$ 212,643	$ 207,388
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	$ 10,752	$ 10,006
Current portion of long-term debt	-	4,039
Accrued advertising	9,110	9,493
Accrued liabilities	13,638	12,043
Payable to RadioShack	6,798	6,798
Total current liabilities	40,298	42,379
Long-term debt, less current portion	220,344	209,405
Mandatorily redeemable senior preferred stock (Note 4)	22,965	–
Other liabilities	9,107	6,762
Payable to RadioShack	65,269	65,269
Total liabilities	357,983	323,815
Commitments and contingent liabilities (Notes 8, 9, and 10)		
Mandatorily redeemable senior preferred stock (Note 4)	–	21,933
Stockholders' deficit:		
Junior preferred stock, Series A, $0.01 par value; 100,000 shares authorized, none issued	–	–
Junior preferred stock, Series B, $0.01 par value; at liquidation value including accumulated dividends; 1,000,000 shares authorized, 529,009.33 issued	88,681	85,682
Common stock, $0.01 par value; 2,000,000 shares authorized, 1,368,000 issued	14	14
Additional paid-in capital	13,053	13,053
Retained deficit	(247,360)	(237,062)
Notes receivable from employees	(349)	(343)
Accumulated other comprehensive income	621	296
Total stockholders' deficit	(145,340)	(138,360)
Total liabilities and stockholders' deficit	$ 212,643	$ 207,388

The accompanying notes are an integral part of these consolidated financial statements.

O'SULLIVAN INDUSTRIES HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Three months ended September 30, 2003	Three months ended September 30, 2002
Net sales	$ 71,464	$ 71,557
Cost of sales	57,156	51,584
Gross profit	14,308	19,973
Operating expenses:		
Selling, marketing and administrative	10,476	12,059
Operating income	3,832	7,914
Other income (expense):		
Interest expense	(7,866)	(6,433)
Interest income	29	58
Other financing costs	(3,294)	–
Income (loss) before income tax provision	(7,299)	1,539
Income tax provision	–	–
Net income (loss)	(7,299)	1,539
Dividends and accretion on preferred stock	(2,999)	(3,482)
Net loss attributable to common stockholders	$ (10,298)	$ (1,943)

The accompanying notes are an integral part of these consolidated financial statements.

O'SULLIVAN INDUSTRIES HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Three months ended September 30, 2003	Three months ended September 30, 2002
Cash flows provided (used) by operating activities:		
Net income (loss)	$ (7,299)	$ 1,539
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	3,312	3,264
Amortization of debt issuance cost	441	403
Amortization of debt discount and accrued interest on senior note	833	738
Interest and accretion on senior preferred stock	1,032	–
Interest rate collar	–	(584)
Bad debt expense	51	448
Loss on disposal of assets	1	11
Debt extinguishment costs	3,108	–
Accrual of special payment on options to purchase Series A junior preferred stock	343	300
Changes in assets and liabilities:		
Trade receivables	(8,947)	2,559
Inventories	7,148	(4,609)
Other assets	425	(693)
Payable to RadioShack	–	(3,097)
Accounts payable and accrued liabilities	3,654	(286)
Net cash flows provided (used) by operating activities	4,102	(7)
Cash flows used for investing activities:		
Capital expenditures	(244)	(1,557)
Cash flows provided (used) by financing activities:		
Proceeds from borrowings	95,000	–
Repayment of borrowings	(88,265)	(886)
Debt issuance costs	(4,236)	–
Net cash flows provided (used) by financing activities	2,499	(886)
Net increase (decrease) in cash and cash equivalents	6,357	(2,450)
Cash and cash equivalents, beginning of period	7,977	15,777
Cash and cash equivalents, end of period	$ 14,334	$ 13,327
Non-cash investing and financing activities:		
Capital expenditures included in accounts payable	$ 43	$ 160
Dividends accrued but not paid	2,999	3,619

The accompanying notes are an integral part of these consolidated financial statements.

O'SULLIVAN INDUSTRIES HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the three months ended September 30, 2003
(in thousands)

	Series B junior preferred stock		Common stock		Additional paid-in capital	Retained deficit	Notes receivable from employees	Accumulated other comprehensive income	Total stock-holders' deficit	Compre-hensive income (loss)
	Shares	Dollars	Shares	Dollars						
Balance, June 30, 2003	529	$ 85,682	1,368	$ 14	$ 13,053	$ (237,062)	$ (343)	296	$ (138,360)	
Net loss						(7,299)			(7,299)	$ (7,299)
Cumulative translation adjustments								325	325	325
Loans to employees–interest income							(6)		(6)	
Repayment of employee loans							–		–	
Dividends and accretion on junior preferred stock		2,999				(2,999)			–	
Balance, September 30, 2003	529	$ 88,681	1,368	$ 14	$ 13,053	$ (247,360)	$ (349)	$ 621	$ (145,340)	$ (6,974)

The accompanying notes are an integral part of these consolidated financial statements.

O'SULLIVAN INDUSTRIES HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2003

Note 1—Basis of Presentation

The unaudited consolidated financial statements of O'Sullivan Industries Holdings, Inc. and subsidiaries ("O'Sullivan") included herein have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The financial statements should be read in conjunction with the audited financial statements and notes thereto included in O'Sullivan's Annual Report on Form 10-K for the fiscal year ended June 30, 2003. The interim results are not necessarily indicative of the results that may be expected for a full year.

Note 2—Refinancing of Long-Term Debt

On September 29, 2003, O'Sullivan Industries, Inc. ("O'Sullivan Industries") issued $100.0 million of privately placed, 10.63% senior secured notes maturing on October 1, 2008. The notes were issued at a price of 95%, providing $95.0 million in cash proceeds before expenses related to the issuance, which were about $5 million. The proceeds were used to repay the term loans under O'Sullivan's senior credit facility. The notes are secured by a first-priority security interest in and lien on substantially all of O'Sullivan's assets (and on O'Sullivan Industries' capital stock) other than accounts receivable, inventory, capital stock of O'Sullivan Industries' subsidiaries, deposit accounts, certain books and records and certain licenses, and by a second-priority security interest in and lien on substantially all of O'Sullivan's accounts receivable, inventory, deposit accounts, certain books and records and certain licenses. The notes are guaranteed by O'Sullivan Holdings, O'Sullivan Industries - Virginia, Inc. ("O'Sullivan Industries - Virginia") and O'Sullivan Furniture Factory Outlet, Inc. O'Sullivan Industries also entered into a registration rights agreement pursuant to which it is obligated to file a registration statement with respect to an offer to exchange the notes for a new issue of identical notes registered under the Securities Act of 1933, as amended, within 90 days after the offering closed, and to use all commercially reasonable efforts to cause the registration statement to be declared effective on or prior to 180 days after the notes were issued. O'Sullivan Industries may also be required under certain circumstances to provide a shelf registration statement to cover resales of the notes.

On September 29, 2003, O'Sullivan Industries, O'Sullivan Industries - Virginia and O'Sullivan Furniture Factory Outlet, Inc. also entered into a new asset-based credit agreement which permits revolving borrowings of up to $40.0 million to the extent of availability under a collateral borrowing base. The credit agreement has a $25.0 million sub-limit for letters of credit, of which O'Sullivan Industries is currently utilizing approximately $14.0 million. The credit agreement is secured by a first-priority security interest in and lien on substantially all of O'Sullivan's accounts receivable, inventory, deposit accounts, certain books and records and certain licenses, and a second-priority security interest in and lien on substantially all of O'Sullivan's assets other than accounts receivable, inventory, capital stock of O'Sullivan Industries and its subsidiaries, deposit accounts, certain books and records and certain licenses. O'Sullivan guaranteed the obligations under the credit agreement. The interest rate on loans under the credit agreement is a LIBOR rate plus 2.5% or an index rate plus 1.0%. A fee equal to 0.5% per annum is paid on the unused commitment under the credit agreement. No loans were outstanding under the revolving credit agreement as of September 30, 2003.

In connection with the repayment of the term loans and the termination of the revolving credit facility under the previous senior credit facility, O'Sullivan expensed approximately $3.1 million of unamortized issuance costs related to the previous senior credit facility in the first quarter of fiscal 2004.

Long term debt consisted of the following:

	September 30, 2003	June 30, 2003
	(in thousands)	
Senior term loan, tranche A	$ –	$ 10,593
Senior term loan, tranche B	–	77,673
Industrial revenue bonds	10,000	10,000
Senior secured notes	95,000	–
Senior subordinated notes	95,846	95,743
Senior note	19,498	19,435
Total debt	220,344	213,444
Less current portion	–	(4,039)
Total long-term debt	$ 220,344	$ 209,405

Total debt, including the discount, net of accretion, of $5.0 million on the senior secured notes, $4.2 million on the senior subordinated notes and $2.7 million on the senior note, matures as follows (in thousands):

2004	$ –
2005	–
2006	–
2007	–
2008	–
Thereafter	232,235
	$ 232,235

Note 3—Derivative Financial Instruments

As required under O'Sullivan's previous senior credit facility, O'Sullivan hedged one-half of its term loans with an initial notional amount of $67.5 million with a three-year, costless interest rate collar. The collar, which expired in March 2003, was based on three-month LIBOR and had a floor of 6.43% and a ceiling of 8.75%. O'Sullivan recorded reduced interest expense of $584,000 for the quarter ended September 30, 2002. This amount represented the change in fair value of the interest rate collar.

Note 4—New Accounting Standards

In May 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity.* This pronouncement changes the accounting for certain financial instruments that, under previous guidance, could be accounted for as equity and requires that those instruments be classified as liabilities (or assets in certain circumstances) on the balance sheet. SFAS 150 also requires disclosures about alternative ways of settling the instruments and the capital structure of entities all of whose shares are mandatorily redeemable. SFAS 150 is generally effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. O'Sullivan adopted SFAS 150 on July 1, 2003 and reclassified its mandatorily redeemable senior preferred stock as a non-current liability, instead of as an item between the liabilities and equity section of the balance sheet as historically presented. Prior period amounts have not been restated in accordance with this statement.

On November 30, 1999, O'Sullivan issued 16,431,050 shares of mandatorily redeemable senior preferred stock with a liquidation value of $1.50 per share. O'Sullivan's amended and restated certificate of incorporation authorized the issuance of 17,000,000 shares of mandatorily redeemable senior preferred stock, which has a par value of $0.01 per share. O'Sullivan may, at its option, redeem the stock at any time. O'Sullivan is required to redeem the outstanding shares of stock if an unaffiliated third party acquires more than 50% of our outstanding common stock. O'Sullivan is required to redeem the stock if outstanding on November 30, 2011 at a price equal to issuance price plus dividends accruing on a daily basis at the rate of 12% per year. If O'Sullivan does not pay dividends in cash on June 30 or December 31 of each year, then dividends will also accrue on the unpaid dividends as of that date. Liquidation value at September 30, 2003 and June 30, 2003 was $38.6 million and $37.4 million, respectively. The mandatorily redeemable senior preferred stock is recorded at its present value of $23.0 million and $21.9 million, including accrued dividends and accretion, at September 30, 2003 and June 30, 2003, respectively.

Also in accordance with SFAS 150, dividends on mandatorily redeemable financial instruments are now accounted for as interest expense on the consolidated statement of operations instead of as dividends and accretion on preferred stock. Interest expense for the senior preferred stock was approximately $1.0 million during the quarter. Adoption of SFAS 150 did not affect O'Sullivan's cash payments or liquidity.

Note 5—Stock Based Compensation

We account for stock-based compensation for employees under Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and have elected the disclosure-only alternative under SFAS 123. No stock-based compensation cost is recorded, as all options granted have an exercise price equal to the market value of the stock on the date of the grant. In accordance with SFAS 148, the following table presents the effect on net income (loss) had compensation cost for O'Sullivan's stock plans been determined consistent with SFAS 123:

	Three months ended September 30,	
	2003	**2002**
	(in thousands)	
Net income (loss) as reported	$ (7,299)	$ 1,539
Less: total stock-based compensation expense determined under fair value method for all stock options, net of related income tax benefit	(2)	(2)
Pro forma net income (loss)	$ (7,301)	$ 1,537

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the vesting period. There were no options granted during the three months ended September 30, 2003 and 2002.

Note 6—Shipping and Handling Costs

O'Sullivan reports amounts billed to customers as revenue, the cost for warehousing operations in cost of sales and freight out costs as part of selling, marketing and administrative expenses. Freight out costs included in selling, marketing and administrative expenses in the first quarters of fiscal 2004 and fiscal 2003 were approximately $1.5 million and $2.1 million, respectively.

Note 7—Inventory

Inventory, net, consists of the following:

	September 30, 2003	June 30, 2003
	(in thousands)	
Finished goods	$ 29,154	$ 37,744
Work in process	4,327	3,923
Raw materials	11,797	10,759
	$ 45,278	$ 52,426

Note 8—Income Taxes

O'Sullivan recorded no tax expense for the three months ended September 30, 2003 and 2002 because of the valuation allowance recorded in the quarter ended March 31, 2002.

Note 9—Related Party Transactions

O'Sullivan Industries entered into a management services agreement with Bruckmann, Rosser, Sherrill & Co., LLC ("*BRS*") for strategic and financial advisory services on November 30, 1999. The fee for these services is the greater of (a) 1% of O'Sullivan Industries' consolidated cash flow (as defined in the indenture related to the O'Sullivan Industries senior subordinated notes) or (b) $300,000 per year. Under the management services agreement, BRS can also receive reimbursement for expenses.

The credit agreement, the indenture for the senior secured notes and the management services agreement all contain certain restrictions on the payment of the management fee. The management services agreement provides that no cash payment for the management fee can be made unless the fixed charge coverage ratio (as defined in the indenture for the senior subordinated notes) for O'Sullivan Industries' most recently ended four full fiscal quarters would have been greater than 2.0 to 1.0. Similarly, the indenture for the senior secured notes provides that payments under the management services agreement are conditional and contingent upon the fixed charge coverage ratio (as defined in the indenture for the senior secured notes) for the four most recently ended full fiscal quarters immediately preceding any payment date being at least 2.0 to 1. The credit agreement prevents O'Sullivan Industries from paying fees and expenses under the management services agreement if a default or event of default exists or if one would occur as a result of the payment. All fees and expenses under the management services agreement are subordinated to the senior subordinated notes.

The management fees and reimbursable expenses of $75,000 and $110,000 recognized in the first quarter of fiscal years 2004 and 2003, respectively, are included in selling, marketing and administrative expense in the accompanying consolidated statements of operations. O'Sullivan Industries paid BRS $713,000 in the first quarter of fiscal 2003 for the balance owed through June 30, 2002 and $305,000 as a prepayment of the fiscal 2003 management fee. An additional prepayment of $285,000 for fiscal 2003 management fees was made in January, 2003. The prepaid balance at September 30, 2003 and June 30, 2003 was $72,000 and $147,000, respectively, and is included in prepaid expenses and other current assets on the consolidated balance sheet.

Employee Loans. At September 30, 2003, O'Sullivan held two notes receivable with a balance of approximately $349,000 from employees of O'Sullivan. O'Sullivan loaned the employees money to purchase common stock and Series B junior preferred stock of O'Sullivan in the November 1999 recapitalization and merger. The notes bear interest at the rate of 9% per annum and mature on November 30, 2009, or earlier if there is a change of control, and are with full recourse. The receivables are recorded on O'Sullivan's consolidated balance sheets as an increase in stockholders' deficit.

Note 10—Commitments and Contingencies

Tax Sharing Agreement with RadioShack. Future tax sharing agreement payments are contingent on taxable income. The maximum payments are fiscal 2004—$11.6 million; fiscal 2005—$10.5 million; fiscal 2006—$11.3 million; and thereafter—$38.7 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

We are a leading ready-to-assemble furniture manufacturer in North America with over 45 years of experience. We design, manufacture and distribute a broad range of RTA furniture products—computer workcenters, desks, entertainment centers, audio stands, bookcases and cabinets.

Recent Trends

Our net sales for the first quarter of fiscal 2004 were about even with sales for the same quarter in fiscal 2003. Our sales remained at a low level for several reasons:

- increasing competition from imported furniture, particularly from China;
- substantial competition from U.S. and Canadian manufacturers, several of whom have additional manufacturing capacity;
- the lack of growth in sales of personal computers, which reduced the need for computer desks and workcenters;
- liquidations and bankruptcies by a number of customers, including Montgomery Ward, Ames and Kmart;
- inventory reductions by our customers; and
- the retrenchment in business capital outlays, which reduced purchases of office furniture.

These factors will continue to affect our business throughout the remainder of fiscal 2004.

Due to the low sales levels, we decreased production levels at our manufacturing facilities, which adversely affected our fixed cost absorption. We also increased promotional activities with several of our major retail partners. As a result, our operating income fell to $3.8 million for the quarter ended September 30, 2003, compared with $7.9 million for the quarter ended September 30, 2002. Net loss for the quarter ended September 30, 2003 was $7.3 million compared to net income of $1.5 million in the comparable period of fiscal 2003. The net loss for the fiscal 2004 quarter reflects the reduction in operating income, as well as the write-off of unamortized debt issuance costs related to our previous senior credit facility. The net loss also reflects increased interest expense due to our July 1, 2003 adoption of SFAS 150 that resulted in us accounting for dividends on our mandatorily redeemable senior preferred stock as interest expense.

Refinancing Transactions

On September 29, 2003, O'Sullivan Industries, Inc., issued $100 million of senior secured notes and executed a new $40 million senior secured revolving credit facility. The proceeds of the senior secured notes were used to repay O'Sullivan's existing $88.3 million senior credit facility and related fees and expenses. The senior secured notes were sold at 95% of their face value, bear interest at 10.63% and mature on October 1, 2008. As of

September 30, 2003, we had no borrowings under the new revolving credit agreement, although $14.0 million of letters of credit were outstanding.

Raw Materials

We purchase large quantities of raw materials, including particleboard and fiberboard. We are dependent on our outside suppliers for all of our raw materials. Therefore, we are subject to changes in the prices charged by our suppliers.

Due to the nature of our product lines, we have material sensitivity to some commodities, including particleboard, fiberboard, corrugated cardboard and hardware. We manage commodity price exposures primarily through the duration and terms of our vendor agreements. A 1.0% change in our raw material prices would affect our cost of sales by approximately $1.4 million annually.

In fiscal 2000, certain particleboard and fiberboard suppliers imposed price increases, which increased our cost of sales in fiscal 2000 and the first half of fiscal 2001. We were able to reduce the effect of the increases somewhat through our value analysis program and productivity gains in manufacturing. In fiscal 2001, particleboard and fiberboard prices declined, increasing our operating income in the later portion of the year. Industry pricing for particleboard was flat to slightly lower in fiscal 2002 and the first half of fiscal 2003. We saw small increases in particleboard pricing in the third quarter of fiscal 2003 and another increase in the first quarter of fiscal 2004. Prices for fiberboard increased in the fourth quarter of fiscal 2002, but declined slightly during fiscal 2003. We cannot assure you that raw materials prices will not increase further in the future.

If the demand for particleboard increases or the supply decreases, prices may also increase. We believe that we can continue to partially offset the effect of such increases through the programs mentioned above and through the eventual inclusion of the higher costs in the selling price of our products. However, there can be no assurance that we will be successful in offsetting these or future potential price increases.

Several manufacturers, including O'Sullivan, have excess manufacturing capacity due to the current decline in sales in the RTA furniture segment and increasing imports. This excess capacity is causing increased competition that is expected to continue, and perhaps to intensify, through the remainder of fiscal 2004. This adversely affected our margins and results of operations in fiscal 2003, and is continuing to affect sales, margins and results of operations in fiscal 2004.

RadioShack Arbitration and Accounting for Tax Sharing Agreement with RadioShack

In 1994, RadioShack, then Tandy Corporation, completed an initial public offering of O'Sullivan. In connection with the offering, we entered into a tax sharing and tax benefit reimbursement agreement with RadioShack. RadioShack and O'Sullivan made elections under Sections 338(g) and 338(h)(10) of the Internal Revenue Code with the effect that the tax basis of our assets was increased to the deemed purchase price of the assets, and an equal amount of such increase was included as taxable income in the consolidated federal tax return of RadioShack. The result was that the tax basis of our assets exceeded the historical book basis we used for financial reporting purposes.

The increased tax basis of our assets results in increased tax deductions and, accordingly, reduced our taxable income or increased our net operating loss. Under the tax sharing agreement, we are contractually obligated to pay RadioShack nearly all of the federal tax benefit expected to be realized with respect to such additional basis. The payments under the agreement represent additional consideration for the stock of O'Sullivan Industries, Inc. and further increase the tax basis of our assets from the 1994 initial public offering when payments are made to RadioShack.

To the extent the benefit of these basis step-up deductions caused us to have a federal taxable loss, we were only obligated to pay RadioShack to the extent that the benefits were used to reduce taxable income to zero. Any additional tax deductions resulting from the step-up create a net operating loss ("NOL") carryforward on our federal income tax return. Under the terms of the tax sharing agreement, if we utilized this NOL carryforward to generate future tax savings, we were also obligated to remit that benefit received to RadioShack.

O'Sullivan recorded the deferred tax asset created by the step-up in basis and the additional basis from the probable future payments to RadioShack as of February 1994. At the same time, we recorded our obligation to RadioShack. The amounts of the deferred tax asset and obligation to RadioShack were each $147.9 million at February 1994. From 1994 through 2001, we reduced the amount of the deferred tax asset and the obligation to RadioShack as we realized the benefits of the deferred tax asset and paid RadioShack amounts due under the tax sharing agreement.

In November 1999, we completed a leveraged recapitalization and merger transaction which significantly increased our debt. As a result of the higher debt levels, we also experienced increased interest expense, which reduced our taxable income and also reduced the tax benefits used from the deductions arising from the step-up in basis. We reduced our payments to RadioShack accordingly. RadioShack claimed that the deductions arising from the increased interest payments should not impact tax benefit payments due RadioShack under the tax agreement. RadioShack pursued this matter and prevailed in an arbitration ruling in March 2002. We reached a settlement agreement with RadioShack in May 2002. Pursuant to the settlement agreement, we paid RadioShack $24.6 million in May 2002 and an additional $3.1 million in June 2002. The sum of these two payments ($27.7 million) represented the amount due RadioShack under the settlement agreement through June 30, 2002. These amounts represent the calculation of what benefits we would have realized had we not had the additional interest expense from the 1999 recapitalization and merger. The settlement agreement requires calculations into the future and quarterly payments to RadioShack if our taxable income adjusted for the additional interest expense shows that we would have realized the benefits had we not incurred the additional interest expense. If on this basis, we could have used the deductions from the step-up in basis, we are required to make a payment to RadioShack even though we may not be receiving any current tax benefit from these deductions on our federal income tax return.

The remaining maximum obligation to RadioShack was $109.1 million at March 31, 2002. We reduced the obligation by subsequent payments; the balance was $81.4 million at June 30, 2002 and $72.1 million at June 30, 2003 and September 30, 2003.

Under Statement of Financial Accounting Standards ("SFAS") 109, we must determine if it is more likely than not that we will realize the net deferred tax asset as a reduction in our tax liabilities in the future. SFAS 109 requires objective evidence to support the more likely than not conclusion. The arbitration decision dramatically affected our liquidity, which reduced the amounts we could invest in sales efforts or cost improvements, as most free cash flow would now be used to pay RadioShack or to repay our indebtedness. In addition, it became evident to us by March 2002 that the prolonged economic slowdown that started prior to September 11, 2001 was continuing. This, coupled with the adverse effect on our liquidity of the settlement, caused us to lower our projections of future taxable income. Accordingly, we projected our expected future taxable income utilizing operating performance we achieved in fiscal 2002 assuming our performance would be no better or worse over an extended period of time. Such projections indicate that we would not have taxable income until 2009 when substantially all the tax benefit deductions had been taken. At that point, the projections indicated that our net operating losses existing at that time would be utilized before they expire. However, we currently have and expect to have taxable losses for a number of years in the future. Projections over a long time are inherently uncertain, and we cannot provide objective evidence that our operations in 2009 and beyond will produce sufficient taxable income. As a result, we provided a full valuation allowance on our net deferred tax assets in fiscal 2002 with a corresponding charge to income tax expense.

As a result of providing a full valuation allowance on our net deferred tax assets in fiscal 2002, we did not record a tax provision in the first quarter of fiscal 2003 or 2004. We do not expect to record a tax provision or benefit in the foreseeable future. If at a future date we determine that some or all of the deferred tax asset will more likely than not be realized, we will reverse the appropriate portion of the valuation allowance and credit income tax expense.

See "**Cautionary Statement Regarding Forward Looking Information**."

Results of Operations

Net Sales. Net sales for the quarter ended September 30, 2003 decreased by $93,000, or 0.1%, to $71.5 million from $71.6 million for the quarter ended September 30, 2002. During the quarter, sales declined in the office superstore, mass merchant and electronic superstore channels while sales to home centers rose. Our average price per unit increased slightly, while the number of units sold declined.

Gross Profit. Gross profit decreased to $14.3 million, or 20.0% of sales, for the three month period ended September 30, 2003, from $20.0 million, or 27.9% of sales, for the comparable prior year quarter. Fiscal 2004 first quarter gross profit dollars and margin declined because lower production levels adversely affected our fixed cost absorption as well as increased promotional activity with several of our major retail partners.

Selling, Marketing and Administrative Expenses. Selling, marketing and administrative expenses decreased to $10.5 million, or 14.7% of sales, for the three month period ended September 30, 2003, from $12.1 million, or 16.9% of sales, for the quarter ended September 30, 2002. In fiscal 2004, incentive compensation and profit sharing expenses decreased because of our lower sales and financial performance. Freight out expense, advertising allowances and store display expense were also lower in fiscal 2004 compared to the prior year.

Depreciation and Amortization. Depreciation and amortization expenses of $3.3 million for the first quarter of fiscal 2004 remained flat compared to the first quarter of fiscal 2003.

Operating Income. Operating income decreased $4.1 million to $3.8 million for the quarter ended September 30, 2003 from $7.9 million in the quarter ended September 30, 2002. Our operating income declined in fiscal 2004 because our gross profit was lower in fiscal 2004 as described above.

Net Interest Expense. Net interest expense increased from $6.4 million in the first quarter of fiscal 2003 to $7.8 million in the first quarter of fiscal 2004. Interest expense increased because we accounted for $1.0 million of dividends on our senior preferred stock as interest expense beginning as of July 1, 2003 when we adopted SFAS 150. Interest expense also increased due to the credit to interest expense of $584,000 in the first quarter of fiscal 2003 resulting from the change in fair value of our interest rate collar that expired in March 2003. The following table describes the components of net interest expense.

	Three months ended September 30, (in thousands) 2003	2002
Interest expense on senior credit facility, industrial revenue bonds and senior subordinated notes	$ 5,560	$ 5,876
Interest income	(29)	(58)
Non-cash items:		
Interest expense on O'Sullivan Holdings note	667	594
Interest expense on mandatorily redeemable senior preferred stock	1,032	–
Interest rate collar	–	(584)
Amortization of debt discount	166	144
Amortization of loan fees	441	403
Net interest expense	$ 7,837	$ 6,375

Net Loss. Net loss increased $8.8 million from net income of $1.5 million in the first quarter of fiscal 2003 to a loss of $7.3 million in the first quarter of fiscal 2004 due to lower production levels, promotional activities with our retail partners and increased interest expense and other financing costs.

Liquidity and Capital Resources

We are highly leveraged and have a stockholders' deficit of approximately $145.3 million at September 30, 2003. Our liquidity requirements will be to pay our debt, including interest expense under our credit agreement and notes, to pay RadioShack amounts due under the tax sharing agreement and to provide for working capital and capital expenditures. Our primary sources of liquidity are cash flows from operating activities and borrowings under our credit agreement, which is discussed below. Decreased demand for our products could decrease our cash flows from operating activities, our inventory and accounts receivable balances and the availability of borrowings under our credit agreement.

Working Capital. As of September 30, 2003, cash and cash equivalents totaled $14.3 million. Net working capital was $55.8 million at September 30, 2003 compared to $45.8 million at June 30, 2003.

Operating Activities. Net cash provided by operating activities for the three months ended September 30, 2003 was $4.1 million compared to net cash used of $7,000 for the three months ended September 30, 2002. Cash flow from operations increased year-over-year for the following reasons.

- Reduced operating profits reduced cash provided by operating activities in fiscal 2004 by about $8.8 million.

- Accounts receivable increased $8.9 million in the first quarter of fiscal 2004 compared with a decrease of $2.6 million in the first quarter of fiscal 2003. In fiscal 2004, the increase was due to low sales in the fourth quarter of fiscal 2003 which resulted in a low receivables balance at June 30, 2003. In fiscal 2003, trade receivables declined because of lower sales levels.

- Inventories declined $7.1 million in the quarter ended September 30, 2003 compared with an increase in the quarter ended September 30, 2002 of $4.6 million.

- In the fiscal 2003 first quarter, we paid RadioShack $3.1 million under the tax sharing agreement; we made no payment in the fiscal 2004 first quarter.

- Accounts payable, accrued advertising and accrued liabilities increased $7.1 million during the first quarter of fiscal 2004 compared to a decrease of $4.6 million during the first quarter of fiscal 2003. The change in payables was due to higher production levels during the first quarter of fiscal 2004 compared to the last quarter of fiscal 2003 and the timing of the shutdown of our manufacturing facilities between fiscal 2004 and 2003.

- We expensed $3.1 million of unamortized debt issuance costs in fiscal 2004 in connection with the refinancing of our previous senior credit facility.

Investing Activities. We invested $244,000 for capital expenditures for the three months ended September 30, 2003 compared to $1.6 million for the prior year three month period. We currently estimate that the total capital expenditure requirements for the remainder of the fiscal year will be approximately $4 million, which we expect to fund from cash flow from operations or cash on hand. Our ability to make future capital expenditures is subject to certain restrictions under the indenture governing our senior secured notes.

Financing Activities. On September 29, 2003 we refinanced our old senior credit facility with $100.0 million of new privately placed senior secured notes and an asset-based credit agreement.

The $100.0 million senior secured notes mature on October 1, 2008 and bear interest at 10.63%. The notes were issued by O'Sullivan Industries at a price of 95%, providing $95.0 million in cash proceeds before expenses related to the issuance of about $5 million. The notes are secured by a first-priority security interest in and lien on substantially all of our assets (and on O'Sullivan Industries' capital stock) other than accounts receivable, inventory, capital stock of O'Sullivan Industries' subsidiaries, deposit accounts, certain books and records and certain licenses, and by a second-priority security interest in and lien on substantially all of our accounts receivable, inventory, deposit accounts, certain books and records and certain licenses. The notes are guaranteed by O'Sullivan Holdings, O'Sullivan Industries - Virginia and O'Sullivan Furniture Factory Outlet, Inc. We also entered into a registration rights agreement pursuant to which we are obligated to file a registration statement with respect to an offer to exchange the notes for a new issue of identical notes registered under the Securities Act of 1933, as amended, within 90 days after this offering closes, and to use all commercially reasonable efforts to cause the registration statement to declared effective on or prior to 180 days after the notes were issued. We may also be required under certain circumstances to provide a shelf registration statement to cover resales of the notes.

The asset-based credit agreement permits revolving borrowings of up to $40.0 million to the extent of availability under a collateral borrowing base. The credit agreement has a $25.0 million sub-limit for letters of credit, of which we are currently utilizing approximately $14.0 million. The credit agreement is secured by a first-priority security interest in and lien on substantially all of our accounts receivable, inventory, deposit accounts, certain books and records and certain licenses, and a second-priority security interest in and lien on substantially all of our assets other than accounts receivable, inventory, capital stock of our subsidiaries, deposit accounts, certain books and records and certain licenses. The interest rate on loans under the credit agreement is a LIBOR rate plus 2.5% or an index rate plus 1.0%. We also pay a quarterly fee equal to 0.5% per annum of the unused commitment under the credit agreement. O'Sullivan Industries - Virginia. and O'Sullivan Furniture Factory Outlet, Inc. are also parties to the credit agreement. No loans were outstanding under the credit agreement as of September 30, 2003.

In connection with the repayment of the term loans and the termination of the revolving credit facility under the senior credit facility, we expensed approximately $3.1 million of unamortized issuance costs related to the facility in the first quarter of fiscal 2004.

Our consolidated indebtedness at September 30, 2003 was $220.3 million consisting of:

- a senior credit agreement providing for asset-based revolving credit of up $40.0 million. At September 30, 2003, no borrowings were outstanding under the credit agreement, although letters of credit aggregating approximately $14.0 million were outstanding under the credit agreement.

- $100.0 million in 10.63% senior secured notes due October 1, 2008. These notes were issued at a price of 95% providing $95.0 million in cash proceeds before expenses related to the issuance.

- $100.0 million in 13-3/8% senior subordinated notes due 2009 issued with warrants to purchase 6.0% of our common and Series B junior preferred stock on a fully diluted basis. These warrants were assigned a value of $3.5 million. These notes were issued at a price of 98.046% providing $98.0 million in cash proceeds before expenses related to the issuance.

- $10.0 million in variable rate industrial revenue bonds.

- $22.2 million, including $7.2 million of interest added to the principal of the note, in a senior note issued with warrants to purchase 6.0% of our common and Series B junior preferred stock on a fully diluted basis. These warrants were assigned a value of $3.5 million.

The reconciliation of consolidated indebtedness to recorded book value at September 30, 2003 is as follows:

	Consolidated Indebtedness	Original Issue Discount Net of Accretion	Warrants Net of Accretion	Recorded Book Value
		(in thousands)		
Senior secured notes	$ 100,000	$ (5,000)	$ –	$ 95,000
Senior subordinated notes	100,000	(1,488)	(2,666)	95,846
Industrial revenue bonds	10,000	–	–	10,000
Senior note	22,235	–	(2,737)	19,498
Total	$ 232,235	$ (6,488)	$ (5,403)	$ 220,344

With the refinancing of our old senior credit facility, we have no principal payments due on our debt until 2008. We expect to fund interest payments on our debt from cash flow from operations, cash on hand or borrowings under our credit agreement. We expect our borrowing availability under our credit agreement will approximate $40.0 million. Decreased demand for our products could decrease our inventory and accounts receivable levels and the availability of borrowings under our credit facility.

As required under our old senior credit facility, we hedged one-half of our term loans with an initial notional amount of $67.5 million with a costless interest rate collar. The collar, which expired on March 31, 2003, was based on three-month LIBOR with a floor of 6.43% and a ceiling of 8.75%. The counter-party to our interest rate collar provided us with the payment amount that would have been required to terminate the collar as of the end of each quarter. We recorded the change in fair value of the collar as increased or decreased interest expense in the consolidated statements of operations and included the resulting liability in accrued liabilities on the consolidated balance sheets.

See the overview section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the impact of the Settlement Agreement with RadioShack on our liquidity and financial condition.

Off-balance Sheet Arrangements. At September 30, 2003, we had no off-balance sheet arrangements that have or are likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations. The following table illustrates our contractual obligations due in the future:

Contractual Obligations	Total	Payments Due by Period (in thousands) Less than 12 months	12-36 months	36-60 months	After 60 months
Long-term debt	$ 232,235	$ –	$ –	$ –	$ 232,235
Tax Benefit payments to RadioShack[1]	72,067	11,644	21,820	26,770	11,833
Capital lease obligations	–	–	–	–	–
Operating leases—unconditional	4,386	1,657	2,176	553	–
Other long-term obligations[2]	378	93	285	–	–
Total contractual cash obligations	$ 309,066	$ 13,394	$ 24,281	$ 27,323	$ 244,068

[1]Timing and amounts of payments to RadioShack are contingent on actual taxable income adjusted to exclude the increased interest expense arising from the 1999 recapitalization and merger. The amounts in the table above represent the maximum amounts payable to RadioShack.

[2]Represents payments due under a retirement agreement.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

On an on-going basis, we evaluate our estimates, including those related to customer programs and incentives, bad debts, inventories, intangible assets, income taxes, restructuring, asset impairments, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

- We derive our revenue from product sales. We recognize revenue from the sale of products when persuasive evidence of an arrangement exists, the product has been delivered, the price is fixed or determinable and collection of the resulting receivable is reasonably assured. For all sales, we use purchase orders from the customer, whether oral, written or electronically transmitted, as evidence that a sales arrangement exists. Generally, delivery occurs when product is delivered to a common carrier or private carrier, with standard terms being FOB shipping point. We assess whether the price is fixed or determinable based upon the payment terms associated with the transaction. We assess collection based on a number of factors, including past transaction history with the customer and the creditworthiness of the customer. Collateral generally is not requested from customers.

- We record estimated reductions to revenue for customer programs and incentive offerings including special pricing agreements, price protection, promotions and other volume-based incentives. Market conditions could require us to take actions to increase customer incentive offerings. These offerings could result in our estimates being too small and reduce our revenues when the incentive is offered.

- We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

- We write down our inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and its estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by us, additional inventory write-downs may be required. Obsolete and slow-moving inventory reserves were approximately $3.3 million and $4.3 million at September 30, 2003 and June 30, 2003, respectively.

- We record our deferred tax assets at the amount that the asset is more likely than not to be realized. As of September 30, 2003, we have provided a valuation allowance against our total net deferred tax asset. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance, our determinations can change. If we objectively determine it was more likely than not we would be able to realize our deferred tax assets in the future in excess of our recorded amount, we would reduce our valuation allowance, increasing income in the period such determination was made.

- We periodically review our long-lived assets, including property and equipment, for impairment and determine whether an event or change in facts and circumstances indicates their carrying amount may not be recoverable. We determine recoverability of the assets by comparing the carrying amount of the assets to the net future undiscounted cash flows expected to be generated by those assets. If the sum of the undiscounted cash flows is less than the carrying value of the assets, an impairment charge is recognized. Adverse economic conditions could cause us to record impairment charges in the future.

- We assess goodwill regularly for impairment by applying a fair-value-based test, using the enterprise as the reporting unit. If the book value of the reporting unit is below the fair value of the reporting unit, there is no impairment loss. Adverse economic conditions could cause us to record impairment charges in the future.

Legal Proceedings

On September 24, 2002, Montgomery Ward, LLC filed suit against O'Sullivan Industries in the U.S. Bankruptcy Court, District of Delaware, alleging that payments made by Montgomery Ward within 90 days prior to its bankruptcy constituted preferential transfers under the Bankruptcy Code that should be recovered from O'Sullivan Industries by Montgomery Ward, together with interest. The alleged payments aggregate $3.7 million. We responded to the suit denying we received any preferential payments. We are contesting this lawsuit vigorously.

In August 2002, Ames decided to close all of its stores and liquidate. Actual net sales to Ames in fiscal 2003 were minimal. In August 2003, Ames Department Stores, Inc. filed suit against O'Sullivan Industries in the U.S. Bankruptcy Court, Southern District of New York alleging that payments made by Ames within 90 days prior to its bankruptcy constituted preferential transfers under the Bankruptcy Code that should be recovered from O'Sullivan Industries by Ames, together with interest. The alleged payments aggregate $2.1 million. We received the summons in this action on September 22, 2003. We intend to respond to the suit denying we received any preferential payments. We intend to contest this lawsuit vigorously.

Cautionary Statement Regarding Forward Looking Information

Certain portions of this Report, and particularly the Notes to the Consolidated Financial Statements and the Management's Discussion and Analysis of Financial Condition and Results of Operations, contain forward-looking statements. These statements can be identified by the use of future tense or dates or terms such as "believe," "would," "expect," "anticipate" or "plan." These forward-looking statements involve risks and uncertainties. Actual results may differ materially from those predicted by the forward-looking statements. Factors and possible events which could cause results to differ include:

- changes from anticipated levels of sales, whether due to future national or regional economic and competitive conditions, including new domestic or foreign entrants into the industry, customer acceptance of existing and new products, terrorist attacks or otherwise, as we are experiencing now;
- loss of liquidity due to the arbitration panel's opinion in *RadioShack Corporation v. O'Sullivan Industries Holdings, Inc.*;
- significant indebtedness that may limit our financial and operational flexibility;
- raw material cost increases, particularly in particleboard and fiberboard, as occurred in 1994 and 1995 and to a lesser extent in fiscal 2000;
- pricing pressures due to excess capacity in the ready-to-assemble furniture industry, as is occurring again now, or customer demand in excess of our ability to supply product;
- transportation cost increases, due to higher fuel costs or otherwise;
- loss of or reduced sales to significant customers as a result of bankruptcy, liquidation, merger, acquisition or any other reason, as occurred with the liquidation of Montgomery Ward in fiscal 2001, the liquidation of Ames in fiscal 2003 and with the reorganization of Kmart beginning in fiscal 2002;
- actions of current or new competitors, foreign or domestic, that increase competition with our products or prices;
- the consolidation of manufacturers in the ready-to-assemble furniture industry;
- increased advertising costs associated with promotional efforts;
- increased interest rates;
- pending or new litigation or governmental regulations such as the arbitration involving RadioShack;
- other uncertainties which are difficult to predict or beyond our control; and
- the risk that we incorrectly analyze these risks and forces, or that the strategies we develop to address them could be unsuccessful.

See also the Risk Factors section in our annual report on Form 10-K for the year ended June 30, 2003.

Because these forward-looking statements involve risks and uncertainties, actual results may differ significantly from those predicted in these forward-looking statements. You should not place a lot of weight on these statements. These statements speak only as of the date of this document or, in the case of any document incorporated by reference, the date of that document.

All subsequent written and oral forward-looking statements attributable to O'Sullivan or any person acting on our behalf are qualified by the cautionary statements in this section. We will have no obligation to revise these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our market risk is affected by changes in interest rates, foreign currency exchange rates and certain commodity prices. Under our policies, we may use natural hedging techniques and derivative financial instruments to reduce the impact of adverse changes in market prices. We do not hold or issue derivative instruments for trading purposes. We believe that our foreign exchange risk is not material.

We have market risk in interest rate exposure, primarily in the United States. We manage interest rate exposure through our mix of fixed and floating rate debt. Interest rate instruments may be used to adjust interest rate exposures when appropriate based on market conditions. Our interest rate collar expired on March 31, 2003. At

June 30, 2003, $10.0 million of our debt was subject to variable interest rates. A change in interest rates of one percentage point would change our cash interest by about $100,000 annually.

Due to the nature of our product lines, we have material sensitivity to some commodities, including particleboard, fiberboard, corrugated cardboard and hardware. We manage commodity price exposures primarily through the duration and terms of our vendor agreements. A 1.0% change in our raw material prices would affect our cost of sales by approximately $1.4 million annually.

In fiscal 2000, certain particleboard and fiberboard suppliers imposed price increases, which increased our cost of sales in fiscal 2000 and the first half of fiscal 2001. We were able to reduce the effect of the increases somewhat through our value analysis program and productivity gains in manufacturing. In fiscal 2001, particleboard and fiberboard prices declined, increasing our operating income in the later portion of the year. Industry pricing for particleboard was flat to slightly lower in fiscal 2002 and the first half of fiscal 2003. We saw small increases in particleboard pricing in the third quarter of fiscal 2003 and another increase in the first quarter of fiscal 2004. Prices for fiberboard increased in the fourth quarter of fiscal 2002, but declined slightly during fiscal 2003. We cannot assure you that raw materials prices will not increase further in the future.

Item 4. Controls and Procedures.

(a) O'Sullivan carried out an evaluation as of the end of the period covered by this report, under the supervision and with the participation of O'Sullivan's management, including O'Sullivan's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of O'Sullivan's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, O'Sullivan's Chief Executive Officer and Chief Financial Officer concluded that O'Sullivan's disclosure controls and procedures (1) were effective in alerting them, in a timely manner, to material information relating to O'Sullivan required to be included in O'Sullivan's periodic SEC filings and (2) were adequate to ensure that information required to be disclosed by O'Sullivan in the reports filed or submitted by O'Sullivan under the Exchange Act is recorded, processed and summarized and reported within the time periods specified in the SEC's rules and forms.

(b) There have been no significant changes in O'Sullivan's internal controls over financial reporting subsequent to the evaluation described in paragraph (a) above that have materially affected or are reasonably likely to materially affect, O'Sullivan's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) *Exhibits:*

A list of exhibits required to be filed as part of this Report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

(b) *Reports on Form 8-K:*

During the quarter ended September 30, 2003, O'Sullivan furnished reports on form 8-K under Items 9 and 12 dated August 4, 2003 and September 9, 2003 relating to the announcement of its earnings for the third quarter of fiscal 2003 ended March 31, 2003 and the fiscal year ended June 30, 2003, respectively.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

O'SULLIVAN INDUSTRIES HOLDINGS, INC.

Date: November 13, 2003

By: /s/ Richard D. Davidson
Richard D. Davidson
President and
Chief Executive Officer

Date: November 13, 2003

By: /s/ Phillip J. Pacey
Phillip J. Pacey
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

INDEX TO EXHIBITS

Exhibit No.	Description
3.1 & 4.1	Amended and Restated Certificate of Incorporation of O'Sullivan (incorporated by reference from Exhibit 2.4(a) to Appendix A to Proxy Statement/Prospectus included in Registration Statement on Form S-4 (File No. 333-81631))
3.2 & 4.2	Bylaws of O'Sullivan (incorporated by reference from Exhibit 3.2 to Registration Statement on Form S-1 (File No. 33-72120))
4.3	Specimen Senior Preferred Stock Certificate of O'Sullivan (incorporated by reference from Exhibit 3 to Registration Statement on Form 8-A (File No. 0-28493))
4.4	Indenture dated as of November 30, 1999, by O'Sullivan Industries, Inc., as Issuer, O'Sullivan Industries - Virginia, Inc., as Guarantor, and Norwest Bank Minnesota, National Association, as Trustee, relating to O'Sullivan Industries, Inc.'s $100,000,000 principal amount of 13.375% senior subordinated notes (incorporated by reference to Exhibit 4.4 to Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 (File No. 0-28493))
4.5	Warrant Agreement dated as of November 30, 1999 between O'Sullivan Industries Holdings, Inc. and Norwest Bank Minnesota, National Association, as Warrant Agent, relating to warrants to purchase 39,273 shares of O'Sullivan Industries Holdings, Inc. Series B junior preferred stock, including form of warrant certificate (incorporated by reference to Exhibit 4.5 to Quarterly Report on Form 10-Q for the quarter ended March 31, 1999 (File No. 0-28493))
4.6	Warrant Agreement dated as of November 30, 1999 between O'Sullivan Industries Holdings, Inc. and Norwest Bank Minnesota, National Association, as Warrant Agent, relating to warrants to purchase 93,273 shares of O'Sullivan Industries Holdings, Inc. common stock, including form of warrant certificate (incorporated by reference to Exhibit 4.6 to Quarterly Report on Form 10-Q for the quarter ended December 31, 1999 (File No. 0-28493))
4.7	Amended and Restated Warrant Agreement dated as of January 31, 2000 between O'Sullivan Industries Holdings, Inc. and the holder thereof relating to warrants to purchase 39,273 shares of O'Sullivan Industries Holdings, Inc. Series B junior preferred stock, including form of warrant certificate (incorporated by reference to Exhibit 4.7 to Quarterly Report on Form 10-Q for the quarter ended December 31, 1999 (File No. 0-28493))
4.8	Amended and Restated Warrant Agreement dated as of January 31, 2000 between O'Sullivan Industries Holdings, Inc. and the holder thereof relating to warrants to purchase 93,273 shares of O'Sullivan Industries Holdings, Inc. common stock, including form of warrant certificate (incorporated by reference to Exhibit 4.8 to Quarterly Report on Form 10-Q for the quarter ended December 31, 1999 (File No. 0-28493))
4.9	Indenture dated as of September 29, 2003 between O'Sullivan Industries, Inc. and each of the guarantors party thereto and The Bank of New York, as Trustee, including form of Notes (incorporated by reference to Exhibit 4 to Current Report on Form 8-K dated September 29, 2003 (File No. 333-31282))

Exhibit No.	Description
10.1	Credit Agreement dated as of September 29, 2003 by and among O'Sullivan Industries, Inc., O'Sullivan Furniture Factory Outlet, Inc. and O'Sullivan Industries - Virginia, Inc., as Borrowers, and the other persons party thereto that are designated as credit parties and General Electric Capital Corporation, as Agent, L/C issuer and as a lender, and the other financial institutions party thereto, as lenders (incorporated by reference to Exhibit 99.2 to Current Report on Form 8-K dated September 29, 2003 (File No. 333-31282))
10.1a	Amendment No. 1 to Credit Agreement
10.2	Security Agreement dated as of September 29, 2003 between O'Sullivan Industries, Inc., O'Sullivan Furniture Factory Outlet, Inc. and O'Sullivan Industries - Virginia, Inc., as Grantors, and General Electric Capital Corporation, as Agent
10.3	Security and Pledge Agreement dated as of September 29, 2003 among O'Sullivan Industries, Inc., O'Sullivan Industries Holdings, Inc., O'Sullivan Industries - Virginia, Inc. and O'Sullivan Furniture Factory Outlet, Inc., as grantors, and The Bank of New York, Trustee
10.4	Registration Rights Agreement dated as of September 29, 2003 among O'Sullivan Industries, Inc., O'Sullivan Industries Holdings, Inc., O'Sullivan Industries - Virginia, Inc. and O'Sullivan Furniture Factory Outlet, Inc. and Credit Suisse First Boston LLC with respect to the O'Sullivan Industries, Inc. 10.63% senior secured notes
10.5	Lockbox Account Agreement dated as of October 28, 2003 among Bank of America, N.A., O'Sullivan Industries, Inc. and General Electric Capital Corporation
10.6	Blocked Account Agreement dated as of October 28, 2003 among Bank of America, N.A., O'Sullivan Industries, Inc. and General Electric Capital Corporation
31.1	Certification of chief executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of chief executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of chief financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002