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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

/X/ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

/ / **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: 1-5057

OFFICEMAX INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**82-0100960**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
150 Pierce Road, Itasca, Illinois	**60143**
(Address of principal executive offices)	(Zip Code)

(630) 773-5000
(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, $2.50 par value	New York Stock Exchange
American & Foreign Power Company Inc. Debentures, 5% Series due 2030	New York Stock Exchange
Common Stock Purchase Rights	New York Stock Exchange

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 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 the Form 10-K or any amendment to this Form 10-K / /.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes /X/ No / /

The aggregate market value of the voting common stock held by nonaffiliates of the registrant, computed by reference to the price at which the common stock was sold as of the close of business on June 30, 2004, was $3,309,118,981. Registrant does not have any nonvoting common equities.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

Class	Shares Outstanding as of February 28, 2005
Common Stock, $2.50 par value	93,430,347

Document incorporated by reference

Portions of the registrant's proxy statement relating to its 2005 annual meeting of shareholders to be held on May 9, 2005 ("OfficeMax Incorporated's proxy statement") are incorporated by reference into Part III of this Form 10-K.

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PART III

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PART I

ITEM 1. BUSINESS

As used in this 2004 Annual Report on Form 10-K, the terms "OfficeMax," the "company," and "we" include OfficeMax Incorporated and its consolidated subsidiaries and predecessors. Our Securities and Exchange Commission ("SEC") filings, which include this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all related amendments, are available free of charge on our website at www.officemax.com and can be found by clicking on "About us," "Investors" and then "SEC filings." Our SEC filings are available as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Last year, we filed our annual Chief Executive Officer certification dated May 6, 2004, with the New York Stock Exchange. Attached as exhibits to this Form 10-K, you will find certifications of our Chief Executive Officer and Chief Financial Officer required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

General Overview

OfficeMax is a leader in both business-to-business and retail office products distribution. We provide office supplies and paper, print and document services, technology products and solutions and furniture to large, medium and small businesses and consumers. OfficeMax customers are served by more than 41,000 associates through direct sales, catalogs, the Internet and 935 superstores. Our common stock trades on the New York Stock Exchange under the ticker symbol OMX, and our corporate headquarters is in Itasca, Illinois.

OfficeMax Incorporated (formerly Boise Cascade Corporation) was organized as Boise Payette Lumber Company, a Delaware corporation, in 1931 as a successor to an Idaho corporation formed in 1913. In 1957, the company's name was changed to Boise Cascade Corporation. On December 9, 2003, Boise Cascade Corporation acquired 100% of the voting securities of OfficeMax, Inc. That acquisition more than doubled the size of our office products distribution business and expanded that business into the retail channel. In connection with the sale of our paper, forest products and timberland assets described below, the company's name was changed from Boise Cascade Corporation to OfficeMax Incorporated, and the names of our office products segments were changed from Boise Office Solutions to OfficeMax, Contract and OfficeMax, Retail. The Boise Cascade Corporation and Boise Office Solutions names were used in documents furnished to or filed with the SEC prior to the sale.

References made to the OfficeMax, Inc., acquisition and the OfficeMax, Inc., integration in this Form 10-K refer to Boise Cascade Corporation's acquisition of OfficeMax, Inc., in December 2003 and the related integration activities. (For more information about our acquisition of OfficeMax, Inc., see Note 4, OfficeMax, Inc., Acquisition, and Note 5, OfficeMax, Inc., Integration, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.)

On October 29, 2004, we sold our paper, forest products and timberland assets to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC (the "Sale"). The Sale did not include our facility near Elma, Washington. (See Note 3, Discontinued Operations, of the Notes to the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for more information on the Elma facility.) With the Sale, we completed the company's transition, begun in the mid-1990s, from a predominately manufacturing-based company to an independent office products distribution company. The financial data in this report include the results of the paper, forest products and timberland assets through October 28,

2004. On October 29, 2004, as part of the Sale, we invested $175 million in the securities of affiliates of Boise Cascade, L.L.C. This investment represents continuing involvement as defined in Financial Accounting Standards Board ("FASB") Statement 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Accordingly, we do not show the historical results of the sold paper, forest products and timberland assets as discontinued operations. (For more information about our Sale, see Note 2, Sale of Paper, Forest Products and Timberland Assets, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.)

We report our business results using five reportable segments: OfficeMax, Contract; OfficeMax, Retail; Boise Building Solutions; Boise Paper Solutions; and Corporate and Other. All of our segments, except OfficeMax, Retail, had a December 31 year-end. Our OfficeMax, Retail segment maintained a fiscal year that ended on the last Saturday in December, which in 2004 was December 25. Effective March 11, 2005, we amended our bylaws to make the fiscal year-end for OfficeMax Incorporated the last Saturday of December. Our international businesses will maintain the December 31 year-end. We will consolidate the calendar year-end results of our international businesses in OfficeMax Incorporated's fiscal-year results. We present information pertaining to each of our five segments and the geographic areas in which they operate in Note 19, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

OfficeMax, Contract

We distribute a broad line of items for the office, including office supplies and paper, technology products and solutions and office furniture through our OfficeMax, Contract segment. OfficeMax, Contract sells directly to large corporate, government and small and medium-sized offices in the United States, Canada, Australia, New Zealand and Mexico. This segment markets and sells through field salespeople, outbound telesales, catalogs, the Internet and office products stores in Canada, Hawaii, Australia and New Zealand. Substantially all products sold by this segment are purchased from outside manufacturers or from industry wholesalers, except office papers. We purchase office papers primarily from the paper operations of Boise Cascade, L.L.C., under a 12-year paper supply contract entered into as part of the Sale. (See Note 20, Commitments and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for additional information related to the paper supply contract.)

Customers with more than one location are often served under the terms of one national contract that provides consistent products, prices and service to multiple locations. If the customer desires, we also provide summary billings, usage reporting and other special services. As of February 28, 2005, OfficeMax, Contract operated 68 distribution centers and six customer service and outbound telesales centers. OfficeMax, Contract also operated 100 stores in Canada, Hawaii, Australia and New Zealand. Since the acquisition of OfficeMax, Inc., in December 2003, the OfficeMax, Contract segment also included the results of the former OfficeMax Direct businesses, which included field salespeople, catalogs and a public Internet site. Throughout 2004 and continuing during 2005, the former OfficeMax Direct businesses are being integrated with the operations of the OfficeMax, Contract segment.

OfficeMax, Contract sales for 2004, 2003 and 2002 were $4,371 million, $3,742 million and $3,546 million, respectively.

Information regarding sales to external customers, selected components of income/loss and assets for this segment is set forth in Note 19, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

OfficeMax, Retail

OfficeMax, Retail is a retail distributor of office supplies and paper, print and document services, technology products and solutions and office furniture. Our retail segment has operations in the United States, Puerto Rico and the U.S. Virgin Islands. Our retail segment also operates office products superstores in Mexico through a 51%-owned joint venture. In 2004, substantially all products sold by this segment were purchased from outside manufacturers or from industry wholesalers, except office papers. We purchase office papers primarily from the paper operations of Boise Cascade, L.L.C., under a 12-year paper supply contract we entered into as part of the Sale. (See Note 20, Commitments and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K, for additional information related to the paper supply contract.)

As of February 28, 2005, our retail office products segment operated 935 superstores, three large distribution centers, two small-format stores and one small distribution center. Each superstore offers approximately 8,000 stock keeping units (SKUs) of name-brand and OfficeMax private-branded merchandise and a variety of business services targeted at serving the small business customer, including OfficeMax Print and Document Services.

OfficeMax, Retail sales for 2004 were $4,481 million. Sales for the period from December 10, 2003, the date of the OfficeMax, Inc., acquisition, to December 27, 2003, the last day of our retail segment's fiscal year, were $283 million.

Information regarding sales to external customers, selected components of income/loss and assets for this segment is set forth in Note 19, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Boise Building Solutions

Assets of this segment were included in the October 29, 2004 Sale. Boise Building Solutions was a major producer of plywood, lumber and particleboard. This segment also manufactured engineered wood products, including laminated veneer lumber (LVL), which is a high-strength engineered structural lumber product, wood I-joists and laminated beams. Most of the production was sold to independent wholesalers and dealers and through the segment's building materials distribution outlets. Building materials manufactured by this business are used primarily in housing, industrial construction and a variety of manufactured products.

Boise Building Solutions operated 28 building materials distribution facilities as of October 29, 2004. These operations marketed a wide range of building materials, including lumber, plywood, oriented strand board, particleboard, decking, engineered wood products, paneling, drywall, builders' hardware and metal products. These products were distributed to retail lumber dealers, home centers specializing in the do-it-yourself market and industrial customers. Through October 28, 2004, approximately 25% of the lumber, panels and engineered wood products purchased by the distribution operations were provided by this segment's manufacturing facilities, with the balance purchased from outside sources. Segment sales for January 1 through October 28, 2004, were $3,258 million. Sales for the years ended December 31, 2003 and 2002, were $2,872 million and $2,470 million, respectively.

Information regarding sales to external customers, selected components of income/loss and assets for this segment is set forth in Note 19, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Boise Paper Solutions

Assets of this segment were included in the October 29, 2004 Sale. Boise Paper Solutions manufactured and sold uncoated free sheet papers, containerboard, corrugated containers, newsprint and market pulp. Boise Paper Solutions sales for January 1 through October 28, 2004, were $1,670 million. Sales for 2003 and 2002 were $1,853 million and $1,878 million, respectively.

About 46% of this segments's uncoated free sheet paper, including about 83% of its office papers, was sold through the OfficeMax, Contract and OfficeMax, Retail segments from January 1 through October 28, 2004. In conjunction with the Sale, OfficeMax entered into a 12-year paper supply contract with an affiliate of Boise Cascade, L.L.C. (See Note 20, Commitments and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K, for additional information related to the paper supply contract.)

Information regarding sales to external customers, selected components of income/loss and assets for this segment is set forth in Note 19, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Timber Resources

On October 29, 2004, we sold substantially all of our timberland assets, including approximately 2.3 million acres of timberland in the United States, 35,000 acres of eucalyptus plantation land in Brazil and a 16,000-acre cottonwood fiber farm near Wallula, Washington, to affiliates of Boise Cascade, L.L.C. (For more information about our Sale, see Note 2, Sale of Paper, Forest Products and Timberland Assets, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.)

Competition

Domestic and international office products markets are highly competitive. Our competitive position in the office products industry is influenced by many factors, including price, service, quality, product selection and convenient locations. Some of our competitors are larger than OfficeMax and have greater financial resources. These resources afford those competitors greater purchasing power, increased financial flexibility and more capital resources for expansion and improvement, which may enable them to compete more effectively than we can. We can give no assurance that increased competition will not have an adverse effect on our business.

OfficeMax, Contract. The business-to-business office products market is highly competitive. Purchasers of office products have many options when purchasing office supplies and paper, technology products and solutions and office furniture. We are among the four largest business-to-business contract stationers in the United States. We also compete with worldwide contract stationers, large retail office products suppliers, direct-mail distributors, discount retailers, drugstores, supermarkets and thousands of local and regional contract stationers, many of whom have long-standing customer relationships.

Increased competition in the office products industry, together with increased advertising, has heightened price awareness among end-users. Such heightened price awareness has led to margin pressure on office products. Besides price, competition is also based on customer service. We believe our excellent customer service gives us a competitive advantage among business-to-business office products distributors. Our ability to network our distribution centers into an integrated system enables us to serve, at a competitive cost, large national accounts that rely on us to deliver consistent products, prices and service to multiple locations.

OfficeMax, Retail. The office products superstore industry, which includes superstore chains, Internet merchandisers and numerous other competitors, is highly competitive. Businesses in the office products superstore industry compete on the basis of pricing, product selection, convenient locations, customer service and ancillary business offerings. We currently have two direct domestic superstore competitors, Office Depot and Staples, whose stores are similar to OfficeMax superstores in terms of store format, pricing strategy and product selection. We expect to experience increased competition from computer and electronics superstore retailers, mass merchandisers, Internet merchandisers and wholesale clubs. In particular, mass merchandisers, such as Wal-Mart, and wholesale clubs have increased their assortment of office products to attract home office customers and individual consumers. Further, various other retailers that have not historically competed with superstores, such as drugstores and grocery chains, have begun to carry at least a limited assortment of basic office supplies. We expect this trend toward a proliferation of retailers offering a limited assortment of office supplies to continue. Many of our competitors have increased their presence in our markets in recent years.

We are subject to increasing competition from Internet merchandisers that have minimal barriers to entry. These competitors include traditional retailers that sell through the Internet, Internet sites that target the small business market with a full line of business products or service offerings and Internet sites that sell or resell office products, technology products and business services.

We also anticipate increasing competition from our office supply superstore competitors and various other providers in the print-for-pay business, which has historically been a key point of difference for OfficeMax superstores. Such increased competition could adversely affect our results of operation and profit margins.

We believe we compete favorably with our competitors by differentiating ourselves based on the breadth and depth of our in-stock merchandise offering, along with specialized service offerings, everyday low prices, quality customer service and the efficiencies and convenience for our customers of our combined contract and retail distribution channels.

Inflationary and Seasonal Influences

We believe that neither inflation nor deflation has had a material effect on our financial condition or results of operations; however, there can be no assurance that we will not be affected by inflation or deflation in the future. The company's business is seasonal, with OfficeMax, Retail showing a more pronounced seasonal trend than OfficeMax, Contract. Sales in the second quarter and summer months are historically the slowest of the year. Sales are stronger during the first, third and fourth quarters that include the important new-year office supply restocking month of January, the back-to-school period and the holiday selling season, respectively.

Working Capital

We have no unusual working capital practices. We believe the management practices followed by OfficeMax with respect to working capital conform to common business practices in the United States.

Environmental Issues

Our discussion of environmental issues is presented under the caption "Environmental" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K. In addition, environmental issues are discussed under "Item 3. Legal Proceedings" of this Form 10-K.

Capital Investment

Information concerning our capital expenditures is presented under the caption "Investment Activities" and in the table titled "2004 Capital Investment by Segment" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K.

Energy

Until the Sale, the Boise Paper Solutions segment was our primary energy user. Self-generated sources of energy, such as wood wastes, pulping liquors and hydroelectric power, provided approximately 63% of total energy requirements in this segment, compared with 59% in 2003 and 57% in 2002. The remaining 2004 energy requirements were fulfilled by purchased sources as follows: natural gas, 60%; electricity, 32%; and residual fuel oil, 8%.

Acquisitions and Divestitures

We engage in acquisition and divestiture discussions with other companies and make acquisitions and divestitures from time to time. It is our policy to review our operations periodically and to dispose of assets that fail to meet our criteria for return on investment or cease to warrant retention for other reasons. See Note 2, Sale of Paper, Forest Products and Timberland Assets; Note 4, OfficeMax, Inc., Acquisition; and Note 7, Other (Income) Expense, Net, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Geographic Areas

Our discussion of financial information about geographic areas is presented in Note 19, Segment Information, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Identification of Executive Officers

Information with respect to our executive officers is set forth in "Item 10. Directors and Executive Officers of the Registrant" of this Form 10-K.

Employees

On December 31, 2004, we had approximately 41,000 employees, including about 15,600 part-time employees.

ITEM 2. PROPERTIES

The majority of OfficeMax facilities are rented under operating leases. (For more information about our operating leases, see Note 10, Leases, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.) Our properties are in good operating condition and are suitable and adequate for the operations for which they are used.

Following is a list of our facilities by segment as of February 28, 2005. In addition, our corporate headquarters is in Itasca, Illinois, and our retail operations are headquartered in Shaker Heights, Ohio.

OfficeMax, Contract

68 distribution centers in 28 states, the District of Columbia, Canada, Australia, New Zealand and Mexico

Arizona	2	Maine	1	Pennsylvania	2
California	2	Massachusetts	2	Tennessee	2
Colorado	2	Michigan	2	Texas	3
District of Columbia	1	Minnesota	2	Utah	1
Florida	2	Missouri	3	Virginia	1
Georgia	2	New Jersey	1	Washington	1
Hawaii	4	New Mexico	1	Wisconsin	1
Idaho	1	New York	2	Canada	7
Illinois	1	North Carolina	1	Australia	8
Indiana	1	Ohio	2	New Zealand	4
Kentucky	1	Oregon	1	Mexico	1

100 stores in Hawaii (5), Canada (66), Australia (7) and New Zealand (22)

6 customer service and outbound telesales centers in Illinois (2), Ohio, Oklahoma, Virginia and Wyoming

OfficeMax, Retail

935 superstores in 49 states, Puerto Rico, the U.S. Virgin Islands and Mexico

Alabama	13	Maine	1	Oregon	10
Alaska	3	Maryland	1	Pennsylvania	28
Arkansas	2	Massachusetts	14	Rhode Island	2
Arizona	33	Michigan	42	South Carolina	9
California	80	Minnesota	33	South Dakota	3
Colorado	24	Mississippi	6	Tennessee	21
Connecticut	9	Missouri	24	Texas	71
Delaware	1	Montana	3	Utah	15
Florida	55	Nebraska	7	Virginia	22
Georgia	30	Nevada	13	Washington	19
Hawaii	4	New Hampshire	3	West Virginia	4
Idaho	6	New Jersey	15	Wisconsin	27
Illinois	55	New Mexico	9	Wyoming	2
Indiana	16	New York	35	Puerto Rico	9
Iowa	10	North Carolina	26	U.S. Virgin Islands	1
Kansas	11	North Dakota	3	Mexico	38(a)
Kentucky	8	Ohio	50		
Louisiana	7	Oklahoma	2		

3 large distribution centers in Alabama, Nevada and Pennsylvania

2 small-format stores in Illinois

1 distribution center in Mexico (a)

(a) Represents the locations for our 51%-owned joint venture in Mexico, OfficeMax de Mexico.

ITEM 3. LEGAL PROCEEDINGS

OfficeMax Incorporated and certain of its subsidiaries are named as defendants in a number of lawsuits, claims and proceedings. Some of these lawsuits and proceedings arise out of the operation of the forest products assets prior to closing of the Sale, for which OfficeMax agreed to retain responsibility. Also, as part of the Sale, we agreed to retain responsibility for all pending or threatened proceedings and future proceedings alleging asbestos-related injuries arising out of the operation of the forest products assets prior to the closing of the Sale. We do not believe any of these retained proceedings are material to our business.

We have been notified that we are a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar federal and state laws, or have received a claim from a private party, with respect to 15 active sites where hazardous substances or other contaminants are or may be located. All 15 active sites relate to operations either no longer owned by the company or unrelated to its ongoing operations. In most cases, we are one of many potentially responsible parties, and our alleged contribution to these sites is relatively minor. For sites where a range of potential liability can be determined, we have established appropriate reserves. We believe we have minimal or no responsibility with regard to several other sites. We cannot predict with certainty the total response and remedial costs, our share of the total costs, the extent to which contributions will be available from other parties or the amount of time necessary to complete the cleanups. Based on our investigations; our experience with respect to cleanup of hazardous substances; the fact that expenditures will, in many cases, be incurred over extended periods of time; and the number of solvent potentially responsible parties, we do not believe that the known actual and potential response costs will, in the aggregate, materially affect our financial position or results of operations.

Over the past several years and continuing into 2005, we have been named a defendant in a number of cases where the plaintiffs allege asbestos-related injuries from exposure to asbestos products or exposure to asbestos while working at job sites. The claims vary widely and often are not specific about the plaintiffs' contacts with the company. None of the claims seeks damages from us individually, and we are generally one of numerous defendants. Many of the cases filed against us have been voluntarily dismissed, although we have settled some cases. The settlements we have paid have been covered mostly by insurance, and we believe any future settlements or judgments in these cases would be similarly covered. To date, no asbestos case against us has gone to trial, and the nature of these cases makes any prediction as to the outcome of pending litigation inherently subjective. At this time, however, we believe our involvement in asbestos litigation is not material to either our financial position or our results of operations.

Five lawsuits were filed against the company during the period from January 13, 2005, to February 18, 2005, alleging violations of the Securities Exchange Act of 1934. One case was voluntarily dismissed by the plaintiff, so the following four cases are currently pending: Roth v. OfficeMax Inc., et al.; Wing v. OfficeMax Incorporated, et al.; Noyes v. OfficeMax Inc., et al.; and Smith v. OfficeMax Inc., et al. OfficeMax is named as a defendant in each complaint. The complaint in Smith also names our chief financial officer and our former chief executive officer as defendants. In addition to the defendants named in the Smith complaint, the Wing and Noyes complaints also name our chief executive officer as a defendant. The complaint in Roth names as defendants each of the defendants named in the other three cases, as well as two former officers of OfficeMax, Inc., one of whom also served as the president of our retail division until January 2005. The lawsuits allege, among other things, that the defendants made false and misleading statements, or failed to disclose allegedly material information, with respect to the company's financial performance, prospects and internal controls. The cases were filed in the United States District Court for the Northern District of Illinois, and each allegedly is brought on behalf of a putative class comprised of persons who purchased (or otherwise acquired) the company's securities during periods specified in the complaints. The complaints seek an award of an unspecified amount of compensatory damages, interest, costs, including attorneys' fees, and such equitable or other relief as the court deems just. We believe there are valid factual and legal defenses to these lawsuits and will vigorously defend all claims alleged by the plaintiffs.

We are also involved in other litigation and administrative proceedings arising in the normal course of our business. In the opinion of management, our recovery, if any, or our liability, if any, under pending litigation or administrative proceedings, including those described in the preceding paragraphs, would not materially affect our financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Beginning on October 5, 2004, and ending on November 4, 2004, in connection with our offer to purchase debt securities for cash, we solicited consents from holders of our 6.50% notes, due 2010 (the "6.50% Notes") and our 7.00% notes, due 2013 (the "7.00% Notes"), to amend the indenture dated as of October 1, 1985, between OfficeMax and U.S. Bank Trust National Association (as successor in interest to Morgan Guaranty Trust Company of New York), as amended or supplemented (the "Senior Notes Indenture"). The effect of the proposed amendments would be to eliminate substantially all of the restrictive covenants, some events of default and related provisions contained in the Senior Notes Indenture.

A total of $300 million in principal amount of the 6.50% Notes was outstanding and entitled to participate in the offer to purchase and the related solicitation of consents. Of the total outstanding, holders of approximately $286 million in principal amount tendered 6.50% Notes in the offer and consented to the proposed amendments, and holders of approximately $14 million in principal amount did not tender 6.50% Notes in the offer and withheld consent to the proposed amendments. The consents received were sufficient to approve the proposed amendments with respect to the 6.50% Notes.

A total of $200 million in principal amount of the 7.00% Notes was outstanding and entitled to participate in the offer to purchase and the related solicitation of consents. Of the total outstanding holders of approximately $94 million in principal amount tendered 7.00% Notes in the offer and consented to the proposed amendments, and holders of approximately $106 million in principal amount did not tender 7.00% Notes in the offer and withheld consent to the proposed amendments. The consents received were not sufficient to approve the proposed amendments with respect to the 7.00% Notes.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange (the "Exchange"). The Exchange requires each listed company to distribute an annual report to its shareholders. We are distributing this Form 10-K to our shareholders in lieu of a separate annual report. The reported high and low sales prices for our common stock, as well as the frequency and amount of dividends paid on such stock, are included in Note 22, Quarterly Results of Operations, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. We expect to continue the practice of paying regular cash dividends in 2005. Information concerning restrictions on the payment of dividends is included in Note 14, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" and in Liquidity and Capital Resources in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K. The approximate number of common shareholders, based upon actual record holders on February 28, 2005, was 23,300.

We maintain a corporate governance page on our website that includes key information about our corporate governance initiatives. That information includes our Corporate Governance Guidelines, Code of Ethics and charters for our Audit, Executive Compensation and Governance and Nominating Committees, as well as our Committee of Outside Directors. The corporate governance page can be found at www.officemax.com, by clicking on "About us," "Investors" and then "Corporate Governance." You also may obtain copies of these policies and codes by contacting our Corporate Communications Department, 150 Pierce Road, Itasca, Illinois 60143, or by calling 630/773-5000.

Shareholder Rights Plan

We have had a shareholder rights plan since January 1986. Our current plan, as amended and restated, took effect in December 1998. At that time, the rights under the previous plan expired, and we distributed to our common stockholders one new right for each common share held. The rights become exercisable ten days after a person or group acquires 15% of our outstanding voting securities or ten business days after a person or group commences or announces an intention to commence a tender or exchange offer that could result in the acquisition of 15% of these securities. Each full right, if it becomes exercisable, entitles the holder to purchase one share of common stock at a purchase price of $175 per share, subject to adjustment. Upon payment of the purchase price, the rights may "flip in" and entitle holders to buy common stock or "flip over" and entitle holders to buy common stock in an acquiring entity in such amount that the market value is equal to twice the purchase price. The rights are nonvoting and may be redeemed by the company for one cent per right at any time prior to the tenth day after an individual or group acquires 15% of our voting stock, unless extended. The rights expire in 2008. Additional details are set forth in the Renewed Rights Agreement which is an exhibit to this Form 10-K.

Stock Repurchases

Information concerning our stock repurchases during the three months ended December 31, 2004, is as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(a)	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs(a)
October 1-October 31, 2004	225	$ 34.80	225	4,252,891
November 1-November 30, 2004	242	$ 31.64	242	4,252,649
December 1-December 31, 2004	129	$ 31.80	129	4,252,520
Total	596	$ 32.87	596	4,252,520

(a) In September 1995, our board of directors authorized the purchase of up to 4.3 million shares of our common stock. As part of this authorization, we repurchase odd-lot shares (fewer than 100 shares) from shareholders wishing to exit their holdings in our common stock. We retire the shares that we repurchase under this program. This program will remain in effect until it is either terminated or suspended by our board of directors.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data for the years indicated and should be read in conjunction with the disclosures in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

	2004(a)	2003(b)	2002(c)	2001(d)	2000(e)
	(millions, except per-share amounts)				
Assets					
Current assets	$ 3,259	$ 2,597	$ 1,387	$ 1,295	$ 1,583
Property and equipment, net	541	2,730	2,451	2,558	2,576
Timber, timberlands and timber deposits	—	331	329	322	291
Goodwill	1,165	1,107	401	385	397
Timber notes	1,635	—	—	—	—
Other	943	611	379	374	420
	$ 7,543	**$ 7,376**	**$ 4,947**	**$ 4,934**	**$ 5,267**
Liabilities and shareholders' equity					
Current liabilities	$ 1,857	$ 1,986	$ 1,056	$ 1,266	$ 1,014
Long-term debt, less current portion	585	2,000	1,387	1,063	1,715
Timber notes	1,470	—	—	—	—
Adjustable conversion-rate equity security units	—	172	172	172	—
Guarantee of ESOP debt	—	19	51	81	108
Other	997	855	881	774	664
Minority interest	23	20	—	—	9
Shareholders' equity	2,611	2,324	1,400	1,578	1,757
	$ 7,543	**$ 7,376**	**$ 4,947**	**$ 4,934**	**$ 5,267**
Net sales	**$ 13,270**	**$ 8,245**	**$ 7,412**	**$ 7,422**	**$ 7,807**
Income (loss) from:					
Continuing operations	$ 234	$ 35	$ 19	$ (39)	$ 181
Discontinued operations	(61)	(18)	(8)	(4)	(2)
Cumulative effect of accounting changes, net of income tax	—	(9)	—	—	—
Net income (loss)	**$ 173**	**$ 8**	**$ 11**	**$ (43)**	**$ 179**
Income (loss) per common share:					
Continuing operations	$ 2.55	$ 0.37	$ 0.11	$ (0.89)	$ 2.93
Discontinued operations	(0.70)	(0.30)	(0.14)	(0.07)	(0.04)
Cumulative effect of accounting changes, net of income tax	—	(0.15)	—	—	—
Basic(f)	**$ 1.85**	**$ (0.08)**	**$ (0.03)**	**$ (0.96)**	**$ 2.89**
Income (loss) per common share:					
Continuing operations	$ 2.44	$ 0.37	$ 0.11	$ (0.89)	$ 2.77
Discontinued operations	(0.67)	(0.30)	(0.14)	(0.07)	(0.04)
Cumulative effect of accounting changes, net of income tax	—	(0.15)	—	—	—
Diluted(f)	**$ 1.77**	**$ (0.08)**	**$ (0.03)**	**$ (0.96)**	**$ 2.73**
Cash dividends declared per common share	**$ 0.60**	**$ 0.60**	**$ 0.60**	**$ 0.60**	**$ 0.60**

(a) 2004 included a $67.8 million pretax charge for the write-down of impaired assets at our Elma, Washington, manufacturing facility, which is accounted for as a discontinued operation.

2004 included the results of our Boise Building Solutions and Boise Paper Solutions segments through October 28, 2004. On October 29, 2004, we completed the sale of our paper, forest products and timberland assets to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC, and recorded a $280.6 million pretax gain. We monetized the timber installment notes related to the sale for proceeds of $1.5 billion in December 2004. At the same time we entered into interest rate swap contracts to hedge the interest rate risk associated with the issuance of debt securities by special-purpose entities formed by the company and in December 2004, recorded $19.0 million of expense in "Timber notes securitization." See the discussion of the timber notes and the swap contracts under the caption "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

2004 included $137.1 million of costs related to our early retirement of debt.

2004 included a pretax gain of $59.9 million on the sale of approximately 79,000 acres of timberland located in western Louisiana.

2004 included a pretax gain of $46.5 million on the sale of our 47% interest in Voyageur Panel.

2004 included $15.9 million of expense in our Corporate and Other segment for one-time benefit costs granted to employees.

(b) 2003 included a pretax charge of $10.1 million for employee-related costs incurred in connection with the 2003 cost-reduction program.

2003 included a net $2.9 million one-time tax benefit related to a favorable tax ruling, net of changes in other tax items.

2003 included a $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington.

2003 included income from the OfficeMax, Inc., operations for the period from December 10, 2003, through December 27, 2003, and costs, including incremental interest expense, directly related to the acquisition. The net effect of these items reduced income $4.1 million before taxes, or $2.5 million after taxes.

(c) 2002 included a pretax charge of $23.6 million to record the sale of all of the stock of our wholly owned subsidiary that held our investment in IdentityNow. We also recorded $27.6 million of tax benefits associated with this sale and our 2001 write-down of our equity investment (see d).

(d) 2001 included a pretax charge of $54.0 million for the closure of our plywood and lumber operations in Emmett, Idaho, and our sawmill in Cascade, Idaho, and a $4.9 million charge for the write-off of our assets in Chile.

2001 included a pretax charge of $10.9 million to accrue for a one-time liability related to postretirement benefits for our Northwest hourly paperworkers.

2001 included a pretax charge of $54.3 million and $4.6 million of tax benefits for the write-down to fair value of an equity-method investment.

2001 included $5.0 million of pretax income for the reversal of unneeded reserves for potential claims rising from the sale in 2000 of our European office products operations.

(e) 2000 included a pretax gain of $98.6 million for the sale of our European office products operations.

(f) The computation of diluted net loss per common share was antidilutive in the years 2003, 2002 and 2001; therefore, the amounts reported for basic and diluted loss per share are the same.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains statements about our future financial performance. These statements are only predictions. Our actual results may differ materially from these predictions. In evaluating these statements, you should review the section of this report entitled "Cautionary and Forward-Looking Statements."

Summary

Sale of Paper, Forest Products and Timberland Assets

On October 29, 2004, we completed the sale of our paper, forest products and timberland assets for approximately $3.7 billion to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC (the "Sale"). The Sale did not include our facility near Elma, Washington. (See Note 3, Discontinued Operations, of the Notes to the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for more information on the Elma facility.) We realized note and cash proceeds of approximately $3.5 billion from the Sale, after allowing for a $175 million reinvestment in affiliates of Boise Cascade, L.L.C., and transaction-related expenses. The consideration for the timberlands portion of the Sale included $1.6 billion of timber installment notes. We monetized the timber installment notes in December 2004 for proceeds of $1.5 billion. We realized net cash proceeds from the Sale of $3.3 billion after allowing for the $175 million reinvestment, transaction-related expenses and the monetization of the timber installment notes. See the discussion of the timber notes and the monetization process under the caption "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

With the Sale, we completed the company's transition, begun in the mid-1990s, from a predominately manufacturing-based company to an independent office products distribution company. We used a portion of the cash generated by the Sale to pay down debt. During fourth quarter 2004, we reduced our debt by approximately $1.8 billion, excluding $1.5 billion of timber notes that we securitized, and we retained $1.2 billion of cash. See the discussion of the timber notes and the securitization process under the caption "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Financial Performance

In 2004, sales grew 61% to $13.3 billion. Net income was $173.1 million, or income of $1.77 per diluted share, compared with net income of $8.3 million and a loss of 8 cents per diluted share in 2003. In 2004, net income included a $67.8 million pretax charge for the write-down of our Elma, Washington, manufacturing facility, which is accounted for as a discontinued operation; a $59.9 million pretax gain related to the sale of Louisiana timberland; a $46.5 million pretax gain on the sale of our interest in Voyageur Panel; and a $280.6 million gain on the Sale. An additional $180 million of gain realized from the Sale was deferred as a result of our continuing involvement with Boise Cascade, L.L.C. We will realize this gain as we reduce our investment in affiliates of Boise Cascade, L.L.C.

In 2003, net income included a $10.1 million pretax charge for the 2003 cost-reduction program; a $2.9 million one-time tax benefit related to a favorable tax ruling; a $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington; and the effects of the OfficeMax, Inc., acquisition.

The December 2003 OfficeMax, Inc., acquisition, strong sales growth in our OfficeMax, Contract segment and strong product prices in our Boise Building Solutions segment were largely responsible for the fiscal 2004 increased sales and net income.

The OfficeMax, Contract segment operating income declined for the full-year 2004 compared to the prior year despite strong sales growth. The relatively weak profitability was due primarily to losses in the former OfficeMax Direct business acquired with the operations of OfficeMax, Inc. in December 2003. The former OfficeMax Direct business included field salespeople, catalogs, a public Internet site, which were added to our Reliable catalog business. OfficeMax, Contract profitability was also negatively impacted by the phasing in of new account growth, lags in passing through rising paper costs and weaker-than-expected Canadian operations.

After recording $6.1 million of operating income in the 17 days of 2003 in which we owned it, our retail segment posted operating income of $22.7 million for all of 2004. The low level of profitability in 2004 was due to weaker-than-expected sales, especially during the important back-to-school and holiday periods, which led to reduced margin dollars, lower vendor income, and a higher expense ratio as a percentage of sales. OfficeMax, Retail's profitability was also negatively impacted by greater promotional sales at low or no profitability,

In total, our office products segments realized synergies from the OfficeMax, Inc. acquisition of approximately $100 million in 2004, which was approximately $20 million more than originally anticipated. These synergies were primarily related to increased purchasing leverage and savings from combining duplicative administrative, marketing and logistic functions. The synergies in 2004 were offset by approximately $30 million of integration and related costs.

Continuing the trends that started in the second half of 2003, Boise Building Solutions performed strongly throughout the period in 2004 during which we owned it. Continued strong housing starts and low interest rates resulted in robust building products markets. Sales volume in building materials distribution grew, reaching record levels.

Although paper markets showed signs of cyclical recovery in 2004, weighted average prices for the grades of paper produced by Boise Paper Solutions rose only modestly over 2003 levels. In addition, unit manufacturing costs, especially chemical and fiber costs in Boise Paper Solutions, increased from year-earlier levels.

Sale of Paper, Forest Products and Timberland Assets

On October 29, 2004, we completed the Sale. The Sale did not include our facility near Elma, Washington. (See Note 3, Discontinued Operations, of the Notes to the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.) The Sale completes the company's transition, begun in the mid-1990s, from a predominantly manufacturing-based company to an independent office products distribution company. Some assets of the segments whose assets we sold, such as a wood-polymer building materials facility near Elma, Washington that is in a start-up phase and company-owned life insurance, are being retained by OfficeMax, as are some liabilities of the segments whose assets we sold such as liabilities associated with retiree pension and benefits, litigation, environmental remediation at selected sites and facilities previously closed. The assets that we sold were included in our Boise Building Solutions and Boise Paper Solutions segments.

In connection with the Sale, we recorded a $280.6 million gain in our Corporate and Other segment in our Consolidated Statement of Income. On October 29, 2004, we invested $175 million in securities of affiliates of Boise Cascade, L.L.C. This investment represents continuing involvement as defined in FASB Statement 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Accordingly, we do not show the historical results of the paper, forest products and timberland assets as discontinued operations. An additional $180 million of gain realized from the Sale was deferred as a result of our continuing involvement with Boise Cascade, L.L.C. We will realize this gain as we reduce our investment in affiliates of Boise Cascade, L.L.C. We realized note and cash proceeds of approximately $3.5 billion from the Sale, after allowing for the $175 million reinvestment in affiliates of Boise Cascade, L.L.C. and transaction related expenses.

The consideration for the timberlands portion of the Sale included $1.6 billion of timber installment notes. We monetized the timber installment notes in December for proceeds of $1.5 billion. We realized net cash proceeds from the Sale of $3.3 billion after allowing for the $175 million reinvestment, transaction-related expenses and the monetization of the timber installment notes. See the discussion of the timber notes and the monetization process under the caption "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Through debt repurchases and retirements, we reduced our short-term and long-term debt to $693.1 million at December 31, 2004, excluding the $1.5 billion of timber notes securitized. See the discussion of the timber notes and the securitization process under the caption "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations." During fourth quarter 2004, we reduced our debt by $1.8 billion and expensed $137.1 million of costs related to the early retirement of debt and made a $45.8 million contribution to the pension plans on behalf of active employees who became employees of Boise Cascade, L.L.C. (See Note 14, Debt, and Note 16, Retirement and Benefit Plans, in the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.)

On December 16, 2004, holders of our adjustable conversion-rate equity security units received 1.5689 of our common shares upon settlement of each purchase contract, resulting in issuance of a total of 5,412,705 shares.

During 2004, we also announced plans to return between $800 million and $1 billion of the Sale proceeds to shareholders via common or preferred stock buybacks, cash dividends or a combination of these alternatives. As part of this return of cash to equityholders, we redeemed $110 million of our Series D preferred stock and paid related accrued dividends of $3 million.

For additional information regarding the Sale, see Note 2, Sale of Paper, Forest Products and Timberland Assets in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Discontinued Operations

In December 2004, our board of directors authorized management to pursue the divestiture of our facility near Elma, Washington that manufactures integrated wood-polymer building materials. The board of directors and management concluded that the facility no longer fits with the company's strategic direction. We recorded the facility's assets as held for sale on our Balance Sheets and the results of its operations as discontinued operations in our Statements of Income (Loss). We tested the recoverability of the long-lived assets in accordance with FASB Statement 144, Accounting for the Impairment or Disposal of Long-Lived Assets, and recorded a $67.8 million pretax charge for the write-down of impaired assets. We also recorded $26.4 million of tax benefits associated with the write-down. The write-down resulted from our review of estimated discounted future cash flows.

The assets and liabilities of the integrated wood-polymer building materials facility near Elma, Washington, are presented in the Balance Sheets as "Assets held for sale" and "Liabilities related to assets held for sale." The carrying amounts of the major classes of these assets and liabilities at December 31 were as follows:

	December 31	
	2004	**2003**
	(millions)	
Assets		
Receivables, net	$ 0.1	$ 0.1
Inventories	2.4	1.5
Deferred income taxes	17.5	0.1
Property and equipment, net	21.5	95.5
Other	0.1	1.5
Assets held for sale	**$ 41.6**	**$ 98.7**
Liabilities		
Accounts payable	$ 0.4	$ 1.3
Accrued liabilities	0.1	1.5
Deferred income taxes	—	7.6
Other	2.7	1.6
Liabilities related to assets held for sale	**$ 3.2**	**$ 12.0**

OfficeMax, Inc. Acquisition

On December 9, 2003, we completed our acquisition of OfficeMax, Inc. The results of OfficeMax, Inc. operations after December 9, 2003, are included in our consolidated financial statements.

The aggregate consideration paid for the acquisition was as follows:

	(millions)
Fair value of common stock issued	$ 808.2
Cash consideration for OfficeMax, Inc. common shares exchanged	486.7
Transaction costs	20.0
	1,314.9
Debt assumed by OfficeMax	81.6
	$ 1,396.5

We paid OfficeMax, Inc., shareholders $1.3 billion for the acquisition, paying 60% of the purchase price in OfficeMax common stock (at the time Boise Cascade Corporation common stock) and 40% in cash. OfficeMax, Inc. shareholders had the opportunity to elect to receive cash or stock for their OfficeMax, Inc. shares. Each shareholder's election was subject to proration, depending on the elections of all OfficeMax, Inc., shareholders. As a result of this proration, OfficeMax, Inc., shareholders electing stock received approximately .230419 share of stock and $3.1746 in cash for each of their OfficeMax, Inc., shares. Fractional shares were paid in cash. OfficeMax, Inc. shareholders electing cash or who had no consideration preference, as well as those shareholders who made no effective election, received $9.333 in cash for each of their OfficeMax, Inc., shares. After the proration, the $1.3 billion paid to OfficeMax, Inc., shareholders consisted of $486.7 million in cash and the issuance of 27.3 million common shares valued at $808.2 million. The value of the common shares issued was determined based on the average market price of our common shares over a ten-day trading period before the acquisition closed on December 9, 2003.

Pro Forma Financial Information

The following table summarizes unaudited pro forma financial information assuming the OfficeMax, Inc., acquisition had occurred on January 1, 2003. OfficeMax, Inc.'s fiscal year ended on the Saturday prior to the last Wednesday in January. The unaudited pro forma financial information uses OfficeMax, Inc., data for the months corresponding to our December 31 year-end. This unaudited pro forma financial information does not necessarily represent what would have occurred if the transaction had taken place on the dates presented and should not be taken as representative of our future consolidated results of operations or financial position. This pro forma information does not include all costs related to the integration. In 2004 these integration costs either increased the amount of goodwill recorded or decreased net income, depending on the nature of the costs. We are realizing operating synergies. Synergies come from offering more products and services across more customer segments, purchasing leverage from increased scale and reduced costs in logistics, marketing and administration. The pro forma information does not reflect these expenses and synergies.

	2003
	(millions)
Sales	$ 12,864.8
Net income (loss) before cumulative effect of accounting changes	$ 2.3
Cumulative effect of accounting changes, net of income tax	(8.8)
Net loss	$ (6.5)
Net loss per common share	
Basic and diluted before cumulative effect of accounting changes	$ (.13)
Cumulative effect of accounting changes	(.10)
Basic and diluted	$ (.23)

Facility Closures

Prior to our acquisition, OfficeMax, Inc. had identified and closed underperforming facilities. As part of our purchase price allocation, at December 31, 2003, we had $58.7 million of reserves recorded for the estimated fair value of future liabilities associated with these closures. These reserves related primarily to future lease termination costs, net of estimated sublease income. Most of the expenditures for these facilities will be made over the remaining lives of the operating leases, which range from three to 16 years. At December 31, 2004, the remaining reserve in our Consolidated Balance Sheet was $52.8 million.

In addition to these store closures, at December 31, 2003, we identified 45 OfficeMax, Retail facilities that were no longer strategically or economically viable. We closed these stores during first quarter 2004, eliminating approximately 995 employee positions, of which approximately 310 people were offered transfers to other stores. In accordance with the provisions of EITF Issue No. 95-3, "Recognition of Liabilities in Connection With a Purchase Business Combination," at December 31, 2003, we had $69.4 million of reserves recorded in our Consolidated Balance Sheet. These charges were accounted for as exit activities in connection with the acquisition, and we did not recognize a charge to income in our Consolidated Statements of Income. Most of the cash expenditures for the facilities described above will be made over the remaining lives of the operating leases, which range from one month to twelve years. At December 31, 2004, the remaining reserve in our Consolidated Balance Sheet was $44.1 million.

During the year ended December 31, 2004, we closed 9 U.S. distribution centers, 2 customer service centers and 2 retail stores (in addition to the 45 retail stores discussed above), eliminating approximately 550 employee positions. We expect to reduce the total number of continental U.S. distribution centers from 55 at December 31, 2003, to 29 to 32 by the end of 2006. During 2004, we identified an additional 11 stores that were no longer strategically or economically viable. These stores are scheduled to close by the end of 2005. At December 31, 2004, we had accrued for approximately $25.3 million of costs associated with these closures in our Consolidated Balance Sheet.

Results of Operations, Consolidated

	2004	2003	2002
Sales	$ 13,270.2 million	$ 8,245.1 million	$ 7,412.3 million
Income (loss) before cumulative effect of accounting changes	$ 173.1 million	$ 17.1 million	$ 11.3 million
Cumulative effect of accounting changes, net of income tax	$ —	$ (8.8) million	$ —
Net income (loss)	$ 173.1 million	$ 8.3 million	$ 11.3 million
Diluted income (loss) per common share			
Diluted before cumulative effect of accounting changes	$ 1.77	$ 0.07	$ (0.03)
Cumulative effect of accounting changes, net of income tax	—	(0.15)	—
Diluted	**$ 1.77**	**$ (0.08)**	**$ (0.03)**
		(percentage of sales)	
Materials, labor and other operating expenses	78.1%	80.3%	81.0%
Selling and distribution expenses	14.7%	11.5%	10.6%
General and administrative expenses	2.3%	1.9%	2.1%

Operating Results

2004 Compared With 2003

Total sales for 2004 increased 60.9% to $13.3 billion, compared with $8.2 billion in 2003. Sales increased primarily because of the OfficeMax, Inc., acquisition in December 2003, strong sales growth in our OfficeMax, Contract segment and improved product prices in the Boise Building Solutions segment.

In 2004, materials, labor and other operating expenses decreased by 2.2% of sales. The improved leverage of materials, labor and operating expenses is largely attributable to the acquired retail office products business's higher gross margins. Excluding the impact of our retail office products business, materials, labor and other operating expenses declined by less than 1% of sales, primarily as a result of improved product prices in Boise Building Solutions.

Selling and distribution expenses increased about 3.2% of sales in 2004, compared with 2003, largely due to our retail office products business's higher selling and distribution expenses as a percentage of sales. Excluding the impact of our retail office products segment, selling and distribution expenses declined by about 0.5% of sales during 2004, compared with the previous fiscal year. The decrease was primarily attributable to leveraging fixed costs on increased sales in Boise Building Solutions due to increased product prices.

General and administrative expenses increased by 0.4% of sales due to higher payroll and benefit-related expenses.

In 2004, "Other (income) expense, net," included a $46.5 million pretax gain on the sale of our 47% interest in Voyageur Panel to Ainsworth Lumber Co. Ltd., a $15.1 million pretax gain on the sale of timberlands, mostly in Idaho, and a $59.9 million pretax gain on the sale of approximately 79,000 acres of timberland in western Louisiana, offset by approximately $18.9 million of costs related to the Sale, $10.2 million of OfficeMax integration costs, $7.1 million of costs related to the sale of our Yakima, Washington, plywood and lumber facilities and other miscellaneous income and expense items.

In 2003, "Other (income) expense, net" included a $10.1 million pretax charge for employee-related costs incurred in connection with our 2003 cost-reduction program. As part of this program, we announced the termination of approximately 550 employees. At December 31, 2004, we had terminated approximately 544 employees. Under our severance policy, in first quarter 2003, we recorded these costs in accordance with the provisions of FASB Statement 112, Employers' Accounting for Postemployment Benefits. We recorded $9.2 million in the OfficeMax, Contract segment; $0.2 million in the Boise Paper Solutions segment and $0.7 million in our Corporate and Other segment. Employee-related costs are primarily for severance payments, most of which were paid in 2003, with the remainder having been paid in 2004. This item increased our net loss $6.1 million in 2003.

In 2004, we recorded a $280.6 million gain on the Sale. An additional $180 million of gain realized from the Sale was deferred as a result of our continuing involvement with Boise Cascade, L.L.C. We will realize this gain as we reduce our investment in affiliates of Boise Cascade, L.L.C. (See Note 2, Sale of Paper, Forest Products and Timberland Assets, of the Notes to the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.)

Equity in net income (loss) of affiliates was $6.3 million and $8.8 million in 2004 and 2003. The variances were due to increased equity in earnings of Voyageur Panel, in which we had a 47% interest, and which we accounted for under the equity method. The increased equity in earnings of Voyageur Panel resulted from higher oriented strand board (OSB) prices in 2004 than in 2003. In May 2004, we sold our equity interest to Ainsworth Lumber Co. Ltd. for $91.2 million of cash. We recorded a $46.5 million pretax gain in "Other (income) expense, net" in our Boise Building Solutions segment. This item increased net income $28.4 million after taxes for 2004.

Interest expense was $151.9 million and $132.5 million for 2004 and 2003. The variances were due to incremental interest expense directly related to higher debt levels in 2004, compared with 2003. The higher debt levels in 2004 related to additional borrowings related to the OfficeMax, Inc., acquisition.

Our effective tax provision rate for continuing operations for the year ended December 31, 2004, was 37.5%, compared with an effective tax rate for continuing operations of 28.1% for 2003. In 2003, we recorded $5.7 million of tax benefits related to the $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington; $4.0 million of tax benefits related to the $10.1 million pretax charge for the 2003 cost-reduction program; and a $2.9 million gain, which included a one-time tax benefit related to a favorable tax ruling, net of changes in other tax items.

Minority interest in 2004 is related to our majority-owned subsidiary in Mexico. We purchased our ownership interest in this subsidiary as part of the OfficeMax, Inc., acquisition in December 2003. The subsidiary is consolidated in our results of operations. There is no amount associated with 2003 as the results of operations are reported one month in arrears.

Income before the cumulative effect of accounting changes increased significantly in 2004, compared with the same period a year ago. The increase resulted from the gain on the Sale, increased income in our office products business due primarily to the OfficeMax, Inc., acquisition, increased income from operations in Boise Building Solutions due to strong product prices and increased income in Boise Paper Solutions. Boise Paper Solutions reported an operating loss before the timberlands sale during 2004 due to higher year-over-year manufacturing costs and operating difficulties experienced during first quarter 2004 (discussed below). The operating loss was offset by the recording of a $36.6 million after-tax gain for a Louisiana timberland sale and a $28.4 million after-tax gain on the sale of our 47% interest in Voyageur Panel (discussed below).

In 2003, the $8.8 million recorded in "Cumulative effect of accounting changes, net of income tax" consisted of an after-tax charge of $4.1 million, or 7 cents per share, for the adoption of FASB Statement 143, Accounting for Asset Retirement Obligations, which affects the way we account for landfill closure costs. This statement requires us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. We also recorded an after-tax charge of $4.7 million, or 8 cents per share, for the adoption of EITF 02-16. EITF 02-16 requires that vendor allowances reside in inventory with the product and be recognized when the product is sold, changing the timing of our recognition of these items and creating a one-time, noncash, cumulative-effect adjustment.

Net income for 2004 was $173.1 million, or $1.77 per diluted share, compared with net income of $8.3 million, or a loss of 8 cents per diluted share, for 2003. Income increased in 2004, compared with 2003, because of the gain on the Sale, increased income in the office products business primarily due to the OfficeMax, Inc., acquisition, increased income from operations in Boise Building Solutions due to strong product prices and the positive impact of a $36.6 million after-tax gain on the sale of Louisiana timberland and a $28.4 million after-tax gain on the sale of our 47% interest in Voyageur Panel.

2003 Compared With 2002

Total sales in 2003 increased $0.8 billion, or 11%. The increase in sales resulted from $0.3 billion of sales from our retail segment; a $0.2 billion increase in sales in our contract segment, which included 17 days of sales from the former OfficeMax Direct businesses; and an additional $0.4 billion of sales by our Boise Building Solutions segment, offset by a slight decline in Boise Paper Solutions sales. Total sales and same-location sales in our contract segment increased 6% and 5% from 2002 levels. Excluding the sales contributed by the former OfficeMax Direct businesses and the effect of favorable foreign exchange rates, same-location sales were up 1%. Boise Building Solutions sales increased 16% because of higher structural panel prices, increased building materials distribution sales (due to increased commodity prices and volume) and increased engineered wood products sales (due primarily to increased volume). Boise Paper Solutions sales decreased, primarily because of a decrease in sales volume.

In 2003, materials, labor and other operating expenses decreased 0.7% as a percentage of sales, compared with 2002. Effective January 1, 2003, we adopted an accounting change for vendor credits and allowances to comply with the guidelines issued by the EITF 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor. Under EITF 02-16, consideration received from a vendor is presumed to be a reduction of the cost of the vendor's products or services, unless it is for a specific incremental cost to sell the product. As a result, approximately $45 million of vendor allowances reduced "Materials, labor and other operating expenses" that previously would have been recognized primarily as a reduction of "Selling and distribution expenses." In accordance with the provisions of EITF 02-16, prior-period financial statements have not been reclassified to conform with the current year's presentation.

Before the accounting change and excluding the effects of the acquired OfficeMax, Inc., operations, materials, labor and other operating expenses as a percentage of sales increased slightly because of lower sales and increased unit manufacturing costs in Boise Paper Solutions, partially offset by favorable wood costs in Boise Building Solutions.

Selling and distribution expenses increased 0.9% as a percentage of sales in 2003, compared with 2002. Before the accounting change and excluding the effects of the acquired OfficeMax, Inc., operations, selling and distribution expenses increased only slightly, primarily due to higher pension, healthcare and benefit expenses.

Due to cost controls, general and administrative expenses decreased 0.2% as a percent of sales in spite of higher pension, healthcare and benefit expenses.

"Other (income) expense, net" increased to $35.8 million in 2003 from $30.8 million in 2002. The year ended December 31, 2002, included a $23.6 million pretax loss for the sale of the stock of our wholly owned subsidiary that held our investment in IdentityNow and other miscellaneous income and expense items. For more information, see Note 7, Other (Income) Expense, Net, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

In 2003, "Other (income) expense, net" included a $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington, and $4.7 million of acquisition costs incurred in connection with the OfficeMax, Inc., acquisition. In addition, 2003 "Other (income) expense, net" included a $10.1 million pretax charge for employee-related costs incurred in connection with our 2003 cost-reduction program. Under our severance policy, we recorded a pretax charge of $10.1 million for employee-related costs in "Other (income) expense, net" in the Consolidated Statement of Income. We recorded these costs in accordance with the provisions of FASB Statement 112, Employers' Accounting for Postemployment Benefits. We recorded $9.2 million in the Boise Office Solutions, Contract, segment; $0.2 million in the Boise Paper Solutions segment; and $0.7 million in our Corporate and Other segment. Employee-related costs are primarily for severance payments, most of which were paid in 2003, with the remainder paid in 2004. This item decreased net income $6.1 million for the year ended December 31, 2003. As part of the 2003 cost-reduction program, we reduced 2003 operating costs, net of severance costs. We took these actions because of higher pension costs, higher energy costs, business disruptions from severe winter weather in the eastern United States and global political uncertainty. We reduced operating costs by freezing salaries, restricting hiring, reducing discretionary spending at all levels of the company and eliminating approximately 700 positions. We eliminated these positions by terminating approximately 550 employees and leaving vacant positions unfilled.

Equity in net income (loss) of affiliates was $8.8 million and $(2.4) million in 2003 and 2002, respectively. The variance was due to increased equity in earnings of Voyageur Panel, in which we had a 47% interest and for which we accounted under the equity method. The increased equity in earnings of Voyageur Panel resulted from oriented strand board (OSB) prices that were 67% higher, on average, in 2003 than in 2002. We also recognized no losses in 2003 from our investment in IdentityNow, which we sold in May 2002.

Interest expense was $132.5 million in 2003 and $131.7 million in 2002. The variance was due to incremental interest expense directly related to additional borrowings in the fourth quarter to provide cash for the OfficeMax, Inc., acquisition. Excluding the incremental interest expense directly related to the OfficeMax, Inc., acquisition, interest expense declined year over year, primarily due to lower 2003 interest rates on our variable-rate debt.

Our effective tax provision rate for continuing operations for the year ended December 31, 2003, was 28.1%, compared with an effective tax benefit rate for continuing operations of 1,351.8%

for the year ended December 31, 2002. In 2003, we recorded $5.7 million of tax benefits related to the $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington; $4.0 million of tax benefits related to the $10.1 million pretax charge for the 2003 cost-reduction program; and a $2.9 million gain, which included a one-time tax benefit related to a favorable tax ruling, net of changes in other tax items. In 2002, we recorded a $23.6 million pretax loss for the sale of the stock of our wholly owned subsidiary that held our investment in IdentityNow and $27.6 million of tax benefits associated with this sale and our previous write-down. Before recording these items and before the impact of the OfficeMax, Inc., acquisition, our estimated tax provision rates for the years ended December 31, 2003 and 2002, were 34% and 36%. The difference between the estimated tax provision rates before these items was due to the sensitivity of the rate to changing income levels and the mix of domestic and foreign sources of income.

In 2003, the $8.8 million recorded in "Cumulative effect of accounting changes, net of income tax" consisted of an after-tax charge of $4.1 million, or 7 cents per share, for the adoption of FASB Statement 143, Accounting for Asset Retirement Obligations, which affects the way we account for landfill closure costs. This statement requires us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. We also recorded an after-tax charge of $4.7 million, or 8 cents per share, for the adoption of EITF 02-16. EITF 02-16 requires that vendor allowances reside in inventory with the product and be recognized when the product is sold, changing the timing of our recognition of these items and creating a one-time, noncash, cumulative-effect adjustment.

Segment Discussion

We report our business results using five reportable segments: OfficeMax, Contract; OfficeMax, Retail; Boise Building Solutions; Boise Paper Solutions; and Corporate and Other. The financial data in this report includes the results of the Boise Building Solutions and Boise Paper Solutions segments through October 28, 2004. On October 29, 2004, we completed the Sale. As part of the Sale, we invested $175 million in the securities of affiliates of Boise Cascade, L.L.C. This investment represents continuing involvement as defined in FASB Statement 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Accordingly, we do not show the historical results of the Boise Building Solutions and Boise Paper Solutions segments as discontinued operations. We account for our investment in the securities of affiliates of Boise Cascade, L.L.C., under the cost method of accounting.

All of our segments, except OfficeMax, Retail, had a December 31 year-end. Our OfficeMax, Retail segment maintained a fiscal year that ended on the last Saturday in December, which in 2004 was December 25. We consolidated the fiscal-year results of OfficeMax, Retail with the calendar-year results of our other segments. Effective March 11, 2005, we amended our bylaws to make the fiscal year-end for OfficeMax Incorporated the last Saturday of December. Our international businesses will maintain the December 31 year-end. We will consolidate the calendar year-end results of our international businesses in OfficeMax Incorporated's fiscal-year results.

OfficeMax, Contract markets and sells office supplies and paper, technology products and solutions and office furniture through field salespeople, outbound telesales, catalogs, the Internet and office products stores. OfficeMax, Retail, markets and sells office supplies and paper, print and document services, technology products and solutions and office furniture through office supply superstores. Boise Building Solutions manufactured, marketed and distributed various products that are used for construction, while Boise Paper Solutions manufactured, marketed and distributed uncoated free sheet papers, containerboard, corrugated containers, newsprint and market pulp.

Corporate and Other includes support staff services and related assets and liabilities. The segments' profits and losses are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items and cumulative effect of accounting changes.

OfficeMax, Contract

Operating Results

	2004	2003	2002
Sales	$ 4,370.8 million	$ 3,741.9 million	$ 3,545.8 million
Segment income	$ 107.0 million	$ 109.4 million	$ 123.0 million
		(millions)	
Sales by Product Line			
Office supplies and paper	$ 2,463.2	$ 2,232.8	$ 2,180.8
Technology products	1,404.6	1,125.5	1,021.8
Office furniture	503.0	383.6	343.2
Sales by Geography			
United States	$ 3,382.9	$ 2,822.6	$ 2,759.1
International	987.9	919.3	786.7
Sales growth	17%	6%	0%
Same-location sales growth	8%	5%	0%
		(percentage of sales)	
Gross profit margin	23.6%	24.3%	23.1%
Operating expenses	21.2%	21.4%	19.7%
Operating profit	2.4%	2.9%	3.5%

2004 Compared With 2003

In 2004, our contract segment reported total sales of $4.4 billion, up 17% from the same period a year ago. The total sales increase reflects incremental sales contributed by the former OfficeMax Direct field salespeople, catalogs and public Internet site. Total sales for locations operating in both periods, including OfficeMax Direct 2003 sales on a pro forma basis, increased 7%. Year-over-year pro forma total sales comparisons increased in all major product categories. Compared with 2003, 2004 pro forma sales of office supplies and paper increased 6%, pro forma sales of technology products increased 10%, and pro forma furniture sales increased 10%.

E-commerce sales in 2004 increased over 40%, compared with E-commerce sales reported during 2003. E-commerce sales represented about 50% of the contract segment's total sales. The growth in E-commerce sales is due to the addition of the OfficeMax E-commerce business and growth at all other locations.

In 2004, our reported gross profit margin was 23.6%, down 0.7% from 24.3% in 2003. The gross profit margin decline was primarily the result of lower margin of the former OfficeMax Direct businesses due to higher occupancy and delivery costs. When we acquired OfficeMax, Inc., in December 2003, 17 delivery warehouses were serving the former OfficeMax Direct businesses. We are working to reduce excess warehouse capacity and consolidate these operations with our contract distribution centers. For 2004, excluding OfficeMax Direct, contract gross profit margins were essentially flat with 2003 despite purchasing synergies obtained through the OfficeMax, Inc., integration. Excluding 2004 purchasing synergies, contract margin rates declined in 2004 due to the phasing in of new account growth and lags in passing through rising paper costs.

During 2004, operating expenses as a percentage of sales decreased 0.2% of sales, including costs related to the OfficeMax, Inc., integration and the 2003 cost-reduction program. Excluding these items, operating expenses as a percentage of sales decreased 0.1% of sales during 2004, despite increased operating expenses associated with redundant former OfficeMax Direct warehouse facilities. The decline in operating expenses as a percentage of sales was due to leveraging fixed costs over higher sales, operating cost synergies obtained due to the OfficeMax, Inc., acquisition as well as lower benefit expenses.

Our contract segment reported $107.0 million of operating income in 2004, down 2.2% from $109.4 million in 2003. Operating income in 2004 was lower due to the acquired former OfficeMax Direct businesses, the decrease in gross profit margin and weaker than expected Canadian operations.

2003 Compared With 2002

In 2003, our contract segment included the results of the former OfficeMax Direct businesses from December 10, 2003, to December 27, 2003, or 17 selling days. The former OfficeMax Direct businesses included field salespeople, catalogs, and a public Internet site.

Total sales and same-location sales increased 6% and 5% in 2003, compared with 2002. Within product categories, the greatest sales growth occurred in office furniture and technology products, up 12% and 10%, respectively, compared with a year ago. These categories represent approximately 40% of overall sales. Sales of office supplies and paper, our largest category, grew 2%.

Excluding the benefit from favorable foreign exchange rates and the sales from the former OfficeMax Direct businesses, total sales and same-location sales increased 1%. When excluding the same items, the greatest sales growth within product categories occurred in office furniture and technology products, up 8% and 7%, while office supplies and paper experienced a modest decline, compared with a year ago. The shift in sales mix toward furniture and technology products was evident in each quarter of 2003 and is reflective of an improving economy, focused sales efforts and, in the case of technology products, changing buying patterns of our customers.

E-commerce sales in our contract office products segment increased 30% over 2002 and represented 42% of the segment's worldwide sales.

In 2003, our gross margin increased 1.2%, compared with 2002. Excluding the effect of adopting EITF 02-16, our gross margin was consistent with the prior year.

In 2003, our operating expenses were 21.4% of sales, compared with 19.7% in 2002. Operating expenses for our contract segment in 2003 included the expenses of the former OfficeMax Direct businesses, including integration costs; $42.6 million for the vendor allowance classification change; and $9.2 million of employee-related costs for our 2003 cost-reduction program. Before these items, our operating expenses increased only 0.2%, compared with 2002, due primarily to higher pension, healthcare and benefit expenses.

Excluding the results of the former OfficeMax Direct businesses for the 17 days following the OfficeMax, Inc., acquisition on December 9, 2003, integration costs and the employee-related charge for our cost-reduction program, segment income declined 1%. The decline was primarily attributable to higher pension, healthcare and benefit expenses.

OfficeMax, Retail

Operating Results

	2004	2003(a)
Sales	$ 4,481.3 million	$ 283.2 million
Segment income	$ 22.7 million	$ 6.1 million
	(millions)	
Sales by Product Line		
Office supplies and paper	$ 1,768.4	$ 91.6
Technology products	2,308.0	161.1
Office furniture	404.9	30.5
Sales by Geography		
United States(b)	$ 4,327.9	$ 283.2
International(c)	153.4	—
	(percentage of sales)	
Gross profit margin	25.6%	24.5%
Operating expenses	25.1%	22.4%
Operating profit	0.5%	2.2%

(a) 2003 results include activity from December 10, 2003, through December 27, 2003.

(b) Includes the sales of our operations in the United States, Puerto Rico and the U.S. Virgin Islands.

(c) Our majority-owned subsidiary in Mexico is consolidated in our results of operations one month in arrears and is not included in our 2003 results.

2004 Compared With 2003

Sales for our retail segment were $4.5 billion, down 0.9% from pro forma sales in 2003. The sales decrease primarily resulted from closing 47 U.S. superstores during 2004, most of which closed in the first quarter. Same-store sales increased 1.3% in 2004, compared with pro forma 2003 sales. The comparable-store sales increase was driven primarily by higher average revenue per customer transaction, which increased 2.6% year over year. During 2004, our retail segment opened 7 superstores and 1 small-format store in the U.S. and 5 superstores in Mexico.

Gross profit margin for the retail segment was 25.6% in 2004, compared with 24.5% in 2003. The gross profit margin in 2003 represents activity for the 17 selling days following the OfficeMax, Inc., acquisition on December 9, 2003, which includes a seasonal shift in sales mix toward lower-margin technology merchandise. Gross profit margins also increased year over year as a result of purchasing and other synergies.

Operating expenses were 25.1% of sales in 2004, up 2.7% of sales from 2003, as a result of the increased leverage from the high-volume holiday sales in 2003.

Our retail segment reported operating income of $22.7 million, or 0.5% of sales, in 2004. The low level of profitability in 2004 was due to weaker-than-expected sales, especially during the important back-to-school and holiday periods, which led to reduced margin dollars, lower vendor income, and a higher expense ratio as a percentage of sales. OfficeMax, Retail's profitability was also negatively impacted by greater promotional sales at low or no profitability.

2003 Subsequent to Date of Acquisition

In 2003, our retail segment reported sales of $283 million, which represents 17 selling days during the holiday season.

The gross profit margin in the retail segment was 24.5%, reflecting a seasonal shift in sales mix toward lower-margin technology merchandise. Our operating profit margin was 2.2% of sales, with operating income of $6.1 million, reflecting the increased leverage from the high-volume holiday sales in 2003.

Boise Building Solutions

Operating Results

	January 1 through October 28, 2004	2003	2002
Sales	$ 3,257.7 million	$ 2,871.9 million	$ 2,469.7 million
Segment income (loss)	$ 319.2 million	$ 125.3 million	$ 53.3 million
Sales Volumes			
Plywood (1,000 sq ft) (3/8" basis)	1,465,965	1,890,480	1,788,203
Particleboard (1,000 sq ft) (3/4" basis)	134,411	152,621	189,223
Lumber (1,000 board feet)	302,725	364,054	395,281
LVL (100 cubic feet)	100,855	98,294	77,543
I-joists (1,000 equivalent lineal feet)	191,938	199,949	165,765
Engineered wood products (sales dollars)	$ 375.2 million	$ 329.3 million	$ 274.1 million
Building materials distribution (sales dollars)	$ 2,442.4 million	$ 2,047.8 million	$ 1,696.1 million
Average Net Selling Prices			
Plywood (1,000 sq ft) (3/8" basis)	$ 336	$ 267	$ 229
Particleboard (1,000 sq ft) (3/4" basis)	305	236	239
Lumber (1,000 board feet)	552	431	466
LVL (100 cubic feet)	1,640	1,463	1,483
I-joists (1,000 equivalent lineal feet)	978	874	886

2004 Compared With 2003

On October 29, 2004, we completed the Sale. Boise Building Solutions results for 2004 represent the ten months of operation before the Sale.

Fueled by continued strong plywood and lumber markets, Boise Building Solutions reported income of $319.2 million in the first ten months of 2004, compared with $125.3 million for full year 2003. Results were aided by a $15.3 million pretax gain on the sale of Idaho timberlands and by the sale of our 47% interest in Voyageur Panel in May 2004 to Ainsworth Lumber Co. Ltd. for $91.2 million of cash. We recorded a $46.5 million pretax gain for the Voyageur Panel sale in "Other (income) expense, net." Prior to the sale, we accounted for the joint venture under the equity method. Accordingly, segment results do not include the joint venture's sales but do include $6.3 million of equity in earnings during the ten months ended October 31, 2004, compared with $8.7 million of equity in earnings in 2003 and $0.6 million of equity in losses in 2002. Before the gains recorded on the sale of timberlands and our interest in Voyageur Panel, segment income increased 105% to $257.4 million, compared with full year 2003 income, primarily due to increased product prices.

Building materials distribution sales increased 19% to $2.4 billion in the first ten months of 2004, compared with full year 2003 sales, due to strong pricing because of strong demand in the building sector. Sales of engineered wood products (laminated veneer lumber, wood I-joists and laminated beams) increased 14% in the first ten months of 2004, compared with full year 2003 sales, also due to strong pricing. As a result of increased demand from residential construction due to low interest rates, average plywood prices rose 26% to $336 per 1,000 square feet during the first ten months of 2004. Average lumber prices increased 28% during the same period. Sales volumes of plywood and lumber for the first ten months of 2004 declined from 2003 volumes because of the shorter reporting period in 2004 and the sale of our Yakima, Washington, plywood and lumber facilities in February 2004. The sale of our Yakima facilities did not have a material impact on our financial position or results of operations.

2003 Compared With 2002

During the second half of 2003, our building products business enjoyed one of the strongest building seasons ever, following a slow start in the first half of 2003 due to wet weather. Boise Building Solutions sales grew 16% in 2003, compared with the previous year. Structural panel prices rose. Building materials distribution sales increased 21% due to strong pricing coupled with an 11% increase in physical sales volume. During 2003, about 21% of building materials distribution's lumber, panel and engineered wood product sales were from products manufactured by Boise. Sales of engineered wood products (laminated veneer lumber, wood I-joists and laminated beams) increased 20% due to increased sales volume.

After a long, wet and cold spring, especially in the eastern United States, the building season got underway late in the second quarter and held strong through the first two months of fourth quarter 2003. As a result of increased demand from housing construction, prices for our major grades of structural panels reached record levels. Relative to 2002, average plywood prices and sales volume increased 17% and 6%, respectively. In contrast, average prices and volumes for our mix of lumber products, which is mostly ponderosa pine appearance and industrial grades, declined 8%. An unfavorable balance of supply and demand for pine lumber during the first half of the year pushed prices down until late in the third and fourth quarters, which delayed recovery in these grades until later in the year.

In December 2003, we recorded a $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington. We also recorded $5.7 million of tax benefits associated with the write-down. The write-down resulted from our internal review of the operations and indications of current market value. We recorded the write-down in "Other (income) expense, net" and the tax benefits in "Income tax (provision) benefit" in the Consolidated Statement of Income. For the year ended December 31, 2003, the write-down decreased net income $9.0 million.

In February 2004, we sold the Yakima operations, excluding timberlands. The impact of this sale was not material to our financial position or to our results of operations.

Segment income increased $72.0 million in 2003, compared with 2002, due primarily to increased structural panel prices, increased building materials distribution sales and favorable wood costs, offset by a pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington. Due to the divestiture of our integrated wood-polymer building materials facility near Elma, Washington, we have restated the 2002 and 2003 results of operations to exclude the results of this facility's activity in our Building Solutions segment. We have reported the results of this facility in "Loss from discontinued operations."

Boise Paper Solutions

Operating Results

	January 1 through October 28, 2004	2003	2002
Sales	$ 1,670.4 million	$ 1,852.6 million	$ 1,878.0 million
Segment income (loss)	$ 38.8 million	$ (13.9) million	$ 38.6 million
		(short tons)	
Sales Volumes			
Uncoated free sheet	1,249,000	1,396,000	1,425,000
Containerboard	537,000	650,000	654,000
Newsprint	349,000	416,000	406,000
Other	138,000	146,000	179,000
	2,273,000	**2,608,000**	**2,664,000**
		(per short ton)	
Average Net Selling Prices			
Uncoated free sheet	$ 718	$ 721	$ 722
Containerboard	365	337	343
Newsprint	434	397	363

2004 Compared With 2003

On October 29, 2004, we completed the Sale. Boise Paper Solutions results for 2004 represent the ten months of operation before the Sale.

Boise Paper Solutions reported income of $38.8 million for the first ten months of 2004, compared with a loss of $13.9 million for full year 2003. Results in 2004 were aided by a pretax gain of $59.9 million on the sale in March of approximately 79,000 acres of timberland in western Louisiana for $84 million. We recorded the $59.9 million pretax gain in "Other (income) expense, net." Excluding this gain, the segment lost $21.1 million in the first ten months of 2004. Results in 2004, excluding the gain, compare unfavorably with 2003 results because of less sales volume as a result of the shorter reporting period in 2004, $2.8 million of costs and/or lost income due to timber and mill damage and lost production at our Alabama paper mill related to disruption from hurricanes in September, increased unit manufacturing costs and operating difficulties due to adverse weather conditions and other production issues in first quarter 2004. Unit manufacturing costs increased 3% during the ten-month period in 2004, compared with full year 2003, primarily due to increased fiber costs.

Although markets strengthened in 2004, sales for the first ten months of the year were $1.7 billion, compared with $1.9 billion for full year 2003. Total sales volume for the first ten months of 2004 was 13% less than sales volume for full year 2003. Sales and sales volumes declined because of the shorter reporting period in 2004. Weighted average paper prices increased 3%. Average newsprint and containerboard prices increased $37 per ton and $28 per ton, compared with prices in 2003, while the average price for uncoated free sheet, our largest paper grade, was $3 less per ton than in 2003. We took 57,000 tons of market-related downtime during the first ten months of 2004, compared with 197,000 tons during full year 2003. The decrease in curtailment in 2004 reflects growing market demand and a 2% increase in the amount of office paper sold through the OfficeMax, Retail and OfficeMax, Contract segments during ten months in 2004, compared with full year 2003.

Sales volumes of value-added papers produced on our smaller machines decreased 6% to approximately 324,000 tons for the first ten months of 2004, compared with full year 2003. Volumes declined because of the shorter reporting period in 2004. The greatest areas of growth in our value-added grades were label, release and specialty papers, whose volume increased 18% during the ten-month period in 2004, compared with full year 2003 levels. Value-added grades generally have higher unit costs than commodity grades but also have higher net sales prices and profit margins. Overall, the average net selling price of our value-added grades during the first ten months of 2004 was $183 per ton higher than the average net selling price of our uncoated commodity grades.

2003 Compared With 2002

Sales declined 1% in 2003, primarily because weak demand led to a 2% decrease in sales volume. Sales volume decreased despite an increase in the volume of office paper sold through our OfficeMax, Retail and OfficeMax, Contract segments. Weak demand throughout the year led to market-related curtailment of nearly 197,000 tons, up 38% from the amount taken in 2002. Most of the curtailment was taken in uncoated free sheet. Relative to a year earlier, average prices rose only 1%. Higher average newsprint prices were partially offset by lower containerboard prices.

In 2003, we increased production of value-added papers on our smaller machines. The tonnage of value-added grades from these machines increased 5% to about 345,000 tons. Among our value- added grades, the volume of label, release and specialty papers grew 23% in 2003 versus the year earlier. Overall, the average net selling price of our value-added grades in 2003 was $181 per ton higher than the average net selling price of our uncoated commodity grades.

Segment results were lower than those of a year ago because of lower unit sales volumes, more market-related curtailment and increased unit manufacturing costs. Total unit manufacturing costs increased 2%, compared with a year ago. In 2003, fiber costs rose 5%, and chemical unit costs increased 6%. Fixed unit costs were also up about 2%.

Liquidity and Capital Resources

As of December 31, 2004, we had $1.2 billion of cash and cash equivalents and $693.1 million of short-term and long-term debt, excluding the $1.5 billion of timber notes securitized. We also had $113 milion of restricted investments on deposit which offset a portion of the outstanding debt, bringing our net debt to $580.1 million. During 2004, we paid down $1.6 billion of our debt, primarily with the proceeds of the Sale, and expensed $137.1 million of costs related to the early retirement of debt. A significant portion of the premiums paid with respect to the debt we paid down was the result of the current low interest rate environment in the market. In addition, during 2004, we contributed $279.8 million to our pension plans, including the contributions made to our plans that were spun off in connection with the Sale. We also announced plans to return between $800 million and $1 billion of the proceeds from the Sale to shareholders via common or preferred stock buybacks, cash dividends or a combination of these alternatives. As part of this return of cash to equity holders, we redeemed $110 million of our Series D preferred stock and paid related accrued dividends of $3 million.

Our ongoing cash requirements are expected to be funded through a combination of cash flow from operations and seasonal borrowings under our existing credit facilities.

The sections that follow discuss in more detail our liquidity and capital resources.

Operating Activities

Our operating activities used $451.1 million of cash flow in 2004 and generated $324.7 million and $340.4 million of positive cash flow in 2003 and 2002, respectively. In 2004, items included in net income provided $265.7 million of cash and unfavorable changes in working capital items used $716.8 million of cash from operations. In 2003, items included in net income provided $407.9 million of cash, and unfavorable changes in working capital items used $83.2 million of cash from operations. Net income items provided $345.3 million of cash in 2002, and unfavorable changes in working capital items $4.9 million of cash from operations.

We have sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 2004, $120.0 million of sold accounts receivable were excluded from "Receivables" in the company's Consolidated Balance Sheet, compared with $250 million and $200 million excluded at December 31, 2003 and 2002. During third quarter 2004, in anticipation of the Sale, we stopped selling the receivables related to these businesses, reducing the receivables sold as a part of this program at the end of the year. The decrease at December 31, 2004, in sold accounts receivable of $130.0 million from the amount at December 31, 2003, used cash from operations in 2004. The increase at December 31, 2003, in sold accounts receivable of $50 million over the amount at December 31, 2002, provided cash from operations in 2003.

During the period of January 1 through October 28, 2004, some of our employees were covered by noncontributory defined benefit pension plans. Effective July 31, 2004, we spun off the portion of each plan attributable to active employees in the forest products businesses. Effective October 29, 2004, under the terms of the asset purchase agreement with affiliates of Boise Cascade, L.L.C., we transferred sponsorship of the spun-off plans to Boise Cascade, L.L.C., and only those terminated, vested employees and retirees whose employment with us ended on or before July 31, 2004, and some active OfficeMax, Contract employees were covered under the plans remaining with us. The assets of the pension plans are invested primarily in common stocks, fixed-income securities and cash equivalents. The market performance of these investments affects our recorded pension obligations, expense and cash contributions. Pension expense for the year ended December 31, 2004, was $169.7 million, including $94.9 million of curtailment expense related to the Sale, compared with $77.1 million in 2003 and $30.4 million in 2002. These are noncash charges in our consolidated financial statements. In 2004, we made cash contributions to our pension plans totaling $279.8 million, compared with $84.5 million in 2003 and $48.0 million in 2002. The asset purchase agreement with affiliates of Boise Cascade, L.L.C., required us to fully fund the transferred spun-off plans on an accumulated-benefit-obligation basis using a 6.25% liability discount rate. Since our active employees who are covered by the retained plans, as well as all of the inactive participants, are no longer accruing additional benefits, we expect our future contributions to these plans to be greatly reduced. The minimum required contributions are zero in 2005. However, the company may elect to make voluntary contributions. See "Critical Accounting Estimates" in this Management's Discussion and Analysis of Financial Condition and Results of Operations for more information.

Our ratio of current assets to current liabilities was 1.75:1 at December 31, 2004, compared with 1.31:1 at December 31, 2003. The increase in our ratio of current assets to current liabilities at December 31, 2004, resulted primarily from the increase in cash and cash equivalents in 2004, compared with 2003.

Investment Activities

Our cash investing activities provided $1.6 billion in 2004, compared with $673.6 million used in 2003 and $310.6 million used in 2002.

In 2004, cash investing activities included cash expenditures of $298.2 million for property and equipment and timber and timberlands and $175 million for our investment in the securities of affiliates of Boise Cascade, L.L.C., which we are accounting for under the cost method of accounting. These expenditures were offset by $2,038.7 million of proceeds from the Sale and

$186.9 million of proceeds from the sale of timberlands in Louisiana, the sale of our Yakima, Washington, plywood and lumber facilities and the sale of our Barwick, Ontario, Canada, OSB joint venture during the year ended December 31, 2004. For more information related to the Sale, see the discussion under "Sale of Paper, Forest Products and Timberland Assets" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

In 2003, cash investing activities included $432.6 million, net of cash acquired, for the acquisition of OfficeMax, Inc., in December 2003. For information related to the acquisition, see Note 4, OfficeMax, Inc., Acquisition, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K. Investing activities also included $223.1 million for property and equipment and timber and timberland purchases.

In 2002, investing activities included $199.4 million for property and equipment and timber and timberlands. Additionally, they included $6.1 million for the acquisition of assets of a wholesale building products distribution and reload operation in Riverside, California, and $1.1 million in cash for the acquisition of assets of a contract furniture company located in southern California.

Noncash consideration included in capital spending consisted of the assumption of debt and recording of liabilities totaling $81.6 million in 2003 and $2.8 million in 2002. In 2003, noncash consideration also included $808.2 million for the issuance of 27.3 million OfficeMax Incorporated common shares (at the time, Boise Cascade Corporation common shares) to OfficeMax, Inc. shareholders electing to receive stock in the OfficeMax, Inc. acquisition. Details of 2004 capital investment by segment are included in the table below:

2004 Capital Investment by Segment

	Acquisitions/ Expansion	Quality/ Efficiency (a)	Timber and Timberlands	Replacement, Environmental and Other	Total
			(millions)		
OfficeMax, Contract	$ 38.1	$ 6.4	$ —	$ 19.1	$ 63.6
OfficeMax, Retail	17.3	45.6	—	22.6	85.5
	55.4	52.0	—	41.7	149.1
Boise Building Solutions	14.4	4.2	3.6	33.1	55.3
Boise Paper Solutions	0.9	13.4	4.1	69.6	88.0
Corporate and Other	0.4	0.7	—	4.7	5.8
	$ 71.1	**$ 70.3**	**$ 7.7**	**$ 149.1**	**$ 298.2**

(a) Quality and efficiency projects include quality improvements, modernization, energy and cost-saving projects.

We expect our capital investments in 2005 to total between $180 million and $200 million, excluding acquisitions. Our capital spending in 2005 will be for leasehold improvements, new stores, quality and efficiency projects, replacement projects and integration projects.

Financing Activities

Our financing activities used $76.3 million in 2004, compared with $408.6 million provided in 2003 and $21.4 million used in 2002. Common and preferred dividend payments totaled $64.1 million in 2004, $48.9 million in 2003 and $49.5 million in 2002. In all three years, our quarterly cash dividend was 15 cents per common share. The increase in dividends paid was a result of more common shareholders after the OfficeMax, Inc. acquisition in December 2003.

During 2004, we had relatively few additions to long-term debt. We paid down $1.6 billion of our debt, primarily with the proceeds of the Sale. We announced plans to return between

$800 million and $1 billion of the proceeds from the Sale to shareholders via common or preferred stock buybacks, cash dividends or a combination of these alternatives. As part of this return of cash to equity holders, we redeemed $110 million of our Series D preferrred stock and paid related accrued dividends of $3 million. In addition, in 2004, we settled the purchase contracts related to our adjustable conversion-rate equity units and received $172.5 million. For more information, see Note 14, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Additions to long-term debt in 2003 resulted primarily from our acquisition of OfficeMax, Inc. Additions included $150 million under an unsecured credit agreement, $300 million of 6.50% notes, $200 million of 7.00% notes, $50.0 million of 7.45% medium-term notes and $33.5 million for the sale-leaseback of equipment at our integrated wood-polymer building materials facility near Elma, Washington, that was accounted for as a financing arrangement. Payments of long-term debt in 2003 included $125 million of medium-term notes and $40 million under our revolving credit agreement. Additions to long-term debt in 2002 included $150 million of 7.50% notes due in 2008, a $20 million floating-rate term loan and $62 million in medium-term notes. Payments of long-term debt in 2002 included $125 million of 9.85% notes, $32.5 million of industrial revenue bonds, $15.5 million of bank debt for our Australian operations and $2.3 million of medium-term notes.

Our debt-to-equity ratio was .27:1 at December 31, 2004, excluding the timber notes securitized, and .98:1 at December 31, 2003. Our debt-to-equity ratio decreased because of the significant decrease in debt in 2004, excluding the timber notes securitized. See the discussion of the timber notes and the securitization process under the caption "Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

We lease our store space and other property and equipment under operating leases. These operating leases are not included in debt; however, they represent a significant commitment. Obligations under operating leases are shown in the "Contractual Obligations" section of this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Our debt structure consists of credit agreements, note agreements, and other borrowings as follows. For more information, see "Contractual Obligations" and "Disclosures of Financial Market Risks" in this Management's Discussion and Analysis of Financial Condition and Results of Operations.

Credit Agreements

In March 2002, we entered into a three-year, unsecured revolving credit agreement. The agreement permits us to borrow as much as $560 million at variable interest rates based on either the London Interbank Offered Rate ("LIBOR") or the prime rate. We had no outstanding borrowings under the agreement at December 31, 2004. Under the agreement, $52 million of letters of credit were issued and reduced our borrowing capacity to $508 million at December 31, 2004. Letters of credit issued under the terms of the revolving credit agreement were charged at a rate of 1.5%, including the facility fee. In addition, we were charged a fee of 0.3% on the unused portion of our revolving credit balance. We are also charged a 0.25% utilization fee when we utilize over 50% of our borrowing capacity under the agreement. At December 31, 2004, we utilized less than 50% of our borrowing capacity. In November 2004, our interest rate swap to hedge the cash flow risk from the variable interest payments on $50 million of LIBOR-based debt expired and was not renewed. The revolving credit agreement contains customary conditions to borrowing, including compliance with financial covenants relating to minimum net worth, minimum interest coverage ratio and ceiling ratio of debt to capitalization. At December 31, 2004, we were in compliance with these covenants. Under this agreement, the payment of dividends depends on the existence and amount of net worth in excess of the defined minimum. Our net worth at December 31, 2004, exceeded the defined minimum by $1,068.6 million. At December 31, 2003, we had outstanding borrowings under the revolving credit agreement of $210 million. In addition to these borrowings, $41 million of letters of credit were issued under the agreement. When the agreement expires in June 2005, any amount outstanding will be due and payable.

In December 2003, we entered into a 19-month, unsecured credit agreement with 13 major financial institutions. Under the agreement, we borrowed $150 million at variable interest rates based on either the LIBOR or the prime rate. Borrowings under the credit agreement were paid in full on October 29, 2004, with the proceeds from the Sale.

Timber Notes

In October 2004, OfficeMax sold its timberlands as part of the Sale. In exchange for the timberlands, we received credit-enhanced installment timber notes in the amount of $1,635 million which were credit enhanced with guarantees. The guarantees were issued by financial institutions and were secured by the pledge of underlying collateral notes. Subsequently, in December 2004, we executed a securitization transaction in which, through two bankruptcy remote subsidiaries, we pledged the installment notes and related guarantees and issued securitization notes in the amount of $1,470 million. Recourse on the securitization notes is limited to the pledged timber notes. The timber notes are 15-year non-amortizing. There are two notes that total $817.5 million bearing interest at 4.982% payable semiannually and another note in the amount of $817.5 million bearing interest at 5.112% payable semiannually. The securitization notes are also 15-year non-amortizing, in two equal $735 million tranches paying interest of 5.42% and 5.54% semiannually.

As a result of these transactions, OfficeMax received $1,470 million in cash from the bankruptcy remote special-purpose entities, will receive approximately $82.5 million per year in interest income and will have interest expense of approximately $80.5 million per year for 15 years. The pledged timber notes and nonrecourse securitization notes will mature in 2020 and 2019, respectively. The securitization notes have an initial term that is approximately three months shorter than the installment notes. The company expects to refinance its ownership of the installment notes in 2019 with a short-term secured borrowing to bridge the period from initial maturity of the securitization notes to the maturity of the installment notes.

The guidance related to the accounting for the securitization is complex and open to interpretation. The entities issuing the installment notes are variable-interest entities (the "VIE's") under FIN 46R, Consolidation of Variable Interest Entities. The holder of the installment notes is considered to be the primary beneficiary, and therefore, the VIE's are consolidated with the securitization note issuers. Although we believe an argument can be made that the consolidation of the VIE's as a result of this transaction does not disqualify the securitization note issuers from being qualified special purpose entities (QSPE) as described in FASB Statement 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, we have concluded that consolidating the VIE's does disqualify the securitization note issuers from meeting this guidance. As a result, the securitization note issuers are required to consolidate with their ultimate parent, OfficeMax.

Note Agreements

In August 2003, we issued $50 million of 7.45% medium-term notes due in 2011. The proceeds of the notes were used for general corporate purposes. On November 5, 2004, we purchased $49.6 million of these notes pursuant to a tender offer for these securities. At December 31, 2004, $0.4 million was outstanding.

In October 2003, we issued $300 million of 6.50% senior notes due in 2010 and $200 million of 7.00% senior notes due in 2013. Net proceeds from the senior notes were used to repay borrowings under our revolving credit agreement to provide cash for the OfficeMax, Inc. transaction and for other general corporate purposes. (See Note 4, OfficeMax, Inc., Acquisition in the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.) We paid approximately $9.1 million in fees and expenses associated with the senior notes transaction. The fees are being amortized over the terms of the senior notes. At the time of issuance, the senior note indentures contained a number of restrictive covenants. Because of the subsequent transactions described below, substantially all of the restrictive covenants have been eliminated through the execution of supplemental indentures and replaced with covenants found in the base indenture that are applicable to our medium term notes and other public debt. Those covenants include a limitation on mergers and similar transactions, a restriction on secured transactions involving Principal Properties, as defined, and a restriction on sale and leaseback transactions involving Principal Properties.

On November 5, 2004, we repurchased approximately $286.3 million of 6.50% senior notes and received the requisite consents to adopt amendments to the indenture pursuant to a tender offer for these securities. As a result, the company and the trustee executed a Sixth Supplemental Indenture which eliminated substantially all of the restrictive covenants, certain events of default and related provisions and replaced them with the covenants from our other public debt.

On December 23, 2004, both Moody's Investors Service, Inc. and Standard & Poor's Rating Services upgraded the credit rating on our 7.00% senior notes to investment grade. The upgrades were the result of actions the company undertook to collateralize the notes by granting the noteholders a security interest in $113 million in principal amount of General Electric Capital and Bank of America Corp. notes maturing in 2008. The notes subject to the security interest are recorded as a "Restricted Investment" on our Balance Sheet. As a result of these ratings upgrades, the senior note covenants have been replaced with the covenants found in our other public debt.

Adjustable Conversion-Rate Equity Securities (ACES)

In December 2001, we issued 3,450,000 7.50% adjustable conversion-rate equity security units ("ACES") to the public at an aggregate offering price of $172.5 million. The units traded on the New York Stock Exchange under the ticker symbol BEP. At the time of issuance, there were two components of each unit. Investors received a preferred security issued by Boise Cascade Trust I (the Trust), a statutory business trust whose common securities were owned by the company, with a liquidation amount of $50. These preferred securities were mandatorily redeemable in December 2006. Investors also entered into a contract to purchase, for $50, common shares of the company, subject to a collar arrangement. The Trust used the proceeds from the offering to purchase debentures issued by Boise Cascade Corporation (now OfficeMax Incorporated). These debentures were 7.50% senior unsecured obligations that matured in December 2006.

On September 16, 2004, we dissolved the Trust and distributed the debentures to the unit holders in exchange for their preferred securities. Also on that date, the remarketing of $144.5 million of these debentures was completed. In connection with the remarketing, the 7.5% interest rate on the debentures was reset to 2.75% over the average of the rates for three-month LIBOR on the third business day before the prior quarter's interest payment date. The 2.75% over LIBOR rate will decrease (or increase) by 0.25% if at any time Standard and Poor's Corporation and Moody's Investor Service, Inc., raise (or lower) their ratings of the debentures. The first interest payment on the debentures at the reset rate was made on December 16, 2004, at a rate of 4.62% per annum. On November 5, 2004, we repurchased $144.5 million of these debentures pursuant to an offer to purchase these securities. We made an open market purchase of an additional

$15.2 million of the debentures in December. As of December 31, 2004, $12.8 million of the debentures remained outstanding and are recorded in "Long-term debt, less current portion."

On December 16, 2004, holders of our adjustable conversion-rate equity security units received 1.5689 of our common shares upon settlement of each purchase contract resulting in the issuance of a total of 5,412,705 shares. We received $50 per unit, or $172.5 million, as a result of the settlement of the purchase contracts.

In December 2003, the FASB issued FIN 46R, Consolidation of Variable Interest Entities. FIN 46R, as revised, required us to reclassify the $172.5 million of ACES from "Minority interest" to "Debt" in our Consolidated Balance Sheets and recognize distributions on these securities as "Interest expense" rather than "Minority interest, net of income tax" in our Consolidated Statements of Income (Loss). As allowed by the FASB's FIN 46R, prior years' financial statements were reclassified. In all periods presented, there was no net effect on earnings, and the reclassification of these securities to debt did not affect our financial covenants.

Other

During 2003, we agreed to enter into a $33.5 million sale-leaseback of equipment at our integrated wood-polymer building materials facility near Elma, Washington. The sale-leaseback has a base term of seven years and an interest rate of 4.67%, was accounted for as a financing arrangement, and is included in "Long-term debt, less current portion" in our Consolidated Balance Sheet.

The 9.45% debentures, issued in October 1989, contain a provision under which, in the event of the occurrence of both a designated event, as defined (generally a change of control or a major distribution of assets) and a subsequent rating decline, as defined, the holders of these securities may require OfficeMax to redeem the securities.

Changes in short-term borrowings represent net changes in notes payable. At December 31, 2004 and 2003, we had $10.3 million and $5.2 million of short-term borrowings outstanding. The minimum and maximum amounts of combined short-term borrowings outstanding were $6.2 million and $493.7 million during the year ended December 31, 2004, and were $0 and $117.4 million during the year ended December 31, 2003. The average amounts of short-term borrowings outstanding during the years ended December 31, 2004 and 2003, were $82.8 million and $32.3 million. The average interest rates for these borrowings were 2.8% for 2004 and 1.9% for 2003. The increase in the maximum and average amounts of short-term borrowings outstanding in 2004, compared with 2003, reflect the addition of two $200 million term loan facilities in September 2004 to fund incremental contributions to our pension plans and to decrease our accounts receivable financing. (See Note 16, Retirement and Benefits Plans, and Note 11, Receivables in the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.) In addition, during second quarter 2004, we added two $20 million floating rate term loans. On October 29, 2004, we repaid the two $200 million and two $20 million term loans with the proceeds from the sale.

Previously, OfficeMax guaranteed the debt used to fund our employee stock ownership plan ("ESOP") that was part of the Savings and Supplemental Retirement Plan for our U.S. salaried employees. (See Note 16, Retirement and Benefit Plans in the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.) The debt was repaid in 2004. The debt was recorded in our 2003 Consolidated Balance Sheet, with an offset in the shareholders' equity section in "Deferred ESOP benefit." We have guaranteed tax indemnities on the ESOP debt. Although the debt was paid, under these indemnities, we would be required to pay additional amounts to the debt holders if the interest payments on the debt were determined to be taxable. Any amounts paid under this tax indemnification would be dependent upon future tax rulings and assessments by the Internal Revenue Service and are not quantifiable at this time.

Contractual Obligations

In the table below, we set forth our enforceable and legally binding obligations as of December 31, 2004. Some of the figures we include in this table are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties and other factors. Because these estimates and assumptions are necessarily subjective, the enforceable and legally binding obligations we will actually pay in future periods may vary from those reflected in the table.

	Payments Due by Period				
	2005	**2006-2007**	**2008-2009**	**Thereafter**	**Total**
			(millions)		
Debt					
Long-term debt, including current portion(a)(c)	$ 97.7	$ 84.6	$ 93.8	$ 406.7	$ 682.8
Timber notes securitized	—	—	—	1,470.0	1,470.0
Operating leases(b)(e)	367.3	618.4	488.6	904.0	2,378.3
Purchase obligations	34.5	28.1	0.5	1.2	64.3
Other long-term liabilities reflected on our Consolidated Balance Sheet Compensation and benefits(c)(d)	46.2	45.7	42.1	469.7	603.7
Other(c)(e)	—	23.7	29.9	206.2	259.8
	$ 545.7	$ 800.5	$ 654.9	$ 3,457.8	$ 5,458.9

(a) Included in long-term debt are amounts owed on our note agreements, revenue bonds and credit agreements. These borrowings are further explained in Note 14, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K. The table assumes our long-term debt is held to maturity.

(b) We enter into operating leases in the normal course of business. We lease our retail store space as well as other property and equipment under operating leases. Some of our retail store leases require percentage rentals on sales above specified minimums and contain escalation clauses. These minimum lease payments do not include contingent rental expense. Some lease agreements provide us with the option to renew the lease or purchase the leased property. Our future operating lease obligations would change if we exercised these renewal options and if we entered into additional operating lease agreements. For more information, see Note 10, Leases, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

(c) The current portion of these liabilities is also included.

(d) "Compensation and benefits" includes amounts associated with our retirement and benefit plans and other compensation arrangements. For more information, see "Critical Accounting Estimates—Pensions" and see Note 16, Retirement and Benefit Plans, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K.

(e) Lease obligations for facility closures are included in operating leases.

In accordance with an amended and restated joint-venture agreement, the minority owner of our subsidiary in Mexico, OfficeMax de Mexico, can elect to put its remaining 49% interest in the subsidiary to OfficeMax if earnings targets are achieved. At December 31, 2004, OfficeMax de Mexico had met these earnings targets. These earnings targets are calculated quarterly on a rolling four-quarter basis. Accordingly, the targets can be achieved in one quarter but not in the next. If the earnings targets are achieved and the minority owner elects to put its ownership interest, the purchase price would be equal to fair value, calculated based on both the subsidiary's earnings for the last four quarters before interest, taxes and depreciation and amortization and the current market multiples of similar companies. The fair value purchase price in 2005 is estimated at $35 to $40 million. This contingent obligation is not included in the table above.

In addition to the enforceable and legally binding obligations quantified in the table above, we have other obligations for goods and services entered into in the normal course of business. These contracts, however, are either not enforceable or legally binding or are subject to change based on our business decisions.

Off-Balance-Sheet Activities and Guarantees

We have sold fractional ownership interests in a defined pool of accounts receivable. We account for this sales program under FASB Statement 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. We have entered into this program to provide us funding at rates favorable to our other borrowing arrangements. Under this program, we sell substantially all of our domestic trade accounts receivable on a revolving basis to a fully consolidated, wholly owned subsidiary. The subsidiary in turn sells a fractional ownership interest in the receivables to affiliates of two banks. Based on the terms of the sale, we record the sales as true sales and not as loans secured by the receivables. At December 31, 2004, $120 million of sold accounts receivable were excluded from "Receivables" in our Consolidated Balance Sheet. In connection with the Sale, we stopped selling the receivables related to these businesses, reducing the receivables sold as a part of this program at the end of the year. The portion of fractional ownership interest we retain is included in "Receivables" in our Consolidated Balance Sheet. A portion of our retained interest is subordinate to the interests of the bank affiliates, providing them credit support if the receivables become uncollectible. The anticipated impact of the credit support is reflected in our allowance for uncollectible receivables. The proceeds available under this program could be reduced, based on the level of eligible receivables, restrictions on the concentrations of receivables and the historical performance of the receivables. The available proceeds may not exceed $150 million under our current agreements. Our costs under this program vary, based on changes in interest rates. They totaled $4.2 million, $3.3 million and $4.4 million in 2004, 2003 and 2002, respectively.

The purchasers of the receivables normally commit to our securitization program in 364-day increments. In November 2004, we entered into a 60-day renewal of the arrangements, which were subsequently renewed for another 60-day period, which now expires on April 11, 2005. When the current program expires, none of the parties are obligated to renew the arrangement. Our experience over the last five years, however, has been that the parties do renew the arrangement with minimal alterations. If the program were not renewed, we would seek replacement funding from alternative funding sources. Use of those sources, however, might result in an increase in our interest expense and an increase in both liabilities and assets on our Consolidated Balance Sheet.

Guarantees

Note 20, Commitments and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in this Form 10-K describes the nature of our guarantees, including the approximate terms of the guarantees, how the guarantees arose, the events or circumstances that would require us to perform under the guarantees and the maximum potential undiscounted amounts of future payments we could be required to make.

Inflationary and Seasonal Influences

We believe that neither inflation nor deflation has had a material effect on our financial condition or results of operations; however, there can be no assurance that we will not be affected by inflation or deflation in the future. The company's business is seasonal, with OfficeMax, Retail showing a more pronounced seasonal trend than OfficeMax, Contract. Sales in the second quarter and summer months are historically the slowest of the year. Sales are stronger during the first, third and fourth quarters that include the important new-year office supply restocking month of January, the back-to-school period and the holiday selling season, respectively.

Disclosures of Financial Market Risks

Our debt is predominantly fixed-rate. At December 31, 2004, the estimated current market value of our debt, based on then-current interest rates for similar obligations with like maturities, including the timber notes, was approximately $3 million less than the amount of debt reported in the Consolidated Balance Sheet. The estimated fair values of our other financial instruments, cash and cash equivalents, receivables and short-term borrowings are the same as their carrying values. In the opinion of management, we do not have any significant concentration of credit risks. Concentration of credit risks with respect to trade receivables is limited due to the wide variety of customers and channels to and through which our products are sold, as well as their dispersion across many geographic areas.

Changes in interest and currency rates expose the company to financial market risk. We occasionally use derivative financial instruments, such as interest rate swaps, rate hedge agreements, forward purchase contracts and forward exchange contracts, to hedge underlying debt obligations or anticipated transactions. We do not use them for trading purposes. For qualifying hedges, the interest rate differential is reflected as an adjustment to interest expense over the life of the swap or underlying debt. Gains and losses related to qualifying hedges of foreign currency firm commitments and anticipated transactions are recorded in other comprehensive income (loss) and recognized in income as adjustments of carrying amounts when the hedged transactions occur. Unrealized gains and losses on all other forward exchange contracts are included in current-period net income (loss).

Interest Rate Swaps

On October 27, 2004, OfficeMax and its subsidiary, OfficeMax Southern Company, each entered into an interest rate swap contract with J. Aron & Company, an affiliate of Goldman, Sachs & Co. The contracts were entered to hedge the interest rate risk associated with the issuance of debt securities by special-purpose entities formed by the company. The special-purpose entities hold the $1.6 billion of 15-year timberland installment notes received in the Sale. The company issued nonrecourse debt from the special-purpose entities in order to monetize a significant portion of the value of the notes received. See the discussion of the timber notes and the monetization and securitization process under the caption "Liquidity and Capital Resources" in this Item 7.

The OfficeMax swap was for a notional amount of $1.2 billion, and the OfficeMax Southern Company swap was for a notional amount of $232 million. We paid $19.0 million to settle the contracts on December 16, 2004, in conjunction with the issuance of the securitized timber notes. The settlement amount was determined based on the settlement-date market value of a 15-year floating-to-fixed-rate interest rate swap with a fixed-rate level of 4.97% and represented a decrease in interest rates during the period the swaps were outstanding. See the discussion of the timber notes and the monetization and securitization process under the caption "Liquidity and Capital Resources" in this Item 7.

In April and May 2004, we entered into two interest rate swaps with notional amounts of $50 million each. These swaps converted $100 million of fixed-rate 7.50% debentures to variable-rate debt based on six-month LIBOR plus approximately 3.9% for the April swap and 3.8% for the May swap. In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converted $50 million of fixed-rate 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. In September 2004, we settled the swaps in anticipation of tendering for the underlying debt instruments. These swaps were designated as fair value hedges of a proportionate amount of the fixed-rate debentures. The swaps and debentures were marked to market, with changes in the fair value of the instruments recorded in "Income (loss)." These swaps were effective in hedging the changes in the fair value of the hedged item; accordingly, changes in the fair value of these instruments had no net effect on our reported net income (loss).

In February 2001, we entered into two interest rate swaps with notional amounts of $50 million each, one that matured in February 2003 and one that matured in February 2004. In November 2001, we entered into an interest rate swap with a notional amount of $50 million that matured in November 2004. The swaps hedged the variable cash flow risk from the variable interest payments on $100 million of our LIBOR-based debt in 2004 and 2003. The effective interest rates on the borrowings under the LIBOR-based unsecured revolving credit agreement, including the swaps, were 3.4% at December 31, 2003. Changes in the fair value of these swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" and reclassified to "Interest expense" as interest expense was recognized on the LIBOR-based debt. Amounts reclassified in 2004, 2003 and 2002 increased interest expense $1.2 million, $3.0 million and $3.2 million, respectively. Ineffectiveness related to these hedges was not significant.

Utility Swaps

Effective January 2004, we entered into two electricity swaps that converted 7 and 36 megawatts of usage per hour to a fixed price. Effective with the date of the Sale, these swaps were assumed by Boise Cascade, L.L.C. These swaps were designated as cash flow hedges. Accordingly, the changes in the fair value of the swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" in our Consolidated Balance Sheet. Ineffectiveness related to these swaps was not significant.

In November 2003, we entered into a natural gas swap to hedge the variable cash flow risk on 25,000 MMBtu per day of natural gas usage to a fixed price. The swap expired in March 2004. In April 2004, we entered into a natural gas swap to hedge the variable cash flow risk on 2,520,000 MMBtu of gas allocated on a monthly basis to a fixed price. The swap expired in October 2004. The swaps were designated as cash flow hedges. Accordingly, changes in the fair value of the swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" in our Consolidated Balance Sheets. The swaps were effective in hedging the changes in the index price of the hedged items.

Additional Consideration Agreement

Pursuant to an Additional Consideration Agreement between OfficeMax and Boise Cascade, L.L.C., related to the Sale, we may be required to make substantial cash payments to, or receive substantial cash payments from, Boise Cascade, L.L.C. Under the Additional Consideration Agreement, the transaction proceeds may be adjusted upward or downward based on paper prices during the six years following the closing date, subject to annual and aggregate caps. Neither party will be obligated to make a payment in excess of $45 million in any one year under the agreement. Payments are also subject to an aggregate cap of $125 million that declines to $115 million in the fifth year and $105 million in the sixth year. We calculated our projected future obligation under the Additional Consideration Agreement and accrued $42 million in "Other long-term liabilities" on our Consolidated Balance Sheet. We calculated the $42 million based on the net present value of weighted average expected payments using industry paper price projections. We recorded the accrual as an adjustment to the "Gain on sale of assets" in our Consolidated Statement of Income. In future periods, we will record the changes in the fair value in our net income (loss).

The table below provides information about our financial instruments that are sensitive to changes in interest rates or utility indexes. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For obligations with variable interest rates and sensitivity to energy market risk, the table sets forth payout amounts based on current rates and does not attempt to project future rates. Other instruments subject to market risk, such as obligations for pension plans and other postretirement benefits, are not reflected in the table.

Financial Instruments

	2005	2006	2007	2008	2009	There-after	December 31 2004 Total	2004 Fair Value	2003 Total	2003 Fair Value
						(millions)				
Debt										
Short-term borrowings	$ 10.3	$ —	$ —	$ —	$ —	$ —	$ 10.3	$ 10.3	$ 5.2	$ 5.2
Average interest rates	—	—	—	—	—	—	—	—	—	—
Long-term debt										
Fixed-rate debt payments	$ 97.7	$ 55.2	$ 29.4	$ 38.8	$ 55.0	$ 406.7	$ 682.8	$ 697.7	$ 1,677.9	$ 1,722.4
Average interest rates	7.3%	7.4%	7.4%	7.2%	8.5%	6.6%	7.0%	—	7.2%	—
Variable-rate debt payments	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 405.0	$ 405.0
Average interest rate	—	—	—	—	—	—	—	—	3.3%	—
Timber notes securitized	$ —	$ —	$ —	$ —	$ —	$ 1,470.0	$ 1,470.0	$ 1,452.4	$ —	$ —
Average interest rate	—	—	—	—	—	5.5%	5.5%	5.6%	—	—
Adjustable conversion-rate equity security units	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 172.5	$ 185.9
Average interest rate	—	—	—	—	—	—	—	—	7.5%	—
Guarantee of ESOP debt	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 19.1	$ 19.3
Average interest rate	—	—	—	—	—	—	—	—	9.5%	—
Interest rate swaps										
Notional principal amount of interest rate exchange agreements maturing										
Variable to fixed	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 100.0	$ (1.7)
Average pay rate	—	—	—	—	—	—	—	—	4.5%	—
Average receive rate	—	—	—	—	—	—	—	—	1.2%	—
Fixed to variable	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 50.0	$ 2.3
Average pay rate	—	—	—	—	—	—	—	—	1.3%	—
Average receive rate	—	—	—	—	—	—	—	—	4.8%	—
Energy swaps	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1.4	$ 1.4
Additional Consideration Agreement	$ —	$ 9.2	$ 8.5	$ 12.4	$ 19.9	$ 4.7	$ 54.7	$ 42.0	$ —	$ —

Environmental

As an owner and operator of real estate, we may be liable under environmental laws for the cleanup of past and present spills and releases of hazardous or toxic substances on or from our properties and operations. We can be found liable under these laws if we knew of, or were responsible for, the presence of such substances. In some cases, this liability may exceed the value of the property itself.

In connection with the Sale, environmental liabilites that relate to the operation of the forest products assets prior to the closing of the Sale continue to be OfficeMax liabilities. We have been notified that we are a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) or similar federal and state laws, or have received a claim from a private party, with respect to 15 active sites where hazardous substances or other contaminants are or may be located. All 15 active sites relate to operations either no longer owned by the company or unrelated to its ongoing operations. In most cases, we are one of many potentially responsible parties, and our alleged contribution to these sites is relatively minor. For sites where a range of potential liability can be determined, we have established appropriate reserves. We believe we have minimal or no responsibility with regard to several other sites. We cannot predict with certainty the total response and remedial costs, our share of the total costs, the extent to which contributions will be available from other parties, or the amount of time necessary to complete the cleanups. Based on our investigations; our experience with respect to cleanup of hazardous substances; the fact that expenditures will, in many cases, be incurred over extended periods of time; and the number of solvent potentially responsible parties, we do not believe that the known actual and potential response costs will, in the aggregate, materially affect our financial position or results of operations.

Critical Accounting Estimates

The Securities and Exchange Commission defines critical accounting estimates as those that are most important to the portrayal of our financial condition and results. These estimates require management's most difficult, subjective or complex judgments, often as a result of the need to estimate matters that are inherently uncertain. We reviewed the development, selection and disclosure of the following critical accounting estimates with the Audit Committee of our board of directors. Our current critical accounting estimates are as follows:

Merchandise Inventories

Merchandise inventories are valued at weighted average cost or market. Throughout the year, we perform annual physical inventories at all of our locations. For periods subsequent to the date of each location's last physical inventory, an allowance for estimated shrinkage is provided based on various factors, including sales volume, the location's historical shrinkage results and current trends. If actual losses as a result of inventory shrinkage are different than management's estimates, adjustments to the allowance for inventory shrinkage may be required.

We record cost markdowns for inventory not expected to be part of our ongoing merchandise offering. Management estimates the required allowance for future inventory cost markdowns based on historical information regarding product sell through and gross margin rates for similar products. If actual sell through or gross margin rates for discontinued inventory are different than management's estimates, additional inventory markdowns may be required and gross margin could be adversely impacted.

Vendor Rebates and Allowances

We participate in various cooperative advertising and other marketing programs with our vendors. We also participate in various volume purchase rebate programs that may offer tiered rebates based on reaching defined purchase levels. For such tiered rebate programs, the company calculates estimated consideration to be received from our vendors based on expected purchases during the rebate program period. We review sales projections and related purchases on a quarterly basis and adjust the estimated consideration accordingly. Rebates and allowances received from our vendors are deferred in inventory with the cost of the associated product and are recognized as a reduction of "Materials, labor and other operating expenses" when the product is sold, unless the rebates and allowances are linked to a specific incremental cost to sell a vendor's product. Amounts received from vendors that are linked to specific selling and distribution expenses are recognized as a reduction of "Selling and distribution expenses" in the period the expense is incurred. The terms of the contracts covering these programs can be complex and subject to interpretation. We provide an allowance, should our interpretation of the contract terms differ from those of our vendors and our vendors seek to recover some of the consideration from us.

Management identified a material weakness related to our controls over vendor rebates and allowances. (See "Item 9A. Controls and Procedures" in this Form 10-K for additional information related to the material weakness identified by management.)

Pensions

During the period of January 1 through October 28, 2004, some of our employees were covered by noncontributory defined benefit pension plans. Effective July 31, 2004, we spun off the portion of each plan attributable to active employees in the forest products businesses. Effective October 29, 2004, under the terms of the asset purchase agreement with affiliates of Boise Cascade, L.L.C., we transferred sponsorship of the spun-off plans to Boise Cascade, L.L.C., and only those terminated vested employees and retirees whose employment with us ended on or before July 31, 2004, and some active OfficeMax, Contract employees were covered under the plans remaining with us. The OfficeMax, Retail employees, among others, never participated in the pension plans. The salaried pension plan was closed to new entrants on November 1, 2003, and on December 31, 2003, the benefits of OfficeMax, Contract participants were frozen with one additional year of service provided to active OfficeMax, Contract employees on January 1, 2004, at a reduced 1% crediting rate. As a result of the closure, freeze and spin-off, our annual pension expense and contributions to the plans going forward will be less than the amounts included in prior periods.

We account for pension expense in accordance with FASB Statement 87, Employer's Accounting for Pensions. This statement requires us to calculate our pension expense and liabilities using actuarial assumptions, including a discount rate assumption and a long-term asset return assumption. We base our discount rate assumption on the rates of return on high-quality bonds currently available and expected to be available during the period to maturity of the pension benefits. We base our long-term asset return assumption on the average rate of earnings expected on invested funds. We believe that the accounting estimate related to pensions is a critical accounting estimate because it is highly susceptible to change from period to period, based on the performance of plan assets, actuarial valuations and changes in interest rates, and the effect on our financial position and results of operations could be material.

For the period of January 1 through October 28, 2004, our discount rate assumption was 6.25%, and our long-term asset return assumption was 8.25%. As a result of the Sale, we settled the pension assets and liabilities for employees in our forest products businesses who became employees of Boise Cascade, L.L.C. The settlement triggered a new measurement date. For the period of October 29 through December 31, 2004, our discount rate assumption was 5.75%, and our long-term asset return assumption remained at 8.25%. Using these assumptions, our 2004 pension expense was $169.7 million, including $94.9 million of curtailment expense related to the Sale, following expenses of $77.1 million and $30.4 million in 2003 and 2002. If we had used a 6.0% estimated discount rate and an 8.0% expected return on plan assets during all of 2004, our 2004 pension expense would have been $177.9 million, and net income would have decreased approximately $8.2 million. If we had used a 6.0% estimated discount rate and an 8.5% expected return on plan assets during all of 2004, our 2004 expense would have been $171.9 million, and net income would have decreased $2.2 million.

For 2005, our discount rate assumption used in the measurement of our net periodic benefit cost is 5.6%, and our expected return on plan assets is 8.0%. Using these assumptions, we estimate that our 2005 pension expense will be approximately $21.7 million. If we were to decrease our estimated discount rate assumption used in the measurement of our net periodic benefit cost to 5.35% and our expected return on plan assets to 7.75%, our 2005 pension expense would be approximately $26.2 million. If we were to increase our discount rate assumption used in the measurement of our net periodic benefit cost to 5.85% and our expected return on plan assets to 8.25%, our 2005 pension expense would be approximately $17.2 million.

Pension plan contributions include required minimums and, in some years, additional discretionary amounts. During 2004, we made contributions to our pension plans totaling $279.8 million, compared with $84.5 million in 2003 and $48.0 million in 2002. There are no minimum contribution requirements in 2005. However, the company may elect to make voluntary contributions.

Environmental Remediation

We are subject to a variety of environmental and pollution control laws and regulations. We account for environmental remediation liabilities in accordance with the SOP 96-1. We record liabilities on an undiscounted basis when assessments and/or remedial efforts are probable and the cost can be reasonably estimated. We estimate our environmental liabilities based on various assumptions and judgments, as we cannot predict with certainty the total response and remedial costs, our share of total costs, the extent to which contributions will be available from other parties or the amount of time necessary to complete any remediation. In making these judgments and assumptions, we consider, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third-party consultants and contractors and our historical experience at other sites that are judged to be comparable. Due to the number of uncertainties and variables associated with these assumptions and judgments and the effects of changes in governmental regulation and environmental technologies, the precision of the resulting estimates of the related liabilities is subject to uncertainty. We regularly monitor our estimated exposure to our environmental liabilities. As additional information becomes known, our estimates may change.

Environmental liabilities that relate to the operation of the forest products assets prior to the closing of the Sale continue to be liabilities of OfficeMax, in addition to the liabilities related to the 15 active sites referenced in Note 21, Legal Proceedings and Contingencies, in Item 8. "Financial Statements and Supplementary Data" in this Form 10-K.

Goodwill Impairment

FASB Statement 142, Goodwill and Other Intangible Assets, requires us to assess goodwill for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. The statement requires estimates of the fair values of our reporting units. If we determine the fair values are less than the carrying amount of goodwill recorded on our Consolidated Balance Sheet, we must recognize an impairment in our financial statements. At December 31, 2004, we had $1.2 billion of goodwill recorded on our Consolidated Balance Sheet. Of the $1.2 billion, $505.9 million and $659.4 million were recorded in our OfficeMax, Contract and OfficeMax, Retail segments, respectively.

During the first quarter of 2004, we performed our annual impairment assessment of goodwill in our OfficeMax, Contract; OfficeMax, Retail; and Boise Building Solutions segments in accordance with the provisions of Statement 142. We concluded that no impairment existed. We completed an additional assessment following the Sale in the fourth quarter, and there was no impairment. In testing for potential impairment, we measured the estimated fair value of our reporting units based upon discounted future operating cash flows using a discount rate reflecting our estimated average cost of funds. Differences in assumptions used in projecting future operating cash flows and cost of funds could have a significant impact on the determination of impairment amounts.

In estimating future cash flows, we used our internal budgets. Our budgets were based on recent sales data for existing products, planned timing of new product launches or capital projects and customer commitments related to new and existing products. Specifically, the additional assessment completed following the Sale included assumptions about retail store openings and closures, the consolidation of our distribution networks and improvements in our supply chain.

Due to the numerous variables associated with our judgments and assumptions relating to the valuation of the reporting units and the effects of changes in circumstances on these valuations, both the precision and reliability of the resulting estimates are subject to uncertainty. As additional information becomes known, we may change our estimates.

Cautionary and Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements. Statements that are not historical or current facts, including statements about our expectations, anticipated financial results and future business prospects, are forward-looking statements. You can identify these statements by our use of words such as "may," "will," "expect," "believe," "should," "plan," "anticipate" and other similar expressions. You can find examples of these statements throughout this report, including the Summary and Outlook section. We cannot guarantee that our actual results will be consistent with the forward-looking statements we make in this report. We have listed below inherent risks and uncertainties that could cause our actual results to differ materially from those we project. We do not assume an obligation to update any forward-looking statement.

Intense competition in our markets could harm our ability to achieve or maintain profitability. The office products market is highly competitive. Purchasers of office products have many options when purchasing office supplies and paper, print and document services, technology products and solutions and office furniture. We compete with worldwide contract stationers, large retail office products suppliers, direct-mail distributors, discount retailers, drugstores, supermarkets and thousands of local and regional contract stationers, many of whom have long-standing customer relationships. Increased competition in the office products industry, together with increased advertising, has heightened price awareness among end-users. Such heightened price awareness has led to margin pressure on office products. Some of our competitors are larger than we are and have greater financial and other resources available to them, and there can be no assurance that we can continue to compete successfully with them.

Our retail business may face increased competition from well-established mass merchant retailers who have the financial and distribution abilities to compete effectively with us should they choose to (a) increase their presence in the office superstore, internet office supply or contract stationer business, or (b) substantially expand their office product offerings in their existing retail outlets. Further, various other retailers that have not historically competed with superstores, such as drugstores and grocery chains, have begun carrying at least a limited assortment of basic office supplies. Many of our competitors have increased their presence in our markets in recent years. We may also encounter significant competition in the areas of price and selection from merchants that focus heavily on Internet sales, some of whom may operate few, if any, stores and thereby limit their fixed costs. In particular, they may be formidable competitors with respect to customers who are willing to look for the absolute lowest price without regard to the other attributes of our business model, including customer service. In addition, increasing numbers of manufacturers of computer hardware, software and peripherals, including certain of our suppliers, have expanded their own direct marketing of products, particularly over the Internet. There is a possibility that any or all of these competitors could become more aggressive in the future, thereby increasing the number and breadth of our competitors, potentially having a material adverse effect on our retail business and results of our operations.

We may be unable to open and remodel stores successfully. Our business plans include the opening and remodeling of a significant number of retail stores, including the opening of 40 new stores in 2005. For these plans to be successful, we must identify and lease favorable store sites, develop remodeling plans, hire and train associates and adapt management and operation systems to meet the needs of these operations. These tasks are difficult to manage successfully. If we are not able to open and remodel stores as quickly as we have planned, our future financial performance could be materially and adversely affected. Further, we cannot ensure that the new or remodeled stores will achieve the same sales or profit levels that we anticipate. This is particularly true as we introduce different store formats and sizes or enter into new market areas.

Economic conditions directly influence our operating results. Economic conditions, both domestically and abroad, directly influence our operating results. Current economic conditions, including the level of unemployment and energy costs, may adversely affect our business and the results of operations.

Our quarterly operating results are subject to fluctuation. Our quarterly operating results have fluctuated in the past and are likely to do so in the future. Factors that may contribute to these quarter-to-quarter fluctuations could include the effects of seasonality, our level of advertising and marketing, new store openings, changes in product mix and competitors' pricing. These quarterly fluctuations could have an adverse effect on both our operating results and the price of our common stock.

Our operating results may be adversely affected if we are unable to attract and retain key personnel. We lost members of our senior management team during the first quarter of 2005, including our former Chief Executive and Chief Financial Officers. We may not be successful in attracting and retaining highly qualified replacements. Additionally, we may not be able to continue to attract and retain other key personnel in the future. The inability to find appropriate replacements for senior management and to continue to attract and retain other key personnel could adversely affect our operating results.

We cannot ensure that the transition of services from Boise Cascade, L.L.C. will go smoothly. As part of the Sale, we entered into a Mutual Administrative Services Agreement under which Boise Cascade, L.L.C. provides corporate staff services to OfficeMax on an interim basis. These services include financial, legal, human resources and investor relations services. Many of the Boise Cascade, L.L.C. employees providing these services are providing the same services they provided as employees of OfficeMax. Although OfficeMax employees are now providing many of these transition services, we still need to attract appropriate replacements to complete the transfer of the transition services from Boise Cascade, L.L.C. to OfficeMax. There can be no assurance that we will be able to find appropriate replacements in a timely manner.

We have more indebtedness than do some of our key competitors, which could adversely affect our cash flows, business and ability to fulfill our debt obligations. Although we have repaid a significant portion of our debt with the proceeds from the Sale, we will still have more debt than will several of our key competitors. Because we have more debt, we are required to dedicate a portion of our cash flow from operations to repay debt. This reduces the funds we have available for working capital, capital expenditures, acquisitions, new stores, store remodels and other purposes. Similarly, our larger debt levels increase our vulnerability to, and limit our flexibility in planning for, adverse economic and industry conditions and create other competitive disadvantages compared with other companies with lower debt levels.

We cannot ensure our integration efforts will be successful. Our acquisition of OfficeMax, Inc., in December 2003, required the integration and coordination of our existing contract stationer operations with the retail operations of the acquired company. Integrating and coordinating these operations involves complex operational and personnel-related challenges. This process will continue to be time-consuming and expensive, may disrupt our day-to-day business activities and may not result in the full benefits of the synergies we expect. The difficulties, costs and delays that we could encounter include unanticipated issues in integrating information, communications and other systems; the loss of customers; unanticipated incompatibility of purchasing, logistics, marketing, paper sales and administration methods; and unanticipated costs of terminating or relocating facilities and operations. There may also be negative effects associated with employee morale and performance because of job changes and reassignments.

We retained responsibility for certain liabilities of the paper, forest products and timberland businesses we sold. These include liabilities related to environmental, tax, litigation and employee benefit matters. Some of these retained liabilities could turn out to be significant, which could have a material adverse effect on our results of operations. Our exposure to these liabilities could harm our ability to compete with other office products distributors, who would not typically be subject to similar liabilities.

Our continued equity interest in Boise Cascade, L.L.C., subjects us to the risks associated with the paper and forest products industry. When we sold our forest products businesses, we purchased a continuing equity interest in affiliates of Boise Cascade, L.L.C. In addition, we have an ongoing obligation to purchase paper from an affiliate of Boise Cascade, L.L.C. These continuing interests subject us to market risks associated with the paper and forest products industry. These industries are subject to cyclical market pressures. Historical prices for products have been volatile, and industry participants have limited influence over the timing and extent of price changes. The relationship between supply and demand in these industries significantly affects product pricing. Demand for building products is driven mainly by factors such as new construction and remodeling rates, interest rates and weather. The supply of paper and building products fluctuates based on manufacturing capacity, and excess capacity, both domestically and abroad, can result in significant variations in product prices. The level of supply and demand for forest products will affect the value of our interests in affiliates of Boise Cascade, L.L.C., and will influence the price we pay for paper. Our exposure to these risks could decrease our ability to compete effectively with our competitors, who typically are not subject to such exposures.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information concerning quantitative and qualitative disclosures about market risk is included under the caption "Disclosures of Financial Market Risks" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

OfficeMax Incorporated and Subsidiaries
Consolidated Statements of Income

	Year Ended December 31		
	2004	**2003**	**2002**
	(thousands, except per-share amounts)		
Sales	$ 13,270,196	$ 8,245,098	$ 7,412,329
Costs and expenses			
Materials, labor and other operating expenses	10,361,090	6,624,575	6,001,205
Depreciation, amortization and cost of company timber harvested	354,982	307,849	306,458
Selling and distribution expenses	1,948,106	948,955	785,239
General and administrative expenses	304,658	158,786	154,284
Other (income) expense, net	(83,740)	35,786	30,842
	12,885,096	8,075,951	7,278,028
Gain on sale of forest products assets	280,558	—	—
Equity in net income (loss) of affiliates	6,311	8,822	(2,435)
Income from continuing operations	671,969	177,969	131,866
Debt retirement expense	(137,137)	—	—
Interest expense	(151,939)	(132,545)	(131,713)
Interest income	14,093	1,186	1,525
Timber notes securitization	(19,000)	—	—
Other, net	1,456	2,630	(326)
	(292,527)	(128,729)	(130,514)
Income from continuing operations before income taxes, minority interest and cumulative effect of accounting changes	379,442	49,240	1,352
Income tax (provision) benefit	(142,291)	(13,860)	18,277
Income from continuing operations before minority interest and cumulative effect of accounting changes	237,151	35,380	19,629
Minority interest, net of income tax	(3,026)	—	—
Income from continuing operations before cumulative effect of accounting changes	234,125	35,380	19,629
Discontinued operations			
Operating loss	(32,095)	(29,943)	(13,566)
Write-down of assets	(67,841)	—	—
Income tax benefit	38,869	11,638	5,277
Loss from discontinued operations	(61,067)	(18,305)	(8,289)
Income before cumulative effect of accounting changes	173,058	17,075	11,340
Cumulative effect of accounting changes, net of income tax	—	(8,803)	—
Net income	**173,058**	**8,272**	**11,340**
Preferred dividends	(11,917)	(13,061)	(13,101)
Net income (loss) applicable to common shareholders	$ 161,141	$ (4,789)	$ (1,761)
Basic income (loss) per common share			
Continuing operations	$ 2.55	$ 0.37	$ 0.11
Discontinued operations	(0.70)	(0.30)	(0.14)
Cumulative effect of accounting changes, net of income tax	—	(0.15)	—
Basic	**$ 1.85**	**$ (0.08)**	**$ (0.03)**
Diluted income (loss) per common share			
Continuing operations	$ 2.44	$ 0.37	$ 0.11
Discontinued operations	(0.67)	(0.30)	(0.14)
Cumulative effect of accounting changes, net of income tax	—	(0.15)	—

Diluted	**$ 1.77**	**$ (0.08)**	**$ (0.03)**

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries
Consolidated Balance Sheets

	December 31	
	2004	**2003**
	(thousands)	
ASSETS		
Current		
Cash and cash equivalents	$ 1,242,542	$ 124,879
Receivables, less allowances of $7,012 and $10,865	640,381	572,229
Related party receivables	2,892	1,901
Inventories	1,138,167	1,608,324
Deferred income taxes	137,700	132,206
Assets held for sale	41,634	98,675
Other	55,446	58,611
	3,258,762	2,596,825
Property		
Property and equipment		
Land and land improvements	38,665	87,703
Buildings and improvements	313,384	866,798
Machinery and equipment	606,745	4,831,190
	958,794	5,785,691
Accumulated depreciation	(417,342)	(3,056,165)
	541,452	2,729,526
Timber, timberlands and timber deposits	—	330,667
	541,452	3,060,193
Goodwill	1,165,316	1,107,292
Intangible assets, net	209,958	218,196
Investments in affiliates	175,915	44,335
Timber notes receivable	1,635,000	—
Restricted investment	113,000	—
Deferred charges	73,408	89,324
Other assets	370,188	259,994
Total assets	**$ 7,542,999**	**$ 7,376,159**

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries

Consolidated Balance Sheets (continued)

	December 31	
	2004	2003
	(thousands)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Short-term borrowings	$ 10,309	$ 5,188
Current portion of long-term debt	97,738	83,016
Income taxes payable	118,077	694
Accounts payable		
Trade	1,076,020	1,248,573
Related parties	42,001	5,454
Accrued liabilities		
Compensation and benefits	167,415	317,554
Interest payable	18,858	34,130
Other	323,336	279,506
Liabilities related to assets held for sale	3,216	11,967
	1,856,970	1,986,082
Debt		
Long-term debt, less current portion	585,082	1,999,876
Timber notes securitized	1,470,000	—
Adjustable conversion-rate equity security (ACES)	—	172,500
Guarantee of ESOP debt	—	19,087
	2,055,082	2,191,463
Other		
Deferred income taxes	—	35,747
Compensation and benefits	557,488	564,331
Deferred gain on sale of assets	179,757	—
Other long-term liabilities	259,761	254,748
	997,006	854,826
Minority interest	23,463	20,154
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock—no par value; 10,000,000 shares authorized;		
Series D ESOP: $.01 stated value; 1,376,987 and 4,117,827 shares outstanding	61,964	185,302
Deferred ESOP benefit	—	(19,087)
Common stock—$2.50 par value; 200,000,000 shares authorized; 93,575,557 and 87,137,306 shares outstanding	232,269	214,805
Additional paid-in capital	1,441,265	1,228,694
Retained earnings	1,019,679	907,738
Accumulated other comprehensive loss	(144,699)	(193,818)
Total shareholders' equity	2,610,478	2,323,634
Total liabilities and shareholders' equity	**$ 7,542,999**	**$ 7,376,159**

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries
Consolidated Statements of Cash Flows

	Year Ended December 31		
	2004	**2003**	**2002**
		(thousands)	
Cash provided by (used for) operations			
Net income	$ 173,058	$ 8,272	$ 11,340
Items in net income (loss) not using (providing) cash			
Equity in net (income) loss of affiliates	(6,311)	(8,822)	2,435
Depreciation, amortization and cost of company timber harvested	354,982	307,849	306,458
Deferred income tax provision (benefit)	(15,192)	(5,809)	(29,689)
Minority interest, net of income tax	3,026	—	—
Pension and other postretirement benefits expense	83,261	84,760	37,701
Write-down of assets	—	14,699	—
Discontinued operations	36,457	(11,154)	(4,762)
Sales of assets	(387,218)	—	23,646
Cumulative effect of accounting changes, net of income tax	—	8,803	—
Restructuring activities	—	(806)	(750)
Other compensation expense	23,505	6,461	—
Other	104	3,630	(1,063)
Receivables	(490,168)	(22,396)	7,224
Inventories	(39,630)	73,299	(60,791)
Accounts payable and accrued liabilities	(15,867)	(58,906)	3,079
Current and deferred income taxes	84,623	(38,261)	26,025
Pension and other postretirement benefits payments	(288,772)	(94,811)	(57,775)
Other	32,993	57,891	77,358
Cash provided by (used for) operations	(451,149)	324,699	340,436
Cash provided by (used for) investment			
Expenditures for property and equipment	(290,600)	(212,833)	(181,202)
Expenditures for timber and timberlands	(7,642)	(10,256)	(18,184)
Investments in affiliates	(174,901)	127	225
Acquisition of businesses and facilities, net of cash acquired	—	(432,571)	(7,171)
Restricted investment	(113,000)	—	—
Proceeds from sale of assets	2,225,561	—	—
Discontinued operations	(9,388)	6,404	(38,378)
Other	15,078	(24,489)	(65,886)
Cash provided by (used for) investment	1,645,108	(673,618)	(310,596)
Cash provided by (used for) financing			
Cash dividends paid			
Common stock	(51,874)	(35,001)	(34,917)
Preferred stock	(12,211)	(13,864)	(14,548)
	(64,085)	(48,865)	(49,465)
Short-term borrowings	5,121	(22,812)	(20,700)
Timber notes securitized	1,470,000	—	—
Additions to long-term debt	246	735,712	232,181
Payments of long-term debt	(1,570,504)	(246,589)	(176,964)
Purchase of Series D preferred	(123,233)	—	—
Proceeds from exercise of stock options	37,823	8,554	—
Stock issued for adjustable conversion-rate equity security units	172,500	—	—
Other	(4,164)	(17,354)	(6,442)
Cash provided by (used for) financing	(76,296)	408,646	(21,390)
Increase in cash and cash equivalents	1,117,663	59,727	8,450
Balance at beginning of the year	124,879	65,152	56,702
Balance at end of the year	**$ 1,242,542**	**$ 124,879**	**$ 65,152**

See accompanying notes to consolidated financial statements.

OfficeMax Incorporated and Subsidiaries

Consolidated Statements of Shareholders' Equity

For the Years Ended December 31, 2002, 2003 and 2004

(thousands, except share amounts)

Common Shares Outstanding		Total Share-holders' Equity	Preferred Stock	Deferred ESOP Benefit	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss
58,061,762	Balance at December 31, 2001	$ 1,578,353	$ 201,626	$ (80,889)	$ 145,154	$ 466,952	$ 985,311	$ (139,801)
	Comprehensive loss							
	Net income	11,340	—	—	—	—	11,340	—
	Other comprehensive income (loss), net of tax							
	Cumulative foreign currency translation adjustment	12,829	—	—	—	—	—	12,829
	Cash flow hedges	861	—	—	—	—	—	861
	Minimum pension liability adjustment	(187,995)	—	—	—	—	—	(187,995)
	Other comprehensive loss	(174,305)	—	—	—	—	—	(174,305)
	Comprehensive loss	$ (162,965)						
	Cash dividends declared							
	Common stock	(34,952)	—	—	—	—	(34,952)	—
	Preferred Stock	(14,548)	—	—	—	—	(14,548)	—
218,462	Stock options exercised	6,494	—	—	546	5,948	—	—
(1,148)	Treasury stock cancellations	(9,033)	(8,998)	—	(3)	(9)	(23)	—
4,643	Other	36,182	—	29,441	12	1,642	5,087	—
58,283,719	Balance at December 31, 2002	$ 1,399,531	$ 192,628	$ (51,448)	$ 145,709	$ 474,533	$ 952,215	$ (314,106)
	Comprehensive income							
	Net income	8,272	—	—	—	—	8,272	—
	Other comprehensive income, net of tax							
	Cumulative foreign currency translation adjustment	65,472	—	—	—	—	—	65,472
	Cash flow hedges	1,887	—	—	—	—	—	1,887
	Minimum pension liability adjustment	52,929	—	—	—	—	—	52,929
	Other comprehensive income	120,288	—	—	—	—	—	120,288
	Comprehensive income	$ 128,560						
	Cash dividends declared							
	Common stock	(39,445)	—	—	—	—	(39,445)	—
	Preferred stock	(13,864)	—	—	—	—	(13,864)	—
27,316,955	Stock issued for acquisition	808,172	—	—	68,292	739,880	—	—
1,215,118	Restricted stock	6,461	—	—	—	6,461	—	—
713	Restricted stock vested	—	—	—	2	(2)	—	—
319,139	Stock options exercised	8,554	—	—	798	7,756	—	—
(2,006)	Treasury stock cancellations	(7,378)	(7,326)	—	(5)	(16)	(31)	—
3,668	Other	33,043	—	32,361	9	82	591	—
87,137,306	Balance at December 31, 2003	$ 2,323,634	$ 185,302	$ (19,087)	$ 214,805	$ 1,228,694	$ 907,738	$ (193,818)
	Comprehensive income							
	Net income	173,058	—	—	—	—	173,058	—
	Other comprehensive income, net of tax							
	Cumulative foreign currency translation adjustment	29,933	—	—	—	—	—	29,933
	Cash flow hedges	159	—	—	—	—	—	159
	Minimum pension liability adjustment	19,027	—	—	—	—	—	19,027
	Other comprehensive income	49,119	—	—	—	—	—	49,119
	Comprehensive income	$ 222,177						
	Cash dividends declared							
	Common stock	(52,284)	—	—	—	—	(52,284)	—
	Preferred stock	(12,211)	—	—	—	—	(12,211)	—
5,412,705	Conversion of ACES to common stock	172,500	—	—	13,532	158,968	—	—
(547,275)	Restricted stock	19,579	—	—	—	19,579	—	—
365,787	Restricted stock vested	—	—	—	915	(915)	—	—
1,202,308	Stock options exercised	37,823	—	—	3,006	34,817	—	—
(3,129)	Treasury stock cancellations	(123,437)	(123,338)	—	(8)	(91)	—	—
7,855	Other	22,697	—	19,087	19	213	3,378	—
93,575,557	**Balance at December 31, 2004**	**$ 2,610,478**	**$ 61,964**	**$ —**	**$ 232,269**	**$ 1,441,265**	**$ 1,019,679**	**$ (144,699)**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

On October 29, 2004, we sold our paper, forest products and timberland assets for approximately $3.7 billion to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC (the "Sale"). The Sale did not include our facility near Elma, Washington. (See Note 3, Discontinued Operations, of the Notes to the Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K for more information on the Elma facility.) With the Sale, we completed the company's transition, begun in the mid-1990s, from a predominantly manufacturing-based company to an independent office products distribution company. In connection with the Sale, Boise Cascade Corporation changed its company name to OfficeMax Incorporated ("OfficeMax" or "we"). We trade on the New York Stock Exchange under the ticker symbol OMX, and our corporate headquarters is in Itasca, Illinois. The OfficeMax website address is www.officemax.com. OfficeMax is a leader in both business-to-business and retail office products distribution. We provide office supplies and paper, print and document services, technology products and solutions and furniture to large, medium and small businesses and consumers. OfficeMax customers are serviced by approximately 41,000 associates through direct sales, catalogs, the Internet and approximately 935 superstores.

In connection with the name change, we changed the names of our office products segments to OfficeMax, Contract and OfficeMax, Retail. The Boise Cascade Corporation and Boise Office Solutions names were used in documents furnished to or filed with the Securities and Exchange Commission before November 1, 2004. References made to the OfficeMax, Inc., Acquisition and OfficeMax, Inc. Integration in this Form 10-K refer to Boise Cascade Corporation's acquisition of OfficeMax, Inc., in December 2003 and the related integration activities. The financial data included in this report include the results of the paper, forest products and timberland assets through October 28, 2004. On October 29, 2004, we invested $175 million in the equity units of affiliates of Boise Cascade, L.L.C. This investment represents continuing involvement as defined in Statement 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Accordingly, we do not show the historical results of the paper, forest products and timberland assets as discontinued operations.

We report our business results using five reportable segments: OfficeMax, Contract; OfficeMax, Retail; Boise Building Solutions; Boise Paper Solutions; and Corporate and Other. OfficeMax, Contract markets and sells office supplies and paper, technology products and office furniture through field salespeople, outbound telesales, catalogs, the Internet and stores. OfficeMax, Retail markets and sells office supplies and paper, print and document services, technology products and office furniture through office supply superstores. Boise Building Solutions manufactured, marketed and distributed various products that are used for construction, while Boise Paper Solutions manufactured, marketed and distributed uncoated free sheet papers, containerboard, corrugated containers, newsprint and market pulp. Corporate and Other includes support staff services and related assets and liabilities.

Consolidation and Use of Estimates

The consolidated financial statements include the accounts of the company and all subsidiaries after elimination of intercompany balances and transactions. The results of our sold paper, forest products and timberland operations before October 29, 2004, are included in our consolidated financial statements. All of our segments except OfficeMax, Retail had a December 31 year-end. Our OfficeMax, Retail segment maintained a fiscal year that ended on the last Saturday in December, which in 2004 was December 25. Effective March 11, 2005, we amended our bylaws to make the fiscal year-end for OfficeMax Incorporated the last Saturday of December. Our international businesses will maintain the December 31 year-end. We will consolidate the calendar year-end results of our international businesses in OfficeMax Incorporated's fiscal-year results. Due to statutory requirements, the retail segment's majority-owned subsidiary in Mexico maintains a calendar year-end. The subsidiary is consolidated in our results of operations one month in arrears.

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 and liabilities and disclosure about contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from those estimates.

Foreign Currency Translation

Local currencies are considered the functional currencies for most of our operations outside the United States. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at average monthly exchange rates prevailing during the year. Resulting translation adjustments are included in "Accumulated other comprehensive loss." Foreign exchange gains and losses reported in the Consolidated Statements of Income (Loss) arose primarily from transaction adjustments where the U.S. dollar is the functional currency.

Revenue Recognition

We recognize revenue when the following criteria are met: persuasive evidence of an agreement exists, delivery has occurred or services have been rendered, our price to the buyer is fixed and determinable and collectibility is reasonably assured. Generally, we recognize revenue upon delivery to a customer or third-party delivery service for the OfficeMax, Contract segment and at the point of sale for the OfficeMax, Retail segment, less an appropriate provision for returns and net of coupons, rebates and other sales incentives. Revenue from sales transactions in which the company effectively acts as an agent or broker is reported on a net or commission basis. Revenue from the sale of extended warranty contracts is reported on a net or commission basis, except in a limited number of states where state law specifies the company as the legal obligor. In such states, the revenue from the sale of extended warranty contracts is recognized ratably over the contract period. The performance obligations and risk of loss associated with extended warranty contracts sold by the company are assumed by a third party. Fees for shipping and handling charged to customers in sale transactions are included in "Sales." Costs related to shipping and handling are included in "Materials, labor and other operating expenses."

Cash Equivalents

Cash equivalents consist of short-term investments that have a maturity of three months or less at the date of purchase. Cash equivalents totaled $1.2 billion and $6.7 million at December 31, 2004 and 2003, respectively.

Vendor Rebates and Allowances

We participate in various cooperative advertising programs and other marketing programs with our vendors. We also participate in various volume purchase rebate programs that may offer tiered rebates based on reaching defined purchase levels. For such tiered rebate programs, the company calculates estimated consideration to be received from our vendors based on expected purchases during the rebate program period. We review sales projections and related purchases on a quarterly basis and adjust the estimated consideration accordingly.

Effective January 1, 2003, we adopted the guidelines issued by the Financial Accounting Standards Board's (the "FASB") Emerging Issues Task Force (the "EITF") Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor." Rebates and allowances received from our vendors are deferred in inventory with the cost of the associated product and are recognized as a reduction of "Materials, labor and other operating expenses" when the product is sold, unless the rebates and allowances are linked to a specific incremental cost to sell a vendor's product. Amounts received from vendors that are linked to specific selling and distribution expenses are recognized as a reduction of "Selling and distribution expenses" in the period the expense is incurred. See Note 8, Accounting Changes, for information related to the 2003 accounting change for vendor allowances.

Inventory Valuation

At December 31, 2004, our inventories consisted of office products merchandise inventories valued at the lower of weighted average method cost or market. At December 31, 2003, inventories for our sold paper, forest products and timberland assets were included in inventories based on the last-in, first-out (LIFO) method of inventory valuation for raw materials and finished goods inventories at most of our domestic building materials and paper manufacturing facilities. Approximately 14% of our inventories were accounted for under this method at December 31, 2003. For all other inventories, cost was based on the average or first-in, first-out (FIFO) valuation method. Manufactured inventories included costs for materials, labor and factory overhead.

Inventories include the following:

	December 31	
	2004	**2003**
	(thousands)	
Merchandise inventories	$ 1,138,167	$ 1,246,058
Finished goods and work in process	—	210,923
Logs	—	51,572
Other raw materials and supplies	—	143,936
LIFO reserve	—	(44,165)
	$ 1,138,167	**$ 1,608,324**

Property and Equipment

Property and equipment are recorded at cost. Cost includes expenditures for major improvements and replacements and the net amount of interest cost associated with significant capital additions. Capitalized interest was insignificant in all periods presented. Gains and losses from sales and retirements are included in income (loss) as they occur. Our sold paper and forest products operations determined depreciation by the straight-line method or a units-of-production method that approximated straight-line over three to five years. We calculate depreciation using the straight-line method over the estimated useful lives of the assets or the terms of the respective leases.

The estimated useful lives of depreciable assets are generally as follows: building and improvements, 5 to 40 years; furniture and equipment, 1.5 to 5 years; and machinery, equipment and delivery trucks, 5 to 10 years. Leasehold improvements are amortized over the lesser of the term of the lease, including any option periods we are reasonably assured of exercising, or 5 to 15 years.

Timber and Timberlands

Our timberland assets were included in the Sale. Timber and timberlands assets included in our December 31, 2003 Consolidated Balance Sheet are stated at cost, less the accumulated cost of timber previously harvested.

Facility Closure Reserves

We review our real estate portfolio to identify underperforming facilities and close those facilities that are no longer strategically or economically viable. We account for facility closure costs in accordance with Statement 146, "Accounting for Costs Associated with Exit or Disposal Activities." In accordance with Statement 146, we accrue a liability for the cost associated with an exit or disposal activity at its fair value in the period in which the liability is incurred, except for liabilities for one-time termination benefits that are incurred over time. We record a liability for the discounted value of lease termination costs on the date we terminate the lease; if we do not terminate the lease, but cease using the property, we record the discounted liability on the date we cease using the property. The liability is recorded net of the amount for which the property either is or could be subleased. Accretion expense is recognized over the life of the payments. (See Note 5, OfficeMax, Inc., Integration.)

Closures of facilities acquired in the OfficeMax, Inc. acquisition were accounted for in accordance with EITF Issue No. 95-3, "Recognition of Liabilities in Connection With a Purchase Business Combination." These charges were accounted for as exit activities in connection with the acquisition, and we did not recognize a charge to income in our Consolidated Statement of Income. (See Note 5, OfficeMax, Inc., Integration.)

Long-Lived Asset Impairment

We account for the impairment of long-lived assets in all of our segments in accordance with Statement 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." An impairment of a long-lived asset exists when the carrying value of an asset exceeds its fair value and when the carrying value is not recoverable through future operations. We review the carrying value of long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. In December 2004, we recorded a $67.8 million pretax charge for the write-down of impaired assets at our facility near Elma, Washington, that manufactures integrated wood-polymer building materials. (See Note 3, Discontinued Operations.) In December 2003, we recorded a $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington. (See Note 7, Other Income (Expense), Net.)

Goodwill and Intangible Assets

We account for goodwill and other intangible assets in accordance with Statement 142, "Goodwill and Other Intangible Assets." Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and intangible assets of businesses acquired. We assess goodwill and intangible assets with indefinite lives for impairment at least annually using a fair-value-based approach. We completed our annual assessment in accordance with the provisions of the standard in first quarter 2004 and 2003, and there was no impairment. We completed an additional assessment following the Sale in the fourth quarter, and there was no impairment.

Intangible assets represent the values assigned to trade names, customer lists and relationships, noncompete agreements and exclusive distribution rights of businesses acquired. The trade name assets have an indefinite life and are not amortized. All other intangible assets are amortized on a straight-line basis over their expected useful lives, which range from three to 20 years. (See Note 13, Goodwill and Intangible Assets.)

Investments in Affiliates

We use the equity method to account for investments that we do not control but in which we have significant influence and the cost method to account for investments with less than 20% ownership and no significant influence. We periodically review the recoverability of investments in affiliates. The measurement of possible impairment is based on the estimated fair value of our investment. (See Note 12, Investments in Affiliates.)

Deferred Software Costs

We defer internal-use software costs that benefit future years. These costs are amortized on the straight-line method over the expected life of the software, typically three to five years. "Deferred charges" in the Consolidated Balance Sheets includes deferred software costs of $57.3 million and $69.1 million at December 31, 2004 and 2003. Amortization of deferred software costs totaled $25.2 million, $22.7 million and $21.4 million in 2004, 2003 and 2002.

Environmental Issues

Effective January 1, 2003, we adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations," which affected the way we account for landfill closure costs for the sold paper, forest products and timberland assets. This statement required us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. We recorded liabilities when assessments and/or remedial efforts were probable and the cost could be reasonably estimated. These liabilities were based on the best estimate of current costs and are updated periodically to reflect current technology, laws and regulations, inflation and other economic factors. At December 31, 2004, because of the Sale the only liability for asset retirement obligations recorded on our balance sheet was $0.3 million related to assets held for sale. See Note 8, Accounting Changes, for the impact of adopting SFAS No. 143 on our Consolidated Statement of Income in 2003.

In connection with the Sale, environmental liabilities that relate to the operation of the forest products assets prior to the closing of the Sale continue to be OfficeMax liabilities, in addition to the liabilities associated with the 15 sites referenced in Note 21, Legal Proceedings and Contingencies.

Stock-Based Compensation

In 2003, we adopted the fair-value-based method of accounting for stock-based employee compensation under the provisions of Statement 123, "Accounting for Stock-Based Compensation" and Statement 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." We used the prospective method of transition for all employee awards granted on or after January 1, 2003. Awards under our plans vest over periods up to three years. Therefore, the cost related to stock-based employee compensation included in the determination of net income in 2003 is less than that which would have been recognized if the fair-value-based method had been applied to all awards since the original effective date of Statement 123, "Accounting for Stock-Based Compensation." During 2004 and 2003, in our Consolidated Statements of Income, we recognized $25.7 million and $6.9 million of pretax compensation expense, of which $25.1 million and $6.5 million related to restricted stock. For more information, see Note 8, Accounting Changes.

Prior to 2003, we accounted for our stock-based employee compensation plans under the recognition and measurement provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and its related interpretations. See Note 17, Shareholders' Equity, for a discussion of our plans. Under Opinion No. 25, we recognized compensation expense based on the difference, if any, between the market value of the stock and the exercise price at the measurement date. The measurement date is the date at which both the number of shares/options and the exercise price for each share/option are known. Under Opinion No. 25, we recognized $0.3 million of pretax compensation expense in 2002 in our Consolidated Statements of Income.

The following table illustrates the effect on net income (loss) and net income (loss) per share if we had applied the fair-value-based method to all outstanding and unvested awards in each period.

	Year Ended December 31		
	2004	**2003**	**2002**
	(thousands, except per-share amounts)		
Reported net income (loss)	$ 173,058	$ 8,272	$ 11,340
Add: Total stock-based employee compensation expense included in reported net income (loss), net of related tax effects	15,703	4,234	158
Deduct: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(15,703)	(9,280)	(10,698)
Pro forma net income (loss)	**173,058**	**3,226**	**800**
Preferred dividends	(11,917)	(13,061)	(13,101)
Pro forma net income (loss) applicable to common shareholders	$ 161,141	$ (9,835)	$ (12,301)
Basic and diluted loss per share			
Basic			
As reported	$ 1.85	$ (0.08)	$ (0.03)
Pro forma	1.85	(0.16)	(0.21)
Diluted			
As reported	$ 1.77	$ (0.08)	$ (0.03)
Pro forma	1.77	(0.16)	(0.21)

To calculate stock-based employee compensation expense for stock options under Statement 123, we estimated the fair value of each option grant on the date of grant, using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2004, 2003 and 2002: risk-free interest rates of 3.6% in 2004 and 4.0% in 2003 and 2002, expected dividends of 60 cents per share for each year, expected lives of 4.3 years and expected stock price volatility of 40% in all periods.

We calculate compensation expense for restricted stock awards based on the fair value of our stock on the date of grant. We recognize the expense over the vesting period. (See Note 17, Shareholders' Equity.)

Research and Development Costs

We expense research and development costs as incurred. During 2004, research and development expenses were $2.4 million, compared with $3.0 million in 2003 and $3.1 million in 2002. Research and development costs during these years were incurred primarily in our Boise Building Solutions and Boise Paper Solutions segments.

Advertising and Catalog Costs

Advertising costs are either expensed the first time the advertising takes place or, in the case of direct-response advertising, capitalized and charged to expense in the periods in which the related sales occur. Advertising expense was $344.1 million in 2004, $113.6 million in 2003 and $41.3 million in 2002, and is recorded in "Selling and distribution expenses." Capitalized catalog costs, which are included in "Other current assets," totaled $11.7 million at December 31, 2004, and $16.3 million at December 31, 2003.

Pre-Opening Expenses

We incur pre-opening expenses prior to opening a store. These pre-opening expenses consist primarily of rent from the date of possession, store payroll, supplies and grand opening advertising and are expensed as incurred. In 2004, we recognized $1.5 million of pre-opening expenses recorded in "Selling and distribution expenses" in our Consolidated Statement of Income. We did not incur any material pre-opening expenses in 2003 and 2002.

Recently Issued or Newly Adopted Accounting Standards

In December 2004, the FASB issued Statement No. 123 (revised 2004), "Share-Based Payment." This statement requires the use of the fair-value method to recognize in the income statement the fair value on the grant date of stock options and other equity-based compensation issued to employees, and it eliminates an entity's ability to account for share-based compensation transactions using the intrinsic-value method of accounting prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees," which was permitted under Statement No. 123, as originally issued. This statement becomes effective for us beginning the third quarter of 2005. Since January 1, 2003, we have used the fair-value method of accounting for stock options and other equity-based compensation issued to employees.

In December 2003, the FASB issued a revised Statement 132, "Employers' Disclosures About Pensions and Other Postretirement Benefits." This statement revised companies' disclosures about pension plans and other postretirement benefit plans. It requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other postretirement benefit plans. It does not change the measurement or recognition of our plans. We adopted this statement in December 2003, and it had no impact on our financial position or results of operations.

In November 2003, the Emerging Issues Task Force (the "EITF") reached a consensus on EITF Issue No. 03-10, "Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers." The consensus required that consideration received by a reseller from a vendor that is a reimbursement by the vendor for honoring the vendor's sales incentives offered directly to consumers be recorded as revenue, rather than as a reduction of cost of goods sold. We adopted EITF Issue No. 03-10 on January 1, 2004, and it did not have a material impact on our financial position or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of ARB 51." In December 2003, the FASB issued a revised version of this interpretation, FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, and interpretation of ARB 51," to clarify some of the provisions of the original interpretation and to exempt certain entities from its requirements. Interpretation No. 46, as revised, required us to reclassify $172.5 million of "Adjustable conversion-rate equity securities" from "Minority interest" to "Debt" in our Consolidated Balance Sheets and to recognize distributions on these securities as "Interest expense" rather than "Minority interest, net of income tax" in our Consolidated Statements of Income (Loss). As allowed by the revised FASB

Interpretation No. 46, prior years' financial statements were reclassified. In all periods presented, there was no net effect on earnings, and the reclassification of these securities to debt did not affect our financial covenants.

In October 2004, OfficeMax sold its timberlands as part of the Sale. In exchange for the timberlands, we received credit-enhanced installment timber notes in the amount of $1,635 million which were credit enhanced with guarantees. The guarantees were issued by financial institutions and were secured by the pledge of underlying collateral notes. Subsequently, in December 2004, we executed a securitization transaction in which, through two bankruptcy remote subsidiaries, we pledged the installment notes and related guarantees and issued securitization notes in the amount of $1,470 million. Recourse on the securitization notes is limited to the pledged timber notes. The timber notes are 15-year non-amortizing.

The guidance related to the accounting for the securitization is complex and open to interpretation. The entities issuing the installment notes are variable-interest entities (the "VIE's") under FIN 46R, Consolidation of Variable Interest Entities. The holder of the installment notes is considered to be the primary beneficiary, and therefore, the VIE's are consolidated with the securitization note issuers. Although we believe an argument can be made that the consolidation of the VIE's as a result of this transaction does not disqualify the securitization note issuers from being a qualified special purpose entity ("QSPE") as described in FASB Statement 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, we have concluded that consolidating the VIE's does disqualify the securitization note issuers from meeting this guidance. As a result, the securitization note issuers are required to consolidate with their ultimate parent, OfficeMax.

See Note 8, Accounting Changes, for a discussion of Statement No. 143, "Accounting for Asset Retirement Obligations;" Statement No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure" and EITF Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor," and their effect on our consolidated financial statements.

Reclassifications

Certain amounts in prior years' financial statements have been reclassified to conform with the current year's presentation. These reclassifications did not affect net income (loss).

2. Sale of Paper, Forest Products and Timberland Assets

On October 29, 2004, we completed the Sale. The Sale did not include our facility near Elma, Washington. (See Note 3, Discontinued Operations.) The Sale completes the company's transition, begun in the mid-1990s, from a predominantly manufacturing-based company to an independent office products distribution company. Some assets of the segments whose assets we sold, such as a wood-polymer building materials facility located near Elma, Washington that is in a start-up phase, and company-owned life insurance, are being retained by OfficeMax, as are some liabilities of the segments whose assets we sold, such as liabilities associated with retiree pension and benefits, litigation, environmental remediation at selected sites and facilities previously closed. The assets that we sold were included in our Boise Building Solutions and Boise Paper Solutions segments.

In connection with the Sale, we recorded a $280.6 million gain in our Corporate and Other segment in our Consolidated Statement of Income. On October 29, 2004, we invested $175 million in securities of affiliates of Boise Cascade, L.L.C. This investment represents continuing involvement as defined in FASB Statement 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Accordingly, we do not show the historical results of the sold paper, forest products and timberland assets as discontinued operations. An additional $180 million of gain realized from the Sale was deferred as a result of our continuing involvement with Boise Cascade, L.L.C. We will realize this gain as we reduce our investment in affiliates of Boise Cascade, L.L.C. We realized note and cash proceeds of approximately $3.5 billion from the Sale, after allowing for the $175 million reinvestment in affiliates of Boise Cascade, L.L.C and transaction related expenses.

The consideration for the timberlands portion of the Sale included $1.6 billion of timber installment notes. We monetized the timber installment notes in December for proceeds of $1.5 billion. We realized net cash proceeds from the Sale of $3.3 billion after allowing for the $175 million reinvestment, transaction-related expenses and the monetization of the timber installment notes. (See Note 14. Debt for a discussion of the timber notes and the monetization and securitization process.)

Through debt repurchases and retirements, we reduced our short-term and long-term debt to $693.1 million at December 31, 2004, excluding the $1.5 billion of timber notes securitized. (See Note 14. Debt for a discussion of the timber notes and the monetization and securitization process.) During fourth quarter 2004, we reduced our debt by $1.8 billion and expensed $137.1 million of costs related to the early retirement of debt, and made a $45.8 million contribution to the pension plans relative to active employees who became employees of Boise Cascade, L.L.C. (See Note 14, Debt, and Note 16, Retirement and Benefit Plans.)

On December 16, 2004, holders of our adjustable conversion-rate equity security units received 1.5689 of our common shares upon settlement of each purchase contract resulting in issuance of a total of 5,412,705 shares.

During 2004 we also announced plans to ultimately return between $800 million and $1 billion of the Sale proceeds to shareholders via common or preferred stock buybacks, cash dividends, or a combination of these alternatives. As part of this return of cash to equity holders, we redeemed $110 million of our Series D preferred stock on November 1, 2004, and paid related accrued dividends of $3 million.

3. Discontinued Operations

In December 2004, our board of directors authorized management to pursue the divestiture of our facility near Elma, Washington that manufactures integrated wood-polymer building materials. The board of directors and management concluded that the facility no longer fits with the company's strategic direction. We recorded the facility's assets as held for sale on our Balance Sheets and the results of its operations as discontinued operations in our Statements of Income (Loss). We tested the recoverability of the long-lived assets in accordance with Statement 144, Accounting for the Impairment or Disposal of Long-Lived Assets, and recorded a $67.8 million pretax charge for the write-down of impaired assets. We also recorded $26.4 million of tax benefits associated with the write-down. The write-down resulted from our review of estimated discounted future cash flows.

The assets and liabilities of the integrated wood-polymer building materials facility near Elma, Washington, are presented in the Balance Sheets as "Assets held for sale" and "Liabilities related to assets held for sale." The carrying amounts of the major classes of these assets and liabilities at December 31 were as follows:

	December 31	
	2004	2003
	(thousands)	
Assets		
Receivables, net	$ 117	$ 89
Inventories	2,438	1,487
Deferred income taxes	17,533	29
Property and equipment, net	21,544	95,533
Other	2	1,537
Assets held for sale	**$ 41,634**	**$ 98,675**
Liabilities		
Accounts payable	$ 415	$ 1,276
Accrued liabilities	57	1,520
Deferred income taxes	—	7,564
Other	2,744	1,607
Liabilities related to assets held for sale	**$ 3,216**	**$ 11,967**

4. OfficeMax, Inc., Acquisition

In connection with the sale of the paper, forest products and timberland assets, Boise Cascade Corporation changed its company name to OfficeMax Incorporated ("OfficeMax" or "we"). References to the OfficeMax, Inc., Acquisition and OfficeMax, Inc., Integration refer to Boise Cascade Corporation's acquisition of OfficeMax, Inc., and the related integration activities.

On December 9, 2003, we completed our acquisition of OfficeMax, Inc., by acquiring 100% of its voting securities. The results of OfficeMax, Inc. operations after December 9, 2003, are included in our consolidated financial statements.

The aggregate consideration paid for the acquisition was as follows:

	(thousands)
Fair value of common stock issued	$ 808,172
Cash consideration for OfficeMax, Inc., common shares exchanged	486,738
Transaction costs	20,000
	1,314,910
Debt assumed	81,627
	$ 1,396,537

We paid OfficeMax, Inc., shareholders $1.3 billion for the acquisition, paying 60% of the purchase price in OfficeMax common stock (at the time, Boise Cascade Corporation common stock) and 40% in cash. OfficeMax, Inc. shareholders had the opportunity to elect to receive cash or stock for their OfficeMax, Inc. shares. Each shareholder's election was subject to proration, depending on the elections of all OfficeMax, Inc. shareholders. As a result of this proration, OfficeMax, Inc. shareholders electing stock received approximately 0.230419 share of stock and $3.1746 in cash for each of their OfficeMax, Inc. shares. Fractional shares were paid in cash. OfficeMax, Inc. shareholders electing cash or who had no consideration preference, as well as those shareholders who made no effective election, received $9.333 in cash for each of their OfficeMax, Inc. shares. After the proration, the $1.3 billion paid to OfficeMax, Inc. shareholders consisted of $486.7 million in cash and the issuance of 27.3 million shares valued at $808.2 million. The value of the common shares issued was determined based on the average market price of our common shares over a ten-day trading period before the acquisition closed on December 9, 2003.

Throughout 2004, we recorded $57.5 million, net of a tax benefit of $39.8 million, of purchase price adjustments, primarily relating to the consolidation of our distribution center network and our customer service centers, retail store closures and adjustments to our initial estimates of the fair value of assets acquired and liabilities assumed. The following table summarizes the fair values of the assets acquired and liabilities assumed on December 9, 2003, based on our final purchase price allocations.

	December 9, 2003
	(thousands)
Current assets	$ 1,300,543
Property and equipment	315,166
Goodwill	732,667
Intangible assets	187,600
Other assets	158,469
Assets acquired	2,694,445
Current liabilities	1,083,796
Long-term debt	81,627
Other liabilities	214,112
Liabilities assumed	1,379,535
Net assets acquired	**$ 1,314,910**

The excess of the purchase price over the fair values of assets acquired and liabilities assumed was allocated to goodwill. Goodwill of $659.4 million was recorded in our OfficeMax, Retail segment, and $73.3 million was recorded in our OfficeMax, Contract segment. Of the $732.7 million recorded in goodwill, $132.0 million is expected to be deductible as operating expenses for tax purposes.

The amount allocated to intangible assets was attributed to the following categories:

	(thousands)
Trade names	$ 173,100
Noncompete agreements	12,300
Customer lists and relationships	2,200
	$ 187,600

The trade name assets represent the fair value of all trade names purchased in the OfficeMax, Inc. acquisition. This asset has an indefinite life and is not amortized. All other intangible assets are amortized on a straight-line basis over their expected useful lives. Noncompete agreements are amortized over four to five years, and customer lists and relationships are amortized over three to five years. In addition to the above intangible assets, we also calculated the fair value of operating leases.

A portion of the acquired lease portfolio represented favorable operating leases, compared with current market conditions, and a portion represented unfavorable operating leases, compared with current market conditions. The favorable leases totaled $98.6 million and, after considering renewal periods, have an estimated weighted average life of 23 years. The unfavorable leases totaled $113.1 million and have an estimated weighted average life of nine years. The net favorable and unfavorable leases are recorded in "Other long-term liabilities." Both the favorable and unfavorable leases are amortized on the straight-line basis over their respective weighted average lives and are included in rent expense.

Pro Forma Financial Information

The following table summarizes unaudited pro forma financial information assuming we had acquired OfficeMax, Inc., on January 1, 2003. OfficeMax, Inc.'s fiscal year ended on the Saturday prior to the last Wednesday in January. The unaudited pro forma financial information uses OfficeMax, Inc., data for the months corresponding to our December 31 year-end. This unaudited pro forma financial information does not necessarily represent what would have occurred if the transaction had taken place on the dates presented and should not be taken as representative of our future consolidated results of operations or financial position. This pro forma information does not include all costs related to the integration. In 2004 these integration costs either increased the amount of goodwill recorded or decreased net income, depending on the nature of the costs. We are realizing operating synergies. Synergies come from offering more products and services across more customer segments, purchasing leverage from increased scale and reduced costs in logistics, marketing and administration. The pro forma information does not reflect these expenses and synergies.

	Year Ended December 31, 2003
	(thousands except per-share amounts)
Sales	$ 12,864,790
Net income (loss) before cumulative effect of accounting changes	$ 2,327
Cumulative effect of accounting changes, net of income tax	(8,803)
Net loss	**$ (6,476)**
Net loss per common share	
Basic and diluted before cumulative effect of accounting changes	$ (0.13)
Cumulative effect of accounting changes, net of income tax	(0.10)
Basic and diluted	**$ (0.23)**

5. OfficeMax, Inc., Integration

Integration Charges

Increased scale as a result of the OfficeMax, Inc., acquisition has allowed us to evaluate the combined office products business to determine what opportunities for consolidating operations may be appropriate. Closures and consolidation of acquired facilities identified in the integration planning process are accounted for as exit activities in connection with the acquisition and charged to goodwill. Charges for all other closures and consolidations have been recognized in our Consolidated Statements of Income and totaled approximately $29.7 million during the year ended December 31, 2004. These costs occurred primarily in the OfficeMax, Contract segment, as we consolidated distribution centers, customer service centers and administrative staff. For the year ended December 31, 2004, approximately $10.2 million of the costs are included in "Other (income) expense, net," and $19.5 million are included in "Selling and distribution expenses." Integration costs are as follows:

	Year Ended December 31, 2004
	(thousands)
Severance	$ 7,540
Lease termination costs	1,042
Vendor transition costs	4,220
Professional fees	5,404
Payroll, benefits and travel	4,585
Write-down of long-lived assets	1,582
Other integration costs	5,372
	$ 29,745

Facility Closure Reserves

During the year ended December 31, 2004, we closed 9 U.S. distribution centers, 2 customer service centers and 2 retail stores (in addition to the 45 retail stores discussed below), eliminating approximately 550 employee positions. We expect to reduce the total number of continental U.S. distribution centers from 55 at December 31, 2003, to 29 to 32 by the end of 2006. During 2004, we identified an additional 11 stores that were no longer strategically or economically viable. These stores are scheduled to close by the end of 2005. At December 31, 2004, we had accrued for approximately $25.3 million of costs associated with these closures in our Consolidated Balance Sheet.

Prior to our acquisition, OfficeMax, Inc. had identified and closed underperforming facilities. As part of our purchase price allocation, at December 31, 2003, we had $58.7 million of reserves recorded for the estimated fair value of future liabilities associated with these closures. These reserves related primarily to future lease termination costs, net of estimated sublease income. Most of the expenditures for these facilities will be made over the remaining lives of the operating leases, which range from three to 16 years. At December 31, 2004, the remaining reserve in our Consolidated Balance Sheet was $52.8 million.

In addition to these store closures, at December 31, 2003, we identified 45 OfficeMax, Retail facilities that were no longer strategically or economically viable. We closed these stores during first quarter 2004, eliminating approximately 995 employee positions, of which approximately 310 people were offered transfers to other stores. In accordance with the provisions of EITF Issue No. 95-3, "Recognition of Liabilities in Connection With a Purchase Business Combination," at December 31, 2003, we had $69.4 million of reserves recorded in our Consolidated Balance Sheet. These charges were accounted for as exit activities in connection with the acquisition, and we did not recognize a charge to income in our Consolidated Statements of Income. Most of the cash expenditures for the facilities described above will be made over the remaining lives of the operating leases, which range from one month to twelve years. At December 31, 2004, the remaining reserve in our Consolidated Balance Sheet was $44.1 million.

At December 31, 2004, approximately $32.2 million of the facility closure reserve liability was included in "Accrued liabilities, other," and $90.0 million was included in "Other long-term liabilities." Facility closure reserve account activity during 2004 was as follows:

	Lease Termination Costs	Severance	Other	Total
		(thousands)		
Facility closure reserve at December 31, 2003	$ 126,922	$ 794	$ 412	$ 128,128
Costs incurred and charged to expense/goodwill	19,344	7,826	—	27,170
Charges against the reserve	(29,224)	(3,855)	(3)	(33,082)
Facility closure reserve at December 31, 2004	**$ 117,042**	**$ 4,765**	**$ 409**	**$ 122,216**

6. Net Income (Loss) Per Common Share

Net income (loss) per common share was determined by dividing net income (loss), as adjusted, by weighted average shares outstanding. In 2003 and 2002, the computation of diluted net loss per share was antidilutive; therefore, the amounts reported for basic and diluted loss were the same.

	Year Ended December 31					
	2004		2003		2002	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
	(thousands, except per-share amounts)					
Basic						
Income from continuing operations before cumulative effect of accounting changes	$ 234,125	$ 234,125	$ 35,380	$ 35,380	$ 19,629	$ 19,629
Preferred dividends(a)	(11,917)	—	(13,061)	(13,061)	(13,101)	(13,101)
Supplemental ESOP contribution	—	(10,833)	—	—	—	—
Income before discontinued operations and cumulative effect of accounting changes	222,208	223,292	22,319	22,319	6,528	6,528
Loss from discontinued operations	(61,067)	(61,067)	(18,305)	(18,305)	(8,289)	(8,289)
Cumulative effect of accounting changes, net of income tax	—	—	(8,803)	(8,803)	—	—
Income (loss)	**$ 161,141**	**$ 162,225**	**$ (4,789)**	**$ (4,789)**	**$ (1,761)**	**$ (1,761)**
Average shares used to determine basic income (loss) per common share	**86,917**	86,917	**60,093**	60,093	**58,216**	58,216
Restricted stock, stock options and other		1,857		—		—
Series D Convertible Preferred Stock		2,880		—		—
Average shares used to determine diluted income (loss) per common share(b)(c)		**91,654**		**60,093**		**58,216**
Income (loss) per common share:						
Continuing operations	$ 2.55	$ 2.44	$ 0.37	$ 0.37	$ 0.11	$ 0.11
Discontinued operations	(0.70)	(0.67)	(0.30)	(0.30)	(0.14)	(0.14)
Cumulative effect of accounting changes, net of income tax	—	—	(0.15)	(0.15)	—	—
	$ 1.85	**$ 1.77**	**$ (0.08)**	**$ (0.08)**	**$ (0.03)**	**$ (0.03)**

(a) The dividend attributable to our Series D Convertible Preferred Stock held by our employee stock ownership plan (ESOP) is net of a tax benefit.

(b) Adjustments totaling $1.2 million in 2003 and $1.3 million in 2002, which would have reduced the basic loss to arrive at diluted loss, were excluded because the calculation of diluted loss per share was antidilutive. Also in 2003 and 2002, potentially dilutive common shares of 4.1 million and 3.9 million were excluded from average shares because they were antidilutive.

(c) Options to purchase 3.7 million, 7.3 million and 5.6 million shares of common stock were outstanding during 2004, 2003 and 2002 but were not included in the computation of diluted income (loss) per share because the exercise prices of the options were greater than the average market price of the common shares. On December 16, 2004, investors fulfilled their purchase contracts related to our adjustable conversion-rate equity security units and received 5,412,705 shares. (See Note 14, Debt.) These shares are included in our 2004 weighted average shares outstanding for the period they were outstanding. Forward contracts to purchase 5.4 million and 5.1 million shares of common stock were outstanding during 2003 and 2002 but were not included in the computation of diluted income (loss) per share because the securities were not dilutive under the treasury stock method. These forward contracts were related to our adjustable conversion-rate equity security units mentioned above.

7. *Other (Income) Expense, Net*

"Other (income) expense, net" includes miscellaneous income and expense items. The components of "Other (income) expense, net" in the Consolidated Statements of Income (Loss) are as follows:

	Year Ended December 31		
	2004	**2003**	**2002**
		(thousands)	
Sale of interest in Voyageur Panel	$ (46,498)	$ —	$ —
Sale of Louisiana timberlands(a)	(59,915)	—	—
OfficeMax, Inc. integration costs (Note 5)	10,164	4,722	—
Sale and write-down of Yakima assets(b)	7,123	14,699	—
Costs incidental to the Sale (Note 2)	18,916	—	—
Sales of other timberlands	(15,059)	(9,637)	(3,086)
2003 cost-reduction program (Note 18)	(1,228)	10,114	—
Sale of investment in IdentityNow	—	—	23,646
Sales of receivables (Note 11)	4,151	3,272	4,387
Other, net	(1,394)	12,616	5,895
	$ (83,740)	**$ 35,786**	**$ 30,842**

(a) In March 2004, we sold approximately 79,000 acres of timberland in western Louisiana for $84 million and recorded a $59.9 million pretax gain in our Consolidated Statement of Income for the year ended December 31, 2004.

(b) In February 2004, we sold our plywood and lumber facilities in Yakima, Washington. In connection with the sale, we recorded $7.1 million of costs in "Other (income) expense, net" in our Consolidated Statement of Income for the year ended December 31, 2004. However, the sale also resulted in a $7.4 million reduction in our estimated LIFO reserve, which we recorded in "Materials, labor and other operating expenses." In 2003, we recorded a $14.7 million pretax charge to write down impaired assets at these facilities.

8. *Accounting Changes*

Asset Retirement Obligations

Effective January 2003, we adopted the provisions of FASB Statement 143, "Accounting for Asset Retirement Obligations," which affects the way we account for landfill closure costs. This statement required us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. In January 2003, we recorded a one-time after-tax charge of $4.1 million, or 7 cents per share, as a cumulative-effect adjustment for the difference between the amounts recognized in our consolidated financial statements prior to the adoption of this statement and the amount recognized after adopting the provisions of Statement 143. As a result of the Sale, the only liability for asset retirement obligations recorded on our balance sheet was $0.3 million related to assets held for sale.

Stock-Based Compensation

In 2003, we adopted the fair-value-based method of accounting for stock-based employee compensation under the provisions of Statement 148, "Accounting for Stock-Based Compensation—Transition and Disclosure." (See Note 1, Summary of Significant Accounting

Policies, under the caption "Stock-Based Compensation.") The adoption did not materially affect our financial position or results of operations.

Vendor Rebates and Allowances

We participate in various cooperative advertising and other vendor marketing programs with our vendors. We also participate in various volume purchase rebate programs. In January 2003, we adopted an accounting change for vendor allowances to comply with the guidelines issued by the FASB's EITF Issue No. 02-16, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor." Under EITF Issue No. 02-16, consideration received from a vendor is presumed to be a reduction of the cost of the vendor's products or services, unless it is for a specific incremental cost to sell the product. In accordance with the provisions of EITF Issue No. 02-16, financial statements were not reclassified for periods prior to December 31, 2002.

In addition, under the new guidance, vendor allowances reside in inventory with the product and are recognized when the product is sold, changing the timing of our recognition of these items. This change resulted in a one-time, noncash, after-tax charge of $4.7 million, or 8 cents per share, in 2003.

On a pro forma basis, if EITF Issue No. 02-16 had been in effect during 2002, approximately $36 million of vendor allowances would have been reflected as a reduction of "Materials, labor and other operating expenses." In addition, reported "Selling and distribution expenses" would have increased by similar amounts, with no material impact on our results of operations.

9. *Income Taxes*

The income tax (provision) benefit related to continuing operations that is shown in the Consolidated Statements of Income (Loss) includes the following:

	Year Ended December 31		
	2004	**2003**	**2002**
		(thousands)	
Current income tax (provision) benefit			
Federal	$ (124,944)	$ —	$ (7)
State	(7,933)	3,043	—
Foreign	(24,606)	(22,712)	(11,405)
	(157,483)	(19,669)	(11,412)
Deferred income tax (provision) benefit			
Federal	21,350	4,316	26,759
State	(10,595)	(3,250)	2,748
Foreign	4,437	4,743	182
	15,192	5,809	29,689
	$ (142,291)	**$ (13,860)**	**$ 18,277**

During 2004, 2003 and 2002, we made cash payments, net of refunds received, of $36.6 million, $22.5 million and received a refund of $12.7 million.

A reconciliation of the statutory U.S. federal tax (provision) benefit and our reported tax (provision) benefit is as follows:

	Year Ended December 31		
	2004	2003	2002
		(thousands)	
Statutory tax (provision) benefit	$ (132,805)	$ (17,234)	$ (473)
State taxes	(12,043)	(136)	3,280
Foreign tax provision different from theoretical rate	(6,905)	(8,522)	(3,187)
Charitable contributions	—	—	95
Basis difference in investments disposed of	7,000	—	16,383
Tax settlement, net of other charges	—	2,924	—
ESOP dividend deduction	2,911	4,120	3,739
Other, net	(449)	4,988	(1,560)
Reported tax (provision) benefit	**$ (142,291)**	**$ (13,860)**	**$ 18,277**

The components of our deferred taxes are as follows:

	December 31			
	2004		2003	
	Assets	Liabilities	Assets	Liabilities
		(thousands)		
Employee benefits	$ 263,672	$ 80,550	$ 287,582	$ 66,124
Deferred gain	—	422,535	—	—
Property and equipment and timber and timberlands	91,594	94,657	29,175	536,524
Goodwill	437	29,857	368	27,693
Net operating loss	21,788	—	136,238	—
Alternative minimum tax	209,813	—	121,725	—
Reserves	82,551	582	69,641	794
Inventories	47,824	8,906	44,469	—
State income taxes	48,877	32,030	35,507	45,081
Deferred charges	1,945	11,758	2,356	12,202
Investments	1,140	4,472	2,853	3,761
Other	106,916	20,048	75,410	24,221
	$ 876,557	**$ 705,395**	**$ 805,324**	**$ 716,400**

The balances of the deferred tax assets and liabilities are reported in the balance sheet as:

	December 31	
	2004	2003
Deferred income taxes—current	$ 137,700	$ 132,206
Assets held for sale	17,533	—
Other assets	15,929	—
Liabilities related to assets held for sale	—	(7,535)
Deferred income tax liability	—	(35,747)
Total	$ 171,162	$ 88,924

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

At December 31, 2004, the company has net operating loss carryforwards for Federal income tax purposes of $62 million which are available to offset future Federal taxable income, if any, through 2022. In addition, the company has alternative minimum tax credit carryforwards of approximately $210 million, which are available to reduce future Federal regular income taxes, if any, over an indefinite period.

Pretax income (loss) related to continuing operations from domestic and foreign sources is as follows:

	Year Ended December 31		
	2004	2003	2002
		(thousands)	
Domestic	$ 340,484	$ 11,580	$ (19,828)
Foreign	38,958	37,660	21,180
Pretax income (loss)	**$ 379,442**	**$ 49,240**	**$ 1,352**

At December 31, 2004, our foreign subsidiaries had $235.0 million of undistributed earnings that had been indefinitely reinvested.

The American Jobs Creation Act of 2004 introduced a special one-time dividends received deduction on the repatriation of certain foreign earnings. The company is currently evaluating the potential impact of this provision. The company expects to complete its evaluation by mid-2005. The company is currently considering repatriation of amounts up to approximately $235 million, which would result in additional taxes up to approximately $14 million. Such tax effects have not been recognized as of December 31, 2004.

10. Leases

We lease our retail store space as well as other property and equipment under operating leases. Some of our leases require percentage rentals on sales above specified minimums, contain escalation clauses and renewal options and are noncancelable with aggregate minimum lease payment requirements. For the leases that contain predetermined fixed escalation clauses, we recognize the related rent expense on a straight-line basis over the life of the lease and record the difference between the amounts charged to operations and amounts paid to "Other long-term liabilities" in our Consolidated Balance Sheets. "Other long-term liabilities" included approximately $14.0 million and $8.1 million related to these future escalation clauses in 2004 and 2003. For purposes of determining straight-line rent expense, the lease term is calculated from the date we first take possession of the facility, including any periods of free rent and any option periods we are reasonably assured of exercising. Straight-line rent expense is also adjusted to reflect any allowances or reimbursements provided by the lessor. Our straight-line rent expense calculation is consistent with generally accepted accounting principles as recently clarified by the chief accountant of the SEC.

The components of total rent expense for all operating leases is as follows:

	Year Ended December 31		
	2004	2003	2002
		(thousands)	
Minimum rentals	$ 371,959	$ 77,038	$ 60,664
Percentage rentals	1,036	3,222	2,890
Sublease rentals	(3,007)	(1,415)	(1,269)
	$ 369,988	**$ 78,845**	**$ 62,285**

For operating leases with remaining terms of more than one year, the minimum lease payment requirements are $367.3 million for 2005, $332.5 million for 2006, $285.9 million for 2007, $257.2 million for 2008 and $231.4 million for 2009, with total payments thereafter of $904.0 million. These minimum lease payments do not include contingent rental expenses that may be paid based on a percentage in excess of stipulated amounts. These future minimum lease payment requirements have not been reduced by $70.3 million of minimum sublease rentals due in the future under noncancelable subleases.

We capitalize lease obligations for which we assume substantially all property rights and risks of ownership. We did not have any material capital leases during any of the periods presented.

11. Receivables

We have sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 2004, $120.0 million of sold accounts receivable were excluded from "Receivables" in the accompanying Consolidated Balance Sheet, compared with $250 million and $200 million excluded at December 31, 2003 and 2002. During third quarter 2004, in anticipation of the Sale, we stopped selling the receivables related to these businesses, reducing the receivables sold as a part of this program at the end of the year. (See Note 2, Sale of Paper, Forest Products and Timberland Assets.) The portion of fractional ownership interest we retain is included in "Receivables" in the Consolidated Balance Sheets. The decrease at December 31, 2004, in sold accounts receivable of $130.0 million from the amount at December 31, 2003, used cash from operations in 2004. The increase at December 31, 2003, in sold accounts receivable of $50 million over the amount at December 31, 2002, provided cash from operations in 2003. This program consists of a revolving sale of receivables. The term of the arrangement is normally for 364 days. In November of 2004, we entered into a 60-day renewal of the arrangements, which were subsequently renewed for another 60-day period, which now expires on April 11, 2005. Costs related to the program are included in "Other (income) expense, net" in the Consolidated Statements of Income (Loss). (See Note 7, Other (Income) Expense, Net.) After the Sale, the maximum amount available under the accounts receivable sale agreements may not exceed $150 million. The amount is subject to change based on the level of eligible receivables, restrictions on concentrations of receivables and the historical performance of the receivables.

For information regarding "Timber notes receivable," see Note 14, Debt.

12. *Investments in Affiliates*

Boise Cascade, L.L.C., and Affiliates

In connection with the Sale, we invested $175 million in the equity units of affiliates of Boise Cascade, L.L.C. This investment is recorded in "Investment in affiliates" in our Consolidated Balance Sheet. We acquired a less than 20% voting interest in the affiliates of Boise Cascade, L.L.C., and do not have the ability to significantly influence its operating and financial policies. Accordingly, we account for our investment under the cost method.

A portion (approximately $66 million) of the equity units received in connection with our investment have no voting rights. The units accrue dividends daily at a rate of 8% per annum on the liquidation value plus accumulated dividends, which accumulate semiannually to the extent not paid in cash on the last day of any June and December. At December 31, 2004, we recorded $0.9 million of dividend income, which increased our investment balance.

Voyageur Panel

In May 2004, we sold our 47% interest in Voyageur Panel, which owned an oriented strand board (OSB) plant in Barwick, Ontario, Canada, to Ainsworth Lumber Co. Ltd. for $91.2 million in cash. We recorded a $46.5 million pretax gain in "Other (income) expense, net" in our Boise Building Solutions segment. This item increased net income $28.4 million after taxes for the year ended December 31, 2004.

Prior to the sale, we accounted for the joint venture under the equity method. Accordingly, segment results do not include the joint venture's sales but do include $6.3 million and $8.7 million of equity in earnings during the years ended December 31, 2004 and 2003, compared with $0.6 million of equity losses in 2002. Our investment in this venture was $44.2 million at December 31, 2003. We had an agreement with Voyageur Panel under which we operated the plant and marketed its product. During 2004, Voyageur Panel paid us sales commissions of $2.1 million, compared with $3.7 million in 2003 and $2.2 million in 2002. Management fees paid to us by Voyageur Panel were $0.4 million in 2004 and $1.1 million in 2003 and 2002.

IdentityNow

In May 2002, we sold the stock of our wholly owned subsidiary that held our investment in IdentityNow. We recorded a $23.6 million pretax loss related to this sale. We also recorded $27.6 million of tax benefits associated with this sale and our previous write-down. This transaction resulted in a net after-tax gain of $4 million in 2002. The loss on the sale is included in our Corporate and Other segment and in "Other (income) expense, net," and the tax benefits are included in "Income tax (provision) benefit" in the Consolidated Statements of Income (Loss).

13. *Goodwill and Intangible Assets*

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and intangible assets of businesses acquired. In accordance with the provisions of Statement 142, "Goodwill and Other Intangible Assets," we assess our acquired goodwill and intangible assets with indefinite lives for impairment at least annually in the absence of an indicator of possible impairment and immediately upon an indicator of possible impairment. We completed our annual assessment in accordance with the provisions of Statement 142 during the first quarter of 2004 and 2003, and there was no impairment. We completed an additional assessment following the Sale in the fourth quarter, and there was no impairment. During the first quarter of 2004 and 2003, we also evaluated the remaining useful lives of our finite-lived purchased intangible assets to determine if any adjustments to the useful lives were necessary or if any of these assets had indefinite lives and were therefore not subject to amortization. We determined that no adjustments to the useful lives of our finite-lived purchased intangible assets were necessary. The finite-lived purchased intangible assets consist of customer lists and relationships, noncompete agreements and exclusive distribution rights. These intangible assets are discussed in more detail below.

Changes in the carrying amount of goodwill by segment are as follows:

	OfficeMax, Contract	OfficeMax, Retail	Boise Building Solutions	Total
	(thousands)			
Balance at December 31, 2002	$ 388,902	$ —	$ 11,639	$ 400,541
Goodwill acquired during year (Note 4)	67,517	607,656	—	675,173
Effect of foreign translation	33,894	—	—	33,894
Purchase price adjustments	(2,316)	—	—	(2,316)
Balance at December 31, 2003	487,997	607,656	11,639	1,107,292
Effect of foreign translation	14,116	—	—	14,116
Purchase price adjustments	3,803	51,744	—	55,547
Sale of assets	—	—	(11,639)	(11,639)
Balance at December 31, 2004	**$ 505,916**	**$ 659,400**	**$ —**	**$ 1,165,316**

Intangible assets represent the values assigned to trade names, customer lists and relationships, noncompete agreements and exclusive distribution rights of businesses acquired. The trade name assets have an indefinite life and are not amortized. All other intangible assets are amortized on a straight-line basis over their expected useful lives. Customer lists and relationships are amortized over three to 20 years, noncompete agreements over three to five years and exclusive distribution rights over ten years. Intangible assets consisted of the following:

	Year Ended December 31, 2004		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(thousands)		
Trade names	$ 173,100	$ —	$ 173,100
Customer lists and relationships	34,771	(10,036)	24,735
Noncompete agreements	12,680	(2,921)	9,759
Exclusive distribution rights	3,689	(1,325)	2,364
	$ 224,240	**$ (14,282)**	**$ 209,958**

	Year Ended December 31, 2003		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(thousands)		
Trade names	$ 177,000	$ —	$ 177,000
Customer lists and relationships	32,692	(6,936)	25,756
Noncompete agreements	17,894	(4,984)	12,910
Exclusive distribution rights	3,363	(833)	2,530
	$ 230,949	**$ (12,753)**	**$ 218,196**

Intangible asset amortization expense totaled $5.8 million in 2004 and $3.1 million in 2003 and 2002. The estimated amortization expense is $6.2 million, $6.1 million, $6.0 million, $4.5 million and $1.7 million in 2005, 2006, 2007, 2008 and 2009, respectively.

14. Debt

Credit Agreements

In March 2002, we entered into a three-year, unsecured revolving credit agreement. The agreement permits us to borrow as much as $560 million at variable interest rates based on either the London Interbank Offered Rate ("LIBOR") or the prime rate. We had no outstanding borrowings under the agreement at December 31, 2004. Under the agreement, $52 million of letters of credit were issued and reduced our borrowing capacity to $508 million at December 31, 2004. Letters of credit issued under the terms of the revolving credit agreement were charged at a rate of 1.5%, including the facility fee. In addition, we were charged a fee of 0.3% on the unused portion of our revolving credit balance. We are also charged a 0.25% utilization fee when we utilize over 50% of our borrowing capacity under the agreement. At December 31, 2004, we utilized less than 50% of our borrowing capacity. In November 2004, our interest rate swap to hedge the cash flow risk from the variable interest payments on $50 million of LIBOR-based debt expired and was not renewed. The revolving credit agreement contains customary conditions to borrowing, including compliance with financial covenants relating to minimum net worth, minimum interest coverage ratio and ceiling ratio of debt to capitalization. At December 31, 2004, we were in compliance with these covenants. Under this agreement, the payment of dividends depends on the existence and amount of net worth in excess of the defined minimum. Our net worth at December 31, 2004, exceeded the defined minimum by $1,068.6 million. At December 31, 2003, we had outstanding borrowings under the revolving credit agreement of $210 million. In addition to these borrowings, $41 million of letters of credit were issued under the agreement. When the agreement expires in June 2005, any amount outstanding will be due and payable.

In December 2003, we entered into a 19-month, unsecured credit agreement with 13 major financial institutions. Under the agreement, we borrowed $150 million at variable interest rates based on either the LIBOR or the prime rate. Borrowings under the credit agreement were paid in full on October 29, 2004, with the proceeds from the Sale.

Timber Notes

In October 2004, OfficeMax sold its timberlands as part of the Sale. In exchange for the timberlands, we received credit-enhanced installment timber notes in the amount of $1,635 million which were credit enhanced with guarantees. The guarantees were issued by financial institutions and were secured by the pledge of underlying collateral notes. Subsequently, in December 2004, we executed a securitization transaction in which, through two bankruptcy remote subsidiaries, we pledged the installment notes and related guarantees and issued securitization notes in the amount of $1,470 million. Recourse on the securitization notes is limited to the pledged timber notes. The timber notes are 15-year non-amortizing. There are two notes that total $817.5 million bearing interest at 4.982% payable semiannually and another note in the amount of $817.5 million bearing interest at 5.112% payable semiannually. The securitization notes are also 15-year non-amortizing, in two equal $735 million tranches paying interest of 5.42% and 5.54% semiannually.

As a result of these transactions, OfficeMax received $1,470 million in cash from the bankruptcy remote special-purpose entities, will receive approximately $82.5 million per year in interest income and will have interest expense of approximately $80.5 million per year for 15 years. The pledged timber notes and nonrecourse securitization notes will mature in 2020 and 2019, respectively. The securitization notes have an initial term that is approximately three months shorter than the installment notes. The company expects to refinance its ownership of the installment notes in 2019 with a short-term secured borrowing to bridge the period from initial maturity of the securitization notes to the maturity of the installment notes.

The guidance related to the accounting for the securitization is complex and open to interpretation. The entities issuing the installment notes are variable-interest entities (the "VIE's") under FIN 46R, Consolidation of Variable Interest Entities. The holder of the installment notes is considered to be the primary beneficiary, and therefore, the VIE's are consolidated with the securitization note issuers. Although we believe an argument can be made that the consolidation of the VIE's as a result of this transaction does not disqualify the securitization note issuers from being qualified special purpose entities (QSPE) as described in FASB Statement 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, we have concluded that consolidating the VIE's does disqualify the securitization note issuers from meeting this guidance. As a result, the securitization note issuers are required to consolidate with their ultimate parent, OfficeMax.

Note Agreements

In August 2003, we issued $50 million of 7.45% medium-term notes due in 2011. The proceeds of the notes were used for general corporate purposes. On November 5, 2004, we purchased $49.6 million of these notes pursuant to a tender offer for these securities. At December 31, 2004, $0.4 million was outstanding.

In October 2003, we issued $300 million of 6.50% senior notes due in 2010 and $200 million of 7.00% senior notes due in 2013. Net proceeds from the senior notes were used to repay borrowings under our revolving credit agreement, to provide cash for the OfficeMax, Inc. transaction and for other general corporate purposes. (See Note 4, OfficeMax, Inc., Acquisition.) We paid approximately $9.1 million in fees and expenses associated with the senior notes transaction. The fees are being amortized over the terms of the senior notes. At the time of issuance, the senior note indentures contained a number of restrictive covenants. Because of the subsequent transactions described below, substantially all of the restrictive covenants have been eliminated through the execution of supplemental indentures and replaced with covenants found in the base indenture that are applicable to our medium term notes and other public debt. Those covenants include a limitation on mergers and similar transactions, a restriction on secured transactions involving Principal Properties, as defined, and a restriction on sale and leaseback transactions involving Principal Properties.

On November 5, 2004, we repurchased approximately $286.3 million of 6.50% senior notes and received the requisite consents to adopt amendments to the indenture pursuant to a tender offer for these securities. As a result, the company and the trustee executed a Sixth Supplemental Indenture which eliminated substantially all of the restrictive covenants, certain events of default and related provisions, and replaced them with the covenants from our other public debt.

On December 23, 2004, both Moody's Investors Service, Inc., and Standard & Poor's Rating Services upgraded the credit rating on our 7.00% senior notes to investment grade. The upgrades were the result of actions the company undertook to collateralize the notes by granting the noteholders a security interest in $113 million in principal amount of General Electric Capital and Bank of America Corp. notes maturing in 2008. These notes subject to the security interest are recorded as a "Restricted Investment" on our Balance Sheet. As a result of these ratings upgrades, the senior note covenants have been replaced with the covenants found in our other public debt.

Adjustable Conversion-Rate Equity Securities (ACES)

In December 2001, we issued 3,450,000 7.50% adjustable conversion-rate equity security units (ACES) to the public at an aggregate offering price of $172.5 million. The units traded on the New York Stock Exchange under the ticker symbol BEP. At the time of issuance, there were two components of each unit. Investors received a preferred security issued by Boise Cascade Trust I (the "Trust"), a statutory business trust whose common securities were owned by the company, with a liquidation amount of $50. These preferred securities were mandatorily redeemable in December 2006. Investors also entered into a contract to purchase, for $50, common shares of the company, subject to a collar arrangement. The Trust used the proceeds from the offering to purchase debentures issued by Boise Cascade Corporation (now OfficeMax Incorporated). These debentures were 7.50% senior, unsecured obligations that mature in December 2006.

On September 16, 2004, we dissolved the Trust and distributed the debentures to the unit holders in exchange for their preferred securities. Also on that date, the remarketing of $144.5 million of these debentures was completed. In connection with the remarketing, the 7.50% interest rate on the debentures was reset to 2.75% over the average of the rates for three-month LIBOR on the third business day before the prior quarter's interest payment date. The rate of 2.75% over LIBOR will decrease (or increase) by 0.25% if at any time Standard and Poor's Corporation and Moody's Investor Service, Inc., raise (or lower) their ratings of the debentures. The first interest payment on the debentures at the reset rate was made on December 16, 2004, at a rate of 4.62% per annum. On November 5, 2004, we repurchased $144.5 million of these debentures pursuant to an offer to purchase these securities. We made an open market purchase of an additional $15.2 million of the debentures in December. As of December 31, 2004, $12.8 million of the debentures remained outstanding and are recorded in "Long-term debt, less current portion."

On December 16, 2004, holders of our adjustable conversion-rate equity security units received 1.5689 of our common shares upon settlement of each purchase contract resulting in the issuance of a total of 5,412,705 shares. We received $50 per unit, or $172.5 million, as a result of the settlement of the purchase contracts.

In December 2003, the FASB issued FIN 46R, "Consolidation of Variable Interest Entities," FIN 46R, as revised, required us to reclassify the $172.5 million of ACES from "Minority interest" to "Debt" in our Consolidated Balance Sheets and recognize distributions on these securities as "Interest expense" rather than "Minority interest, net of income tax" in our Consolidated Statements of Income (Loss). As allowed by the FASB's FIN 46R, prior years' financial statements were reclassified. In all periods presented, there was no net effect on earnings, and the reclassification of these securities to debt did not affect our financial covenants.

Other

During 2003, we agreed to enter into a $33.5 million sale-leaseback of equipment at our integrated wood-polymer building materials facility near Elma, Washington. The sale-leaseback has a base term of seven years and an interest rate of 4.67%, was accounted for as a financing arrangement, and is included in "Long-term debt, less current portion" in our Consolidated Balance Sheet.

The 9.45% debentures, issued in October 1989, contain a provision under which, in the event of the occurrence of both a designated event, as defined (generally a change of control or a major distribution of assets) and a subsequent rating decline, as defined, the holders of these securities may require OfficeMax to redeem the securities.

Changes in short-term borrowings represent net changes in notes payable. At December 31, 2004 and 2003, we had $10.3 million and $5.2 million of short-term borrowings outstanding. The minimum and maximum amounts of combined short-term borrowings outstanding were $6.2 million and $493.7 million during the year ended December 31, 2004, and were $0 and $117.4 million during the year ended December 31, 2003. The average amounts of short-term borrowings outstanding during the years ended December 31, 2004 and 2003 were $82.8 million and $32.3 million. The average interest rates for these borrowings were 2.8% for 2004 and 1.9% for 2003. The increase in the maximum and average amounts of short-term borrowings outstanding in 2004, compared with 2003, reflects the addition of two $200 million term loan facilities in September 2004 to fund incremental contributions to our pension plans and to decrease our accounts receivable financing. (See Note 16, Retirement and Benefit Plans, and Note 11, Receivables.) In addition, during second quarter 2004, we added two $20 million floating rate term loans. On October 29, 2004, we repaid the two $200 million and two $20 million term loans with the proceeds from the sale.

Previously, OfficeMax guaranteed the debt used to fund our employee stock ownership plan ("ESOP"), that was part of the Savings and Supplemental Retirement Plan for our U.S. salaried employees. (See Note 16, Retirement and Benefit Plans.) The debt was repaid in 2004. The debt was recorded in our 2003 Consolidated Balance Sheet, with an offset in the shareholders' equity section in "Deferred ESOP benefit." We have guaranteed tax indemnities on the ESOP debt. Although the debt was paid, under these indemnities, we would be required to pay additional amounts to the debt holders if the interest payments on the debt were determined to be taxable. Any amounts paid under this tax indemnification would be dependent upon future tax rulings and assessments by the Internal Revenue Service and are not quantifiable at this time.

Schedule of Long-term Debt

Long-term debt, almost all of which is unsecured, consists of the following:

	December 31	
	2004(a)	2003
	(thousands)	
7.05% notes, due in 2005, net of unamortized discount of $5,000 and $65,000	$ 43,967	$ 152,279
7.50% notes, due in 2008, net of unamortized discount of $16,000 and $108,000	29,640	149,892
9.45% debentures, due in 2009, net of unamortized discount of $23,000 and $131,000	35,684	149,869
6.50% notes, due in 2010	13,680	300,000
7.00% notes, due in 2013	106,393	200,000
7.35% debentures, due in 2016, net of unamortized discount of $8,000 and $65,000	17,959	124,935
Medium-term notes, Series A, with interest rates averaging 7.7% and 7.4%, due in varying amounts annually through 2013	172,145	337,705
Revenue bonds, with interest rates averaging 6.4% and 6.4%, due in varying amounts annually through 2029, net of unamortized discount of $29,000 and $82,000	200,786	232,498
American & Foreign Power Company Inc. 5% debentures, due in 2030, net of unamortized discount of $698,000 and $725,000	17,828	17,801
Revolving credit borrowings, with interest rates averaging 0% and 4.1%	—	210,000
Credit agreement, with interest rates averaging 0% and 3.3%	—	150,000
Other indebtedness, with interest rates averaging 5.5% and 3.9%, due in varying amounts annually through 2017	44,738	57,913
	682,820	2,082,892
Less current portion	97,738	83,016
	585,082	1,999,876
5.42% timber notes, due in 2019	735,000	—
5.54% timber notes, due in 2019	735,000	—
Adjustable conversion-rate equity securities	—	172,500
Guarantee of 9.5% ESOP debt, due in installments through 2004	—	19,087
	$ 2,055,082	**$ 2,191,463**

(a) The amount of net unamortized discount disclosed applies to long-term debt outstanding at December 31, 2004.

In 2004, we paid down $1.6 billion of debt, primarily with the proceeds from the Sale, and expensed $137.1 million of costs related to early retirement of debt. The scheduled payments of long-term debt are $97.7 million in 2005, $55.2 million in 2006, $29.4 million in 2007, $38.8 million in 2008 and $55.0 million in 2009.

Cash payments for interest, net of interest capitalized, were $167.7 million in 2004, $128.3 million in 2003 and $127.4 million in 2002. The difference between the payments made during 2004, compared with 2003, was due to higher debt levels during most of 2004 related to additional borrowings to provide cash for the OfficeMax, Inc. acquisition.

15. Financial Instruments

Our debt is predominantly fixed-rate. At December 31, 2004, the estimated current market value of our debt, based on then-current interest rates for similar obligations with like maturities, including the timber notes, was approximately $3 million less than the amount of debt reported in the Consolidated Balance Sheet. The estimated fair values of our other financial instruments, cash and cash equivalents, receivables and short-term borrowings are the same as their carrying values. In the opinion of management, we do not have any significant concentration of credit risks. Concentration of credit risks with respect to trade receivables is limited due to the wide variety of customers and channels to and through which our products are sold, as well as their dispersion across many geographic areas.

Changes in interest and currency rates expose the company to financial market risk. We occasionally use derivative financial instruments, such as interest rate swaps, rate hedge agreements, forward purchase contracts and forward exchange contracts, to hedge underlying debt obligations or anticipated transactions. We do not use them for trading purposes. For qualifying hedges, the interest rate differential is reflected as an adjustment to interest expense over the life of the swap or underlying debt. Gains and losses related to qualifying hedges of foreign currency firm commitments and anticipated transactions are recorded in other comprehensive income (loss) and recognized in income as adjustments of carrying amounts when the hedged transactions occur. Unrealized gains and losses on all other forward exchange contracts are included in current-period net income (loss).

Interest Rate Swaps

On October 27, 2004, OfficeMax and its subsidiary, OfficeMax Southern Company, each entered into an interest rate swap contract with J. Aron & Company, an affiliate of Goldman, Sachs & Co. The contracts were entered to hedge the interest rate risk associated with the issuance of debt securities by special-purpose entities formed by the company. The special-purpose entities hold the $1.6 billion of 15-year timberland installment notes received in the Sale. The company issued nonrecourse debt from the special-purpose entities in order to monetize a significant portion of the value of the notes received. See Note 14. Debt for a discussion of the timber notes and the securitization and monetization process.

The OfficeMax swap was for a notional amount of $1.2 billion, and the OfficeMax Southern Company swap was for a notional amount of $232 million. We paid $19.0 million to settle the contracts on December 16, 2004, in conjunction with the issuance of the securitized timber notes. The settlement amount was determined based on the settlement-date market value of a 15-year floating-to-fixed-rate interest rate swap with a fixed-rate level of 4.97% and represented a decrease in interest rates during the period the swaps were outstanding.

In April and May 2004, we entered into two interest rate swaps with notional amounts of $50 million each. These swaps converted $100 million of fixed-rate 7.50% debentures to variable-rate debt based on six-month LIBOR plus approximately 3.9% for the April swap and 3.8% for the May swap. In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converted $50 million of fixed-rate 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. In September 2004, we settled the swaps in anticipation of tendering for the underlying debt instruments. These swaps were designated as fair value hedges of a proportionate amount of the fixed-rate debentures. The swaps and debentures were marked to market, with changes in the fair value of the instruments recorded in income (loss). These swaps were effective in hedging the changes in the fair value of the hedged item; accordingly, changes in the fair values of these instruments had no net effect on our reported net income (loss).

In February 2001, we entered into two interest rate swaps with notional amounts of $50 million each, one that matured in February 2003 and one that matured in February 2004. In November 2001, we entered into an interest rate swap with a notional amount of $50 million that matured in November 2004. The swaps hedged the variable cash flow risk from the variable interest payments on $100 million of our LIBOR-based debt in 2004 and 2003. The effective interest rates on the borrowings under the LIBOR-based unsecured revolving credit agreement, including the swaps, were 3.4% at December 31, 2003. Changes in the fair value of these swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" and reclassified to "Interest expense" as interest expense was recognized on the LIBOR-based debt. Amounts reclassified in 2004, 2003 and 2002 increased interest expense $1.2 million, $3.0 million and $3.2 million, respectively. Ineffectiveness related to these hedges was not significant.

Utility Swaps

Effective January 2004, we entered into two electricity swaps that converted 7 and 36 megawatts of usage per hour to a fixed price. Effective with the date of the Sale, these swaps were assumed by Boise Cascade, L.L.C. These swaps were designated as cash flow hedges. Accordingly, the changes in the fair value of the swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" in our Consolidated Balance Sheet. Ineffectiveness related to these swaps was not significant.

In November 2003, we entered into a natural gas swap to hedge the variable cash flow risk on 25,000 MMBtu per day of natural gas usage to a fixed price. The swap expired in March 2004. In April 2004, we entered into a natural gas swap to hedge the variable cash flow risk on 2,520,000 MMBtu of gas allocated on a monthly basis to a fixed price. The swap expired in October 2004. The swaps were designated as cash flow hedges. Accordingly, changes in the fair value of the swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" in our Consolidated Balance Sheets.

Additional Consideration Agreement

Pursuant to an Additional Consideration Agreement between OfficeMax and Boise Cascade, L.L.C., related to the Sale, we may be required to make substantial cash payments to, or receive substantial cash payments from, Boise Cascade, L.L.C. Under the Additional Consideration Agreement, the transaction proceeds may be adjusted upward or downward based on paper prices during the six years following the closing date, subject to annual and aggregate caps. Neither party will be obligated to make a payment in excess of $45 million in any one year under the agreement. Payments are also subject to an aggregate cap of $125 million that declines to $115 million in the fifth year and $105 million in the sixth year. We calculated our projected future obligation under the Additional Consideration Agreement and accrued $42 million in "Other long-term liabilities" on our Consolidated Balance Sheet. We calculated the $42 million based on the net present value of weighted average expected payments using industry paper price projections. We recorded the accrual as an adjustment to the "Gain on sale of assets" in our Consolidated Statement of Income. In future periods, we will record the changes in the fair value in our net income (loss).

16. Retirement and Benefit Plans

Pension and Other Postretirement Benefit Plans

During the period of January 1 through October 28, 2004, some of our employees were covered by noncontributory defined benefit pension plans. Effective July 31, 2004, we spun off the portion of each plan attributable to active employees in the forest products businesses. Effective October 29, 2004 (the "Sale date"), under the terms of the Asset Purchase Agreement, we transferred sponsorship of the spun-off plans to Boise Cascade, L.L.C., and only those terminated vested employees and retirees whose employment with us ended on or before July 31, 2004, and some active OfficeMax, Contract employees were covered under the plans remaining with us. The OfficeMax, Retail employees, among others, never participated in the pension plans. The salaried pension plan was closed to new entrants on November 1, 2003, and on December 31, 2003, the benefits of OfficeMax, Contract participants were frozen with one additional year of service provided to active OfficeMax, Contract employees on January 1, 2004, at a reduced 1% crediting rate. As a result of the closure, freeze and spin-off, our annual pension expense and contributions to the plans going forward will be less than the amounts included in prior periods.

The pension benefit for salaried employees was based primarily on the employees' years of service and highest five-year average compensation. The benefit for hourly employees was generally based on a fixed amount per year of service. Our contributions to our pension plans vary from year to year, but we have made at least the minimum contribution required by law each year. We generally use a December 31 measurement date for our pension plans.

During 2004, we sponsored four contributory defined contribution savings plans for most of our salaried and hourly employees: a plan for OfficeMax, Retail employees; a plan for non-Retail salaried employees, a plan for union hourly employees, and a plan for non-Retail nonunion hourly employees. Effective October 29, 2004, the account balances for active forest products employees were transferred to plans established by Boise Cascade, L.L.C. The plan for non-Retail salaried employees includes an employee stock ownership plan ("ESOP") component through which the company matches contributions of eligible employees. Under that plan, our Series D ESOP convertible preferred stock is allocated to eligible participants, as principal and interest payments are made on the ESOP debt by the plan and guaranteed by the company. (See Note 17, Shareholders' Equity.) The final principal and interest payment on the ESOP debt was made June 30, 2004. We plan to continue allocating the remaining shares to the ESOP participants as company matching contributions until all shares are allocated, which is expected to occur sometime in 2005. Once all the ESOP shares are allocated, ESOP participants will begin receiving company matching contributions in cash. OfficeMax, Retail employees and salaried employees hired on or after November 1, 2003, do not participate in the ESOP. These employees receive company matching contributions in cash. Total expense for all savings plans was $26.6 million in 2004, $34.8 million in 2003 and $31.1 million in 2002. In January 2005, all of the savings plans were merged into one plan.

Obligations and Funded Status

The following table, which includes only company-sponsored plans, reconciles the beginning and ending balances of our benefit obligation. It also shows the fair value of plan assets and aggregate funded status of our plans, including amounts not recognized and recognized in our Consolidated Statements of Income at December 31, 2004 and 2003. The funded status changes from year to year based on the investment return from plan assets, contributions, benefit payments and the discount rate used to measure the liability.

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
	(thousands)			
Change in benefit obligation				
Benefit obligation at beginning of year	$ 1,732,899	$ 1,610,340	$ 110,018	$ 105,860
Service cost	25,370	41,695	1,743	1,686
Interest cost	100,675	105,534	6,176	6,926
Amendments	14,406	367	(11,237)	(1,366)
Actuarial (gain) loss	141,883	90,652	(1,443)	5,001
Changes due to exchange rates	—	—	998	1,755
Special termination benefits	4,609	—	—	—
Closures and curtailments	1,960	(24,847)	—	—
Spin-off of forest products business	(531,775)	—	(18,789)	—
Benefits paid	(95,902)	(90,842)	(8,595)	(9,844)
Benefit obligation at end of year	**$ 1,394,125**	**$ 1,732,899**	**$ 78,871**	**$ 110,018**
Change in plan assets				
Fair value of plan assets at beginning of year	$ 1,272,519	$ 1,000,568	$ —	$ —
Actual return on plan assets	121,582	276,085	—	—
Employer contributions	279,822	84,513	—	—
Spin-off of forest products business	(418,578)	—	—	—
Benefits paid	(93,451)	(88,647)	—	—
Fair value of plan assets at end of year	**$ 1,161,894**	**$ 1,272,519**	**$ —**	**$ —**
Funded status	$ (232,231)	$ (460,380)	$ (78,871)	$ (110,018)
Unrecognized actuarial loss	398,440	484,599	12,623	21,841
Unrecognized transition obligation	—	—	5,522	5,451
Unrecognized prior service cost (benefit)	—	28,938	(2,762)	(4,497)
Net amount recognized	**$ 166,209**	**$ 53,157**	**$ (63,488)**	**$ (87,223)**

The following table shows the amounts recognized in our Consolidated Balance Sheets. The prepaid benefit cost and intangible assets are included in "Other assets." The accrued benefit liability is included in "Other, compensation and benefits" net of a current portion of $12.7 million and $111.4 million at December 31, 2004 and 2003, respectively. The current portion is reflected in "Accrued liabilities, compensation and benefits."

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
	(thousands)			
Prepaid benefit cost	$ 200,501	$ 84,438	$ —	$ —
Intangible asset	—	28,401	—	—
Accrued benefit liability	(420,748)	(478,253)	(63,488)	(87,223)
Accumulated other comprehensive loss	236,124	255,150	—	—
Deferred income taxes	150,332	163,421	—	—
Net amount recognized	**$ 166,209**	**$ 53,157**	**$ (63,488)**	**$ (87,223)**

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were

$1.3 billion, $1.3 billion and $1.1 billion as of December 31, 2004, and $1.7 billion, $1.7 billion and $1.3 billion as of December 31, 2003.

The amount of additional minimum pension liability is determined based on a comparison of the value of plan assets and the plans' accumulated benefit obligation.

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
	(thousands)			
Decrease in minimum liability included in other comprehensive loss, net of taxes	$ (19,027)	$ (52,929)	$ —	$ —

Components of Net Periodic Benefit Cost

The components of net periodic benefit cost are as follows:

	Pension Benefits			Other Benefits		
	2004	2003	2002	2004	2003	2002
	(thousands)					
Service cost	$ 25,370	$ 41,695	$ 36,646	$ 1,743	$ 1,686	$ 1,471
Interest cost	100,675	105,534	103,554	6,176	6,926	7,056
Expected return on plan assets	(99,165)	(102,430)	(118,490)	—	—	—
Recognized actuarial loss	38,071	24,845	1,955	1,075	1,090	710
Plan settlement/curtailment expense	94,885	820	25	(24,002)	—	—
Amortization of prior service costs and other	9,386	6,133	6,064	(530)	(2,065)	(1,908)
Company-sponsored plans	169,222	76,597	29,754	(15,538)	7,637	7,329
Multiemployer pension plans	460	526	618	—	—	—
Net periodic benefit cost	**$ 169,682**	**$ 77,123**	**$ 30,372**	**$ (15,538)**	**$ 7,637**	**$ 7,329**

Assumptions

The assumptions used in accounting for our plans are estimates of factors that will determine, among other things, the amount and timing of future benefit payments. The following table presents the assumptions used in the measurement of our benefit obligations:

	Pension Benefits			Other Benefits					
				United States			Canada		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Weighted average assumptions as of December 31									
Discount rate	5.60%	6.25%	6.75%	5.60%	6.25%	6.75%	6.00%	6.25%	6.75%
Rate of compensation increase	—	4.25%	4.50%	—	—	—	—	—	—

The following table presents the assumptions used in the measurement of net periodic benefit cost:

	Pension Benefits			Other Benefits					
				United States			Canada		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Weighted average assumptions									
Discount rate	5.75%	6.75%	7.25%	5.75%	6.75%	7.25%	6.25%	6.75%	7.00%
Expected return on plan assets	8.25%	8.50%	9.25%	—	—	—	—	—	—
Rate of compensation increase	4.25%	4.50%	4.75%	—	—	—	—	—	—

For the period of January 1 through October 28, 2004, our discount rate assumption used in the measurement of net periodic benefit cost was 6.25%. As a result of the Sale, we settled the pension and postretirement benefit assets and liabilities for those individuals who became employees of Boise Cascade, L.L.C. The settlement triggered a new measurement of our discount rate. On October 29, 2004, we changed our discount rate assumption to 5.75% to measure net periodic benefit expense for the period of October 29 through December 31, 2004. We base our discount rate assumption on the rates of return on high-quality bonds currently available and expected to be available during the period to maturity of the pension benefits.

We base our expected long-term rate of return on plan assets on a weighted average of our expected returns for the major asset classes in which we invest. Asset-class expected returns are based on long-term historical returns, inflation expectations, forecasted gross domestic product and earnings growth and other economic factors. The weights we assign each asset class are based on our investment strategy. Our weighted-average expected return on plan assets used in our calculation of 2005 net periodic benefit cost is 8.00%.

The following table presents our assumed healthcare cost trend rates at December 31, 2004 and 2003:

	United States		Canada	
	2004	2003	2004	2003
Weighted average assumptions as of December 31				
Healthcare cost trend rate assumed for next year	8.00%	9.00%	8.00%	8.40%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%	6.00%	6.00%
Year that the rate reaches the ultimate trend rate	2008	2008	2010	2010

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates would have the following effects:

	One-Percentage-Point Increase	One-Percentage-Point Decrease
	(thousands)	
Effect on total of service and interest cost	$ 503	$ (400)
Effect on postretirement benefit obligation	4,420	(3,623)

Plan Assets

Our pension plan asset allocations by asset category at December 31, 2004 and 2003, are as follows:

	Plan Assets at December 31	
Asset Category	**2004**	**2003**
U.S. equity securities	49.5%	50.8%
International equity securities	13.5%	14.8%
Fixed-income securities	28.0%	33.8%
Other	9.0%	.6%
	100%	**100%**

Our Retirement Funds Investment Committee is responsible for establishing and overseeing the implementation of our investment policy. The investment policy is structured to optimize growth of the pension plan trust assets, while minimizing the risk of significant losses, in order to enable the plans to satisfy their benefit payment obligations over time. We currently invest primarily in U.S. equities, international equities and fixed-income securities. We use benefit payments and sponsor contributions as our primary rebalancing mechanisms to maintain our asset class exposures within the guideline ranges established under the investment policy.

Our current guidelines set forth a U.S. equity range of 45% to 60%, an international equity range of 12.5% to 17.5% and a fixed-income range of 25% to 40%. We adjust our asset-class positions within the ranges based on our expectations for future returns, our funded position and market risks. Occasionally, we utilize futures or other financial instruments to alter our exposure to various asset classes in a lower-cost manner than trading securities in the underlying portfolios. At December 31, 2004 and 2003, we did not have any equity security investments in OfficeMax common stock.

Cash Flows

Pension plan contributions include required minimums and, in some years, additional discretionary amounts. During 2004, we made cash contributions to our pension plans totaling $279.8 million, compared with $84.5 million in 2003 and $48.0 million in 2002. There are no minimum contribution requirements in 2005. However, the company may elect to make voluntary contributions in 2005.

Qualified pension benefit payments are paid from the plan assets, while nonqualified pension and other benefit payments are paid by the company.

	Pension Benefits	Other Benefits
	(thousands)	
2005	$ 99,300	$ 8,600
2006	99,500	8,300
2007	99,300	7,900
2008	98,700	7,400
2009	98,400	7,000
Years 2010-2014	480,400	28,900

17. Shareholders' Equity

Preferred Stock

At December 31, 2004, 1,376,987 shares of 7.375% Series D ESOP convertible preferred stock were outstanding, compared with 4,117,827 shares at December 31, 2003. The decrease was primarily the result of our redemption of 2.5 million shares in November with the proceeds from the Sale. The stock is shown in the Consolidated Balance Sheets at its liquidation preference of $45 per share. The stock was sold in 1989 to the trustee of our ESOP for salaried employees and will be allocated to eligible participants through 2005. (See Note 16, Retirement and Benefit Plans.) Of the total shares outstanding, 1,291,968 shares have been allocated to participants of the plan. Each ESOP preferred share is entitled to one vote, bears an annual cumulative dividend of $3.31875 and is convertible at any time by the trustee to 0.80357 share of common stock. The ESOP preferred shares may not be redeemed for less than the liquidation preference.

Common Stock

We are authorized to issue 200,000,000 shares of common stock, of which 93,575,557 shares were issued and outstanding at December 31, 2004. Of these, 1,074,233 shares were for restricted stock and restricted stock units, which are discussed below. Of the unissued shares, 14,697,716 shares were reserved for the following:

Conversion or redemption of Series D ESOP preferred stock	1,106,505
Issuance under OfficeMax Incentive and Performance Plan	6,426,807
Issuance under Key Executive Stock Option Plan	6,740,998
Issuance under Director Stock Compensation Plan	43,045
Issuance under Director Stock Option Plan	123,500
Issuance under Key Executive Deferred Compensation Plan	183,446
Issuance under Adjustable Conversion-Rate Equity Security Units	5
Issuance under 2003 Director Stock Compensation Plan	73,410

We have a shareholder rights plan that was adopted in December 1988. Our current plan, as amended and restated, took effect in December 1998 and expires in December 2008.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes the following:

	Minimum Pension Liability Adjustment	Foreign Currency Translation Adjustment	Cash Flow Hedges	Accumulated Other Comprehensive Loss
		(thousands)		
Balance at December 31, 2003, net of taxes	$ (255,150)	$ 61,491	$ (159)	$ (193,818)
Current-period changes, before taxes	32,117	29,933	261	62,311
Income taxes	(13,090)	—	(102)	(13,192)
Balance at December 31, 2004, net of taxes	**$ (236,123)**	**$ 91,424**	**$ —**	**$ (144,699)**

2003 Director Stock Compensation Plan and OfficeMax Incentive and Performance Plan

In February 2003, our board adopted the 2003 Director Stock Compensation Plan (the "2003 DSCP") and the 2003 OfficeMax Incentive and Performance Plan (the "2003 Plan"), formerly named the 2003 Boise Incentive and Performance Plan, which were approved by our shareholders in April 2003. The 2003 DSCP replaces our previous Director Stock Compensation Plan, which was approved by shareholders in 1992 and expired on January 1, 2003. A total of 73,410 shares of common stock are reserved for issuance under the 2003 DSCP. The provisions of the 2003 DSCP are substantially similar to the previous plan. The 2003 DSCP permits nonemployee directors to elect to receive grants of options to purchase shares of our common stock in lieu of cash compensation. The difference between the $2.50-per-share exercise price of 2003 DSCP options and the market value of the common stock subject to the options is intended to offset the cash compensation that participating directors elect not to receive. Options expire three years after the holder ceases to be a director.

The 2003 Plan was effective January 1, 2003, and replaces the Key Executive Performance Plan for Executive Officers, Key Executive Performance Plan for Key Executives/Key Managers, 1984 Key Executive Stock Option Plan ("KESOP"), Key Executive Performance Unit Plan ("KEPUP") and Director Stock Option Plan ("DSOP"), which are discussed below. No further grants or awards were made under the Key Executive Performance Plans, KESOP, KEPUP, or DSOP after 2003. A total of 6,426,807 shares of common stock are reserved for issuance under the OfficeMax Incentive Performance Plan. Our executive officers, key employees and nonemployee directors are eligible to receive awards under the 2003 Plan at the discretion of the Executive Compensation Committee of the Board of Directors. Eight types of awards may be granted under the 2003 Plan, including (1) stock options, (2) stock appreciation rights, (3) restricted stock, (4) restricted stock units, (5) performance units, (6) performance shares, (7) annual incentive awards and (8) stock bonus awards.

Restricted Stock and Restricted Stock Units

In 2004, we granted to employees and directors 0.4 million of restricted stock units and 14,765 shares of restricted stock. The weighted-average grant-date fair value of the restricted stock and stock units was $32.14. One-half of the restricted stock units vests in August 2006, and the second half vests in August 2007, provided that specific performance criteria are met. The restricted stock granted to directors vests six months from their termination or retirement from board service.

In 2003, we granted to employees 1.2 million shares of restricted stock and 0.1 million restricted stock units. The weighted-average grant-date fair value of the restricted stock and restricted stock units was $25.09. The restricted stock vests at the end of July 2006, provided, however, that if specific performance criteria are met, some or all of the restricted stock may vest earlier than July 2006. The restricted stock granted to employees that terminated from OfficeMax and became employees of Boise Cascade, L.L.C., vested in October 2004 in connection with the Sale. Because the stock price increased and performance criteria were met, the remaining restricted stock granted in 2003 became 100% vested at the end of January 2005.

The restricted stock is issued and outstanding. However, because the stock is restricted until it vests, in accordance with the requirements of Statement 123, no entries are made in our financial statements upon issuance of the award. We recognize compensation expense over the vesting period based on closing stock prices on the dates of grant. In 2004 and 2003, we recognized $25.1 million and $6.5 million of pretax compensation expense related to the restricted stock awards. As we recognize compensation expense, "Additional paid-in-capital" is increased in shareholders' equity. The restricted shares are not included as shares outstanding in the calculation of basic earnings per share but are included in the number of shares used to calculate diluted earnings per share. When the restrictions lapse, the par value of the stock is reclassified from "Additional paid-in-capital" to "Common stock" and the unrestricted shares are included in shares outstanding in the calculation of both basic and diluted earnings per share. The restricted stock receives the same dividend as our common shares outstanding. However, dividends on the restricted stock are not paid until the restrictions lapse and are recorded as dividends payable.

Stock Units

We have a deferred compensation program (approved by our shareholders) for our executive officers that allows them to defer a portion of their cash compensation. They may choose to allocate their deferrals to a stock unit account. Each stock unit is equal in value to one share of our common stock. We match deferrals used to purchase stock units with a 25% company allocation of stock units. Allocated stock units accumulate imputed dividends in the form of additional stock units equal to dividends on common stock that are charged to compensation expense. We will pay out the value of deferred stock unit accounts in shares of our common stock when an officer retires or terminates employment. At December 31, 2004, 183,446 stock units were allocated to the accounts of these executive officers.

Stock Options

In 2002, we had the following shareholder-approved stock option plans: the BCC Key Executive Stock Option Plan ("KESOP"), the BCC Director Stock Option Plan ("DSOP") and the BCC Director Stock Compensation Plan ("DSCP"). In 2004 and 2003, options were granted under the 2003 DSCP and 2003 Plan (discussed above). No further grants will be made under the KESOP, DSOP and DSCP.

The KESOP provided for the grant of options to purchase shares of our common stock to key employees of the company. The exercise price was equal to the fair market value of our common stock on the date the options were granted. Options expire, at the latest, ten years and one day following the grant date.

The DSOP, available only to nonemployee directors, provided for annual grants of options. The exercise price was equal to the fair market value of our common stock on the date the options were granted. The options expire upon the earlier of three years after the director ceases to be a director or ten years after the grant date.

The DSCP permitted nonemployee directors to elect to receive grants of options to purchase shares of our common stock in lieu of cash compensation. The difference between the $2.50-per-share exercise price of DSCP options and the market value of the common stock subject to the options was intended to offset the cash compensation that participating directors elected not to receive. The options expire three years after the holder ceases to be a director.

Under the KESOP and DSOP, options may not, except under unusual circumstances, be exercised until one year following the grant date. Under the DSCP, options may be exercised six months after the grant date.

A summary of the status of stock options at December 31, 2004, 2003 and 2002 and the changes during the years then ended is presented in the table below:

	2004		2003		2002	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of year	8,457,888	$ 32.16	8,916,550	$ 31.95	7,156,418	$ 32.99
Options granted	9,032	2.50	48,477	19.05	2,038,844	27.64
Options exercised	(1,202,308)	27.56	(319,139)	23.41	(218,462)	23.78
Options forfeited and expired	(301,150)	38.95	(188,000)	33.68	(60,250)	39.00
Balance at end of year	**6,963,462**	**32.62**	**8,457,888**	**32.16**	**8,916,550**	**31.95**
Exercisable at end of year	6,954,430		8,409,411		6,877,706	
Weighted average fair value of options granted (Black-Scholes)	$ 27.63		$ 13.00		$ 7.12	

The following table provides summarized information about stock options outstanding at December 31, 2004:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$2.50	62,964	—	$ 2.50	53,932	$ 2.50
$18.00 — $28.00	2,441,007	5.6	27.39	2,441,007	27.39
$28.01 — $39.00	4,015,191	4.0	35.06	4,015,191	35.06
$39.01 — $44.00	444,300	0.6	43.74	444,300	43.74

Other

In September 1995, our board of directors authorized us to purchase up to 4.3 million shares of our common stock. As part of this authorization, we repurchase odd-lot shares (fewer than 100 shares) from shareholders wishing to exit their holdings in our common stock. We retire the shares that we repurchase under this program. Since 1995, we have repurchased 47,480 shares of our common stock, including 1,718 shares in 2004.

18. 2003 Cost-Reduction Program

In March 2003, we announced the termination of approximately 550 employees in connection with our 2003 cost-reduction program. At December 31, 2004, we had terminated approximately 544 employees. Under our severance policy, in first quarter 2003, we recorded a pretax charge of $10.1 million for employee-related costs in "Other (income) expense, net" in our Consolidated Statement of Loss. We recorded these costs in accordance with the provisions of Statement 112, "Employers' Accounting for Postemployment Benefits." We recorded $9.2 million in the OfficeMax, Contract segment, $0.2 million in the Boise Paper Solutions segment and $0.7 million in our Corporate and Other segment. Employee-related costs are primarily for severance payments, most of which were paid in 2003, with the remainder paid in 2004. This item decreased net income $6.1 million for the year ended December 31, 2003.

The reserve liability for the cost-reduction program is included in "Accrued liabilities, other" in the accompanying Consolidated Balance Sheet. Reserve liability activity related to the 2003 charge is as follows:

	Employee-Related Costs
	(thousands)
2003 expense recorded	$ 10,100
Charges against reserve	(7,800)
Balance at December 31, 2003	2,300
Charges against reserve	(1,200)
Reserves credited to income	(1,100)
Balance at December 31, 2004	$ —

19. Segment Information

We operate our business using five reportable segments: OfficeMax, Contract; OfficeMax, Retail; Boise Building Solutions; Boise Paper Solutions and Corporate and Other. Each of these segments represents a business with differing products, services and/or distribution channels. Each of these businesses requires distinct operating and marketing strategies. Management reviews the performance of the company based on these segments.

OfficeMax, Contract markets and sells office supplies and paper, technology products and office furniture through field sales people, outbound telesales, catalogs, the Internet and stores. Substantially all of the products sold by this segment, except office papers, are purchased from outside manufacturers or from industry wholesalers. Through October 29, 2004, office papers were sourced primarily from our paper operations. Since the Sale, we purchased office papers primarily from the paper operations of Boise Cascade, L.L.C., under a 12-year paper supply contract entered into as part of the Sale. (See Note 20, Commitments and Guarantees, for additional information related to the paper supply contract.)

OfficeMax, Retail markets and sells office supplies and paper, technology products and office furniture through OfficeMax office supply superstores. These superstores feature OfficeMax Print and Document Services and FurnitureMax® in-store modules devoted to print-for-pay services and office furniture. In 2004, substantially all products sold by this segment were purchased from outside manufacturers or from industry wholesalers, except office papers. Office papers are purchased primarily from the paper operations of Boise Cascade, L.L.C., under a 12-year paper supply contract we entered into as part of the Sale.

Boise Building Solutions manufactured, marketed and distributed various products that are used for construction. These products included structural panels (plywood and oriented strand board), engineered wood products, lumber, particleboard and building supplies. Most of these products were sold to independent wholesalers and dealers or through our own wholesale building materials distribution outlets. In connection with the Sale, we sold all of the assets included in our Boise Building Solutions segment except our facility near Elma, Washington, that manufactures integrated wood-polymer building materials. In December 2004, our board of directors authorized us to pursue the divestiture of this facility. (See Note 3, Discontinued Operations.) The following segment tables have been adjusted for this discontinued operation.

Boise Paper Solutions manufactured, marketed and distributed uncoated free sheet papers (office papers, printing grades, forms bond, envelope papers and value-added papers), containerboard, corrugated containers, newsprint and market pulp. With the exception of newsprint, these products were sold to distributors, industrial customers and our office products business, primarily by our own sales personnel. Our office products businesses sold these products directly to large corporate, government and small and medium-sized offices. Newsprint was marketed by Abitibi-Consolidated Company of Canada. In connection with the Sale, we sold the assets included in our Boise Paper Solutions segment.

Corporate and Other includes corporate support staff services and related assets and liabilities.

The segments' profits and losses are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items and cumulative effect of accounting changes. Specified expenses are allocated to the segments. For some of these allocated expenses, the related assets and liabilities remain in the Corporate and Other segment.

The segments follow the accounting principles described in Note 1, Summary of Significant Accounting Policies. Sales between segments are recorded primarily at market prices.

No single customer accounts for 10% or more of consolidated trade sales. Our export sales to foreign unaffiliated customers were $104.0 million in 2004, $127.2 million in 2003 and $124.3 million in 2002.

During 2004, 2003 and 2002, OfficeMax, Contract had foreign operations in Canada, Mexico, Australia and New Zealand. In 2004 and 2003, OfficeMax, Retail had foreign operations in Mexico through its 51%-owned joint venture. This segment also has operations in Puerto Rico and the U.S. Virgin Islands, which are included with our operations in the United States. Boise Building Solutions had a small wood I-joist plant in Canada that was acquired in June 2000 and a veneer and plywood plant in Brazil that started up in late 2001. We also had a 47% interest in an oriented strand board plant in Canada, which we accounted for under the equity method and sold in May 2004.

The following table summarizes net sales and long-lived assets by geography:

	Year Ended December 31		
	2004	2003	2002
		(millions)	
Net sales			
United States	$ 11,986.8	$ 7,291.9	$ 6,605.3
Foreign	1,283.4	953.2	807.0
	$ 13,270.2	**$ 8,245.1**	**$ 7,412.3**
Long-lived assets			
United States	$ 3,960.8	$ 4,446.1	$ 3,332.0
Foreign	323.4	333.2	227.9
	$ 4,284.2	**$ 4,779.3**	**$ 3,559.9**

Segment sales to external customers by product line are as follows:

	Year Ended December 31		
	2004	2003	2002
	(millions)		
OfficeMax, Contract			
Office supplies and paper	$ 2,462.0	$ 2,231.6	$ 2,179.4
Technology products	1,403.9	1,124.7	1,021.0
Office furniture	502.9	383.3	342.9
	4,368.8	3,739.6	3,543.3
OfficeMax, Retail			
Office supplies and paper	1,768.4	91.6	—
Technology products	2,308.0	161.1	—
Office furniture	404.9	30.5	—
	4,481.3	283.2	—
Total OfficeMax			
Office supplies and paper	4,230.4	2,323.2	2,179.4
Technology products	3,711.9	1,285.8	1,021.0
Office furniture	907.8	413.8	342.9
	8,850.1	4,022.8	3,543.3
Boise Building Solutions			
Structural panels	1,042.4	939.3	689.0
Engineered wood products	487.0	433.1	352.2
Lumber	859.5	741.0	774.4
Particleboard	58.8	54.4	66.8
Building supplies and other	785.1	679.1	564.3
	3,232.8	2,846.9	2,446.7
Boise Paper Solutions			
Uncoated free sheet	425.6	614.9	669.2
Containerboard and corrugated containers	425.7	370.8	387.5
Newsprint	157.9	160.3	142.9
Market pulp and other	152.1	206.5	198.4
	1,161.3	1,352.5	1,398.0
Corporate and Other	26.0	22.9	24.3
	$ 13,270.2	**$ 8,245.1**	**$ 7,412.3**

An analysis of our operations by segment is as follows:

	Sales				Selected Components of Income (Loss)				
	Trade	Inter-segment	Total	Income (Loss) Before Taxes and Minority Interest(a)(b)	Equity in Net Income (Loss) of Affiliates	Depreciation, Amortization, and Cost of Company Timber Harvested	Capital Expendi-tures	Assets	Invest-ments in Affiliates
	(millions)								
Year Ended December 31, 2004									
OfficeMax, Contract	$ 4,368.8	$ 2.0	$ 4,370.8	$ 107.0	$ —	$ 66.7	$ 63.6	$ 2,762.5	$ —
OfficeMax, Retail	4,481.3	—	4,481.3	22.7	—	86.1	85.5	2,404.9	—
	8,850.1	2.0	8,852.1	129.7	—	152.8	149.1	5,167.4	—
Boise Building Solutions	3,232.8	24.9	3,257.7	319.2	6.3	32.7	55.3	—	—
Boise Paper Solutions	1,161.3	509.1	1,670.4	38.8	—	157.2	88.0	—	—
Corporate and Other	26.0	53.6	79.6	199.8	—	12.3	5.8	2,334.0	175.9
	$ 13,270.2	$ 589.6	$ 13,859.8	$ 687.5	6.3	355.0	298.2	7,501.4	175.9
Assets held for sale	—	—	—	—	—	—	—	41.6	—
Intersegment eliminations	—	(589.6)	(589.6)	—	—	—	—	—	—
Interest expense	—	—	—	(151.9)	—	—	—	—	—
Debt retirement expense	—	—	—	(137.1)	—	—	—	—	—
Timber notes securitization	—	—	—	(19.0)	—	—	—	—	—
	$ 13,270.2	**$ —**	**$ 13,270.2**	**$ 379.5**	**$ 6.3**	**$ 355.0**	**$ 298.2**	**$ 7,543.0**	**$ 175.9**
Year Ended December 31, 2003									
OfficeMax, Contract	$ 3,739.6	$ 2.3	$ 3,741.9	$ 109.4	$ .1	$ 66.1	$ 184.6	$ 1,441.3	$ .1
OfficeMax, Retail	283.2	—	283.2	6.1	—	2.8	1,259.2	2,265.7	—
	4,022.8	2.3	4,025.1	115.5	.1	68.9	1,443.8	3,707.0	.1
Boise Building Solutions	2,846.9	25.0	2,871.9	125.3	8.7	45.0	51.1	849.5	44.2
Boise Paper Solutions	1,352.5	500.1	1,852.6	(13.9)	—	182.0	127.8	2,501.2	—
Corporate and Other	22.9	55.0	77.9	(45.2)	—	11.9	6.9	297.2	—
	8,245.1	582.4	8,827.5	181.7	8.8	307.8	1,629.6	7,354.9	44.3
Assets held for sale	—	—	—	—	—	—	—	98.7	
Intersegment eliminations	—	(582.4)	(582.4)	—	—	—	—	(77.4)	—
Interest expense	—	—	—	(132.5)	—	—	—	—	—
	$ 8,245.1	**$ —**	**$ 8,245.1**	**$ 49.2**	**$ 8.8**	**$ 307.8**	**$ 1,629.6**	**$ 7,376.2**	**$ 44.3**
Year Ended December 31, 2002									
OfficeMax, Contract	$ 3,543.3	$ 2.5	$ 3,545.8	$ 123.0	$ (1.0)	$ 63.1	$ 57.3	$ 1,266.3	$ .1
Boise Building Solutions	2,446.7	23.0	2,469.7	53.3	(.6)	46.4	56.1	807.6	35.5
Boise Paper Solutions	1,398.0	480.0	1,878.0	38.6	—	185.1	106.4	2,497.4	—
Corporate and Other	24.3	51.7	76.0	(81.8)	(.8)	11.8	8.6	348.0	—
	7,412.3	557.2	7,969.5	133.1	(2.4)	306.4	228.4	4,919.3	35.6
Assets held for sale	—	—	—	—	—	—	—	92.5	—
Intersegment eliminations	—	(557.2)	(557.2)	—	—	—	—	(64.4)	—
Interest expense	—	—	—	(131.7)	—	—	—	—	—
	$ 7,412.3	**$ —**	**$ 7,412.3**	**$ 1.4**	**$ (2.4)**	**$ 306.4**	**$ 228.4**	**$ 4,947.4**	**$ 35.6**

(a) Interest income has been allocated to our segments in the amounts of $14.1 million for 2004, $1.2 million for 2003 and $1.5 million for 2002.

(b) See Note 4, OfficeMax, Inc. Acquisition; Note 7, Other (Income) Expense, Net; Note 12, Investments in Affiliates; and Note 18, 2003 Cost-Reduction Program, for an explanation of special items affecting our segments.

20. Commitments and Guarantees

Commitments

We have commitments for leases and long-term debt. (See Note 10, Leases, and Note 14, Debt.) In addition, we have purchase obligations for goods and services and capital expenditures entered into in the normal course of business.

Pursuant to an Additional Consideration Agreement between OfficeMax and Boise Cascade, L.L.C., related to the Sale, we may be required to make substantial cash payments to, or receive substantial cash payments from, Boise Cascade, L.L.C. Under the Additional Consideration Agreement, the Sale proceeds may be adjusted upward or downward based on paper sales prices during the six years following the closing date, subject to annual and aggregate caps. Neither party will be obligated to make a payment in excess of $45 million in any one year under the agreement. Payments are also subject to an aggregate cap of $125 million that declines to $115 million in the fifth year and $105 million in the sixth year. We calculated our projected future obligation under the Additional Consideration Agreement and accrued $42 million in "Other long-term liabilities" on our Consolidated Balance Sheet. We calculated the $42 million based on the net present value of weighted average expected payments using industry paper price projections. We recorded the accrual as an adjustment to the "Gain on sale of assets" in our Consolidated Statement of Income. In future periods, we will record the changes in the fair value as an adjustment to the gain on the sale of assets, and it will affect reported net income (loss).

In connection with the Sale, we entered into a paper supply contract with affiliates of Boise Cascade, L.L.C. under which we purchase our North American requirements for cut-size office paper, to the extent Boise Cascade, L.L.C. produces such paper, until December 2012, at prices approximating market levels. Our purchase obligations under the agreement will phase out over a four-year period beginning one year after the delivery of notice of termination, but not prior to December 31, 2012.

We have a legal obligation to fund our defined benefit plans. The minimum required contributions to our pension plans are zero in 2005. However, we may elect to make voluntary contributions of up to $25.0 million for that year. (See Note 16, Retirement and Benefit Plans, for more information.) Our contributions may change from period to period, based on the performance of plan assets, actuarial valuations and company discretion within pension laws and regulations.

In accordance with our joint-venture agreement, the minority owner of our subsidiary in Mexico, OfficeMax de Mexico, can require us to purchase its 49% interest in the subsidiary if earnings targets are achieved. At December 31, 2004, OfficeMax de Mexico had met these earnings targets. These earnings targets are calculated quarterly on a rolling four-quarter basis. Accordingly, the targets can be achieved in one quarter but not in the next. When the earnings targets are achieved and the minority owner elects to put its ownership interest, the purchase price would be equal to fair value, calculated based on both the subsidiary's earnings for the last four quarters before interest, taxes and depreciation and amortization and the current market multiples of similar companies. The fair value purchase price at December 31, 2004, was estimated to be $35 million to $40 million.

Operating leases represent a significant commitment to us. We lease our store space and other property and equipment under operating leases. Our minimum lease requirements are $367.3 million for 2005, $332.5 million for 2006, $285.9 million for 2007, $257.2 million for 2008 and $231.4 million for 2009, with total payments thereafter of $904.0 million, for leases with remaining terms of more than one year. These minimum lease payments do not include contingent rental expenses that may be paid based on percentages in excess of stipulated amounts. These future minimum lease payment requirements have not been reduced by $70.3 million of minimum sublease rentals due in the future under noncancelable subleases.

Guarantees

We provide guarantees, indemnifications and assurances to others, which constitute guarantees as defined under FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others.

Indemnification obligations may arise from the Asset Purchase Agreement between OfficeMax Incorporated, OfficeMax Southern Company, Minidoka Paper Company, Forest Products Holdings, L.L.C. and Boise Land & Timber Corp. The terms of this agreement include purchase price adjustments, which could result in additional payments by OfficeMax in the future. Additionally, OfficeMax has agreed to provide indemnification with respect to a variety of obligations. These indemnification obligations are subject, in some cases, to survival periods, deductibles and caps. At December 31, 2004, we were not aware of any material liabilities arising from these indemnifications.

Previously, OfficeMax Incorporated guaranteed the debt used to fund our employee stock ownership plan ("ESOP") for our U.S. salaried employees. The debt was repaid in 2004. We have guaranteed tax indemnities on the ESOP debt. Although the debt was paid, under these indemnities, we would be required to pay additional amounts to the debt holders if the interest payments on the debt were determined to be taxable. Any amounts paid under this tax indemnification would be dependent upon future tax rulings and assessments by the Internal Revenue Service and are not quantifiable at this time.

We have twelve operating leases that have been assigned to other parties but for which we remain contingently liable in the event of nonpayment by the other parties. The lease terms vary and, assuming exercise of renewal options, extend through 2032. Annual rental payments under the leases are approximately $3.4 million.

OfficeMax Incorporated has guaranteed the obligations of OfficeMax, Contract under state workers' compensation laws. This liability is unlimited, and the annual amount of the obligations varies depending on OfficeMax, Contract's claims experience. We insure amounts in excess of $2 million per claim through third-party insurers.

OfficeMax, Contract and OfficeMax North America have guaranteed the debt of OfficeMax Incorporated under our revolving credit agreement up to the $560 million aggregate credit limit. At December 31, 2004, there was no amount outstanding under this agreement. The agreement expires in 2005.

OfficeMax, Contract and OfficeMax North America have guaranteed the debt of OfficeMax Incorporated under our $150 million credit agreement. At December 31, 2004, there was no amount outstanding under the agreement. The agreement expires in 2005.

OfficeMax Incorporated and its affiliates enter into a wide range of indemnification arrangements in the ordinary course of business. These include tort indemnifications, tax indemnifications, indemnifications against third-party claims arising out of arrangements to provide services to us and indemnifications in merger and acquisition agreements. It is impossible to quantify the maximum potential liability under these indemnifications. At December 31, 2004, we were not aware of any material liabilities arising from these indemnifications.

21. Legal Proceedings and Contingencies

OfficeMax Incorporated and certain of its subsidiaries are named as defendants in a number of lawsuits, claims and proceedings. Some of these lawsuits and proceedings arise out of the operation of the forest products assets prior to closing of the Sale, for which OfficeMax agreed to retain responsibility. Also as part of the Sale, we agreed to retain responsibility for all pending or threatened proceedings and future proceedings alleging asbestos-related injuries arising out of the operation of the forest products assets prior to the closing of the Sale. We do not believe any of these retained proceedings are material to our business.

We have been notified that we are a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar federal and state laws, or have received a claim from a private party, with respect to 15 active sites where hazardous substances or other contaminants are or may be located. All 15 active sites relate to operations either no longer owned by the company or unrelated to its ongoing operations. In most cases, we are one of many potentially responsible parties, and our alleged contribution to these sites is relatively minor. For sites where a range of potential liability can be determined, we have established appropriate reserves. We believe we have minimal or no responsibility with regard to several other sites. We cannot predict with certainty the total response and remedial costs, our share of the total costs, the extent to which contributions will be available from other parties or the amount of time necessary to complete the cleanups. Based on our investigations; our experience with respect to cleanup of hazardous substances; the fact that expenditures will, in many cases, be incurred over extended periods of time; and the number of solvent potentially responsible parties, we do not believe that the known actual and potential response costs will, in the aggregate, materially affect our financial position or results of operations.

Over the past several years and continuing into 2005, we have been named a defendant in a number of cases where the plaintiffs allege asbestos-related injuries from exposure to asbestos products or exposure to asbestos while working at job sites. The claims vary widely and often are not specific about the plaintiffs' contacts with the company. None of the claims seeks damages from us individually, and we are generally one of numerous defendants. Many of the cases filed against us have been voluntarily dismissed, although we have settled some cases. The settlements we have paid have been covered mostly by insurance, and we believe any future settlements or judgments in these cases would be similarly covered. To date, no asbestos case against us has gone to trial, and the nature of these cases makes any prediction as to the outcome of pending litigation inherently subjective. At this time, however, we believe our involvement in asbestos litigation is not material to either our financial position or our results of operations.

Five lawsuits were filed against the company during the period from January 13, 2005, to February 18, 2005, alleging violations of the Securities Exchange Act of 1934. One case was voluntarily dismissed by the plaintiff, so the following four cases are currently pending: Roth v. OfficeMax Inc., et al.; Wing v. OfficeMax Incorporated, et al.; Noyes v. OfficeMax Inc., et al.; and Smith v. OfficeMax Inc., et al. OfficeMax is named as a defendant in each complaint. The complaint in Smith also names our chief financial officer and our former chief executive officer as defendants. In addition to the defendants named in the Smith complaint, the Wing and Noyes complaints also name our chief executive officer as a defendant. The complaint in Roth names as defendants each of the defendants named in the other three cases, as well as two former officers of OfficeMax, Inc., one of whom also served as the president of our retail division until January 2005. The lawsuits allege, among other things, that the defendants made false and misleading statements, or failed to disclose allegedly material information, with respect to the company's financial performance, prospects and internal controls. The cases were filed in the United States District Court for the Northern District of Illinois, and each allegedly is brought on behalf of a putative class comprised of persons who purchased (or otherwise acquired) the company's securities during periods specified in the complaints. The complaints seek an award of an unspecified amount of compensatory damages, interest, costs, including attorneys' fees, and such equitable or other relief as the court deems just. We believe there are valid factual and legal defenses to these lawsuits and will vigorously defend all claims alleged by the plaintiffs.

We are also involved in other litigation and administrative proceedings arising in the normal course of our business. In the opinion of management, our recovery, if any, or our liability, if any, under pending litigation or administrative proceedings, including those described in the preceding paragraphs, would not materially affect our financial position or results of operations.

22. *Quarterly Results of Operations (unaudited)*

We have amended our Quarterly Reports on Form 10-Q for the quarterly periods in the fiscal year ended December 31, 2004. The purpose of the restatement is to correct the accounting for vendor income, after we determined that rebates and other payments from vendors in 2004 were not recorded in the appropriate accounting periods. As a result, income from continuing operations was overstated by approximately $7.1 million in the first quarter of 2004 and was understated by approximately $1.1 million and $1.7 million in the second and third quarters of 2004, respectively. The following information reflects the restatement.

	2004				2003			
	First(a)	Second(b)	Third	Fourth(c)(d)(e)(f)	First(g)	Second	Third(h)	Fourth(i)(j)
	(millions, except per-share and stock price information)							
Net sales	$ 3,529.6	$ 3,401.2	$ 3,650.9	$ 2,688.5	$ 1,853.2	$ 1,929.0	$ 2,110.6	$ 2,352.3
Income (loss) from continuing operations	65	55	66	48	(15)	—	38	12
Loss from discontinued operations	(6)	(4)	(4)	(47)	(4)	(4)	(5)	(5)
Income (loss) before cumulative effect of accounting changes	59	51	62	1	(19)	(4)	33	7
Net income (loss)	59	51	62	1	(28)	(4)	33	7
Net income (loss) per common share from continuing operations(k)								
Basic	.72	.60	.73	.51	(.31)	(.05)	.59	.13
Diluted	.67	.58	.69	.51	(.31)	(.05)	.56	.13
Net income (loss) per common share(k)								
Basic	.65	.55	.68	(.02)	(.53)	(.12)	.51	.05
Diluted	.61	.53	.64	(.02)	(.53)	(.12)	.48	.05
Common stock dividends paid per share	.15	.15	.15	.15	.15	.15	.15	.15
Common stock prices(l)								
High	35.26	38.01	37.75	35.21	28.15	26.30	29.20	32.89
Low	30.64	32.29	30.14	28.58	20.72	21.48	21.48	26.96

(a) Included a $59.9 million pretax gain for the sale of approximately 79,000 acres of timberland in western Louisiana.

(b) Included a $46.5 million pretax gain for the sale of our 47% interest in Voyageur Panel.

(c) Included the results of the Boise Building Solutions and Boise Paper Solutions segments through October 28, 2004. On October 29, 2004, we completed the Sale. In connection with the Sale, we recorded a $280.6 million pretax gain. We monetized the timber installment notes related to the Sale for proceeds of $1.5 billion in December 2004. At the same time, we entered into interest rate swap contracts to hedge the interest rate risk associated with the issuance of debt securities by special-purpose entities formed by the company, and in December 2004, we recorded $19.0 million of expense in "Timber note securitization."

(d) Included $137.1 million of costs related to our early buyback of debt.

(e) Included a $67.8 million pretax charge for the write-down of impaired assets at our Elma, Washington, manufacturing facility, which is accounted for as a discontinued operation. (See Note 3, Discontinued Operations.)

(f) Included $15.9 million of expense in our Corporate and Other segment for one-time benefits costs granted to employees.

(g) Included a pretax charge of $10.1 million for employee-related costs incurred in connection with the 2003 cost-reduction program. (See Note 18, 2003 Cost-Reduction Program.)

(h) Included a net $2.9 million, one-time tax benefit related to a favorable tax ruling, net of changes in other tax items.

(i) Included a $14.7 million pretax charge for the write-down of impaired assets at our plywood and lumber operations in Yakima, Washington. (See Note 7, Other (Income) Expense, Net.)

(j) Included income from OfficeMax, Inc. operations for the period from December 10, 2003, through December 27, 2003, and costs, including incremental interest expense, directly related to the acquisition. The net effect of these items reduced income $4.1 million before taxes, or $2.5 million after taxes.

(k) Quarters added together may not equal year-end amount because each quarter is calculated on a stand-alone basis.

(l) Our common stock (symbol OMX) is traded on the New York Stock Exchange.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of OfficeMax Incorporated:

We have audited the accompanying consolidated balance sheets of OfficeMax Incorporated and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of OfficeMax Incorporated and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the Standards of the Public Company Accounting Oversight Board (United States), the effectiveness of OfficeMax Incorporated's internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 15, 2005, expressed an unqualified opinion on management's assessment of, and an adverse opinion on the effective operation of, internal control over financial reporting.

As discussed in Note 1 and Note 8 to the consolidated financial statements, in 2003 the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 143, Accounting for Asset Retirement Obligations; the fair-value-based method of accounting for stock-based employee compensation using the prospective method of transition under the provisions of SFAS No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure; the guidelines established by the Financial Accounting Standards Board's (FASB) Emerging Issues Task Force Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor; and the guidelines of FASB Interpretation No. 46, as revised, Consolidation of Variable Interest Entities.

/s/ KPMG LLP

Boise, Idaho
March 15, 2005

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of OfficeMax Incorporated:

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting (Item 9A(b)), that OfficeMax Incorporated ("the Company") did not maintain effective internal control over financial reporting as of December 31, 2004, because of the effect of a material weakness identified in management's assessment associated with the control environment of an entity acquired near the end of 2003, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). OfficeMax Incorporated's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness of future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weakness has been identified and included in management's assessment: As of December 31, 2004, deficiencies in the control environment of an entity acquired near the end of 2003 represented a material weakness in the internal control over financial reporting of OfficeMax Incorporated. This material weakness resulted from the combination of the following internal control deficiencies that, when aggregated, resulted in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis by management or employees in the normal course of performing their assigned functions: (i) insufficient policies and procedures to ensure that employees in the merchandising department of the acquired entity acted in accordance with the Company's Code of Conduct, (ii) insufficient policies and procedures regarding the follow-up on communications from vendor(s) regarding disputed claims, including the lack of adequate segregation of duties involving initiation of transactions and dispute resolution, and (iii) inadequately trained personnel within the merchandising and accounting departments. As a result of the deficiencies, the Company overstated operating income in the first quarter of 2004 and understated operating income in the second and third quarters of 2004. The Company has restated each of the aforementioned quarters to properly reflect the appropriate accounting in each period.

In our opinion, management's assessment that OfficeMax Incorporated did not maintain effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, OfficeMax Incorporated has not maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of OfficeMax Incorporated and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004. The aforementioned material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2004 consolidated financial statements, and this report does not affect our report dated March 15, 2005, which expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Boise, Idaho
March 15, 2005

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

We have had no disagreements with our independent accountants regarding accounting or financial disclosure matters.

ITEM 9A. CONTROLS AND PROCEDURES

(a) *Evaluation of Disclosure Controls and Procedures*

As of the end of the period covered by this report, the chief executive officer and chief financial officer directed and supervised an evaluation of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). The evaluation was conducted to determine whether the company's disclosure controls and procedures were effective in bringing material information about the company to the attention of senior management. Based on this evaluation, our chief executive officer and chief financial officer concluded that the company's disclosure controls and procedures were not effective in alerting them in a timely manner to material information that the company is required to disclose in its filings with the Securities and Exchange Commission, due to a material weakness in internal control associated with the control environment of an entity acquired near the end of 2003, as described below. Due to this material weakness, the company, in preparing its financial statements as of and for the year ended December 31, 2004, performed other procedures relating to accounting for vendor income to ensure that such financial statements were fairly stated, in all material respects, in accordance with U.S. generally accepted accounting principles.

During the fourth fiscal quarter of 2004, we sold our forest products assets to Boise Cascade, L.L.C., and its affiliates. As part of this transaction we entered into a Mutual Administrative Services Agreement under which Boise Cascade, L.L.C. provides corporate staff services to OfficeMax. These services include financial, legal, human resources, and investor relations services. Because Boise Cascade L.L.C. employees were previously providing many of these services to OfficeMax, we believe neither the sale of the forest products assets nor the resulting changes in the provision of administration services have significantly affected the design or operation of our disclosure controls and procedures.

(b) *Management's Report on Internal Control over Financial Reporting*

OfficeMax's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended). Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework.*

Based on this assessment, management concluded that as of December 31, 2004, OfficeMax's internal control over financial reporting was not effective due to a material weakness in internal control associated with the control environment of an entity acquired near the end of 2003. This material weakness resulted from the combination of the following internal control deficiencies that, when aggregated, resulted in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis by management or employees in the normal course of performing their assigned functions: (i) insufficient policies and procedures to ensure that employees in the merchandising department of the acquired entity acted in accordance with our Code of Conduct, (ii) insufficient policies and procedures regarding the follow-up on communications from vendor(s) regarding disputed claims, including the lack of adequate segregation of duties involving initiation of transactions and dispute resolution, and (iii) inadequately trained personnel within the merchandising and accounting departments. As a result of the deficiencies, the company overstated operating income in the first quarter of 2004 and understated operating income in the second and third quarters of 2004. The company has restated each of the aforementioned quarters to properly reflect the appropriate accounting in each period.

KPMG LLP, our independent registered public accounting firm, has issued an audit report on management's assessment of our internal control over financial reporting. That report appears on page 100.

(c) *Background and Remediation Plan*

Our management maintains a comprehensive system of internal controls based on written policies and procedures as well as ongoing assessments. We designed our system to provide reasonable assurances that assets are safeguarded against loss or unauthorized use; that transactions are executed and recorded in accordance with management's authorization; and that fraudulent financial reporting is prevented and detected. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management communicates its expectations of internal control to all employees with significant responsibilities in the financial reporting process. In addition, our internal audit staff regularly monitors our financial reporting system and the related internal accounting controls through an extensive program of audits throughout OfficeMax. As part of our system of internal controls, management selects and trains qualified people who we expect to conduct our affairs in accordance with our Code of Business Conduct and Ethics (the "Code"). We make our Code available to all our employees, and it is a key element of our system of internal controls. The Code covers, among other things, compliance with all laws, including those related to financial disclosure, potential conflicts of interest and the protection of our information and assets.

During December of 2004, we began an investigation under the direction of the audit committee of our board of directors into claims by a vendor to our retail business that certain employees acted inappropriately in requesting promotional payments and in falsifying supporting documentation for claims billed to the vendor by the company during 2003 and 2004. The investigation, which was concluded in February 2005, confirmed that certain employees fabricated supporting documents for approximately $3.3 million in claims billed to the vendor. In addition, the investigation identified certain rebates and other payments from vendors in 2004 that were not recorded in the appropriate accounting period, because certain employees submitted inaccurate claim forms to support immediate recognition of vendor income related to future activities and over-deducted monies on payment to vendors for volume purchases (or other performance) that had not yet occurred. As a result, the company overstated operating income in the first quarter of 2004 by approximately $7.1 million and understated operating income by approximately $1.1 million and $ 1.7 million in the second and third quarters of 2004, respectively. Although the amounts of overstatement and understatement were relatively small compared to the total vendor credits and the company's cost of sales in each quarter, the company has restated quarterly income in each of the first three fiscal quarters of 2004.

The company has made and will continue to make improvements to processes and controls that we believe will remediate the material weakness. Specifically, the company has:

- Terminated employees who knowingly violated company policies;
- Completed a review of all outstanding vendor claims and receivables;
- Converted a substantial portion of our vendor credits to standard agreements that emphasize purchase volume credits over promotion and event driven credits, thereby ensuring the use of objective criteria to determine when a credit has been earned and may be taken into income by the company;
- Expanded the practice of requesting vendor confirmation of vendor credit claims and outstanding receivables; and
- Clarified the duties and responsibilities of the company personnel who interact with vendors to reinforce accountability.

In addition, management intends to:

- Improve the training of personnel in the accounting and merchandising departments with respect to the company's vendor income policies and practices;
- Enhance the skill level, staffing and reporting authority of personnel in the accounting and merchandising departments; and
- Vest a senior executive with the responsibility to review issues related to vendor credits, such as outstanding receivables and disagreements with vendors, and regularly report his or her findings directly to the audit committee.

Although we believe the critical steps in our plan of remediation are complete, certain steps have yet to be completed and not all of the steps were tested prior to December 31, 2004. Therefore, we cannot consider them in our assessment of our control over financial reporting as of December 31, 2004. We are in the process of completing and testing the improvements and believe that these new policies and procedures will remediate the material weakness.

(d) *Changes in Internal Control over Financial Reporting*

There was no change in the company's internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-1(f) of the Exchange Act, other than as discussed above in connection with the material weakness, during the fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

(a) None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors and nominees for director are presented under the caption "Board of Directors" in our proxy statement. This information is incorporated by reference.

The following lists our executive officers covered by Section 16 of the Securities and Exchange Act of 1934 and gives a brief description of their business experiences as of February 28, 2005:

Theodore Crumley, 59, was first elected an officer of the company on May 10, 1990. Mr. Crumley served as senior vice president and chief financial officer from 1994 until the Sale. Mr. Crumley returned as chief financial officer in January 2005. Mr. Crumley previously served as vice president and controller beginning in 1990. He joined the company in 1972.

Phillip P. DePaul, 34, was first elected an officer of the company on November 1, 2004. Mr. DePaul has served as senior vice president and controller of the company since 2004. Mr. DePaul previously served as senior vice president and controller of OfficeMax, Inc., beginning in 2000 and director of financial planning of OfficeMax, Inc., beginning in 1998.

George J. Harad, 60, was first elected an officer of the company on May 11, 1982. Mr. Harad served as chief executive officer of the company from 1994 until the Sale and became chairman of the board in 1995. Mr. Harad returned as chief executive officer of the company in February 2005. Mr. Harad became a director and president of the company in 1991. He joined OfficeMax in 1971.

Michael D. Rowsey, 52, was first elected an officer of the company on February 8, 2002. Mr. Rowsey has served as president-contract of the company since 2004. Mr. Rowsey previously served as Boise Office Solutions division vice president from 2000 until 2001, and as division senior vice president in charge of logistics and strategic planning until December 2003, when he was promoted to president—contract.

Ryan Vero, 34, was first elected as executive vice president, merchandising of the company on November 1, 2004. Mr. Vero previously served as executive vice president, merchandising and marketing of OfficeMax, Inc., beginning in 2001 and executive vice president, e-commerce/direct of OfficeMax, Inc., beginning in 1995.

Information concerning our Audit Committee and our Audit Committee financial expert is set forth under the caption "Audit Committee Report" in our proxy statement and is incorporated by reference.

Information concerning the procedures by which security holders may recommend nominees to our board of directors is set forth under the caption "Shareholder Nominations for Directors" in our proxy statement and is incorporated by reference.

Information concerning compliance with Section 16 of the Securities Exchange Act of 1934 is set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in our proxy statement and is incorporated by reference.

We have adopted a Code of Ethics that applies to all OfficeMax employees and directors, including our senior financial officers. Copies of the Code are available, free of charge, on our website at www.officemax.com, by clicking on "About us," "Investors" and then "Code of Ethics." You also may obtain copies of this Code by contacting our Corporate Communications Department, 150 Pierce Road, Itasca, Illinois 60143, or by calling 630/773-5000. If we amend or grant a waiver of one or more of the provisions of our Code of Ethics, we intend to disclose such amendments or waivers by posting the required information on our website at the address above.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning compensation of Officemax's executive officers and directors for the year ended December 31, 2004, is presented under the captions "Compensation Tables," "Other Benefit Plans," and "Director Compensation" in our proxy statement. This information is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) Information concerning the security ownership of certain beneficial owners as of December 31, 2004, is set forth under the caption "Stock Ownership—Ownership of More Than 5% of OfficeMax Stock" in our proxy statement and is incorporated by reference.

(b) Information concerning the security ownership of management as of December 31, 2004, is set forth under the caption "Stock Ownership—Directors and Executive Officers" in our proxy statement and is incorporated by reference.

(c) Our shareholders have approved all of the company's equity compensation plans, including the Director Stock Compensation Plan (the "DSCP") and 2003 OfficeMax Incentive and Performance Plan (the "OIPP"), formerly the Boise Incentive and Performance Plan. These plans are designed to further align our directors' and management's interests with the company's long-term performance and the long-term interests of our shareholders. In December 2003, our shareholders also approved an amendment increasing the number of shares of common stock available for issuance under the OIPP. The following table summarizes the number of shares of our common stock that may be issued under our equity compensation plans as of December 31, 2004.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)
Equity compensation plans approved by security holders	8,037,695(1)	$ 28.28	6,480,298(2)
Equity compensation plans not approved by security holders	—	—	—
Total	**8,037,695**	**$ 28.28**	**6,480,298**

(1) Includes 62,964 shares issuable under our Director Stock Compensation Plans, 123,500 shares issuable under our Director Stock Option Plan, 6,740,998 shares issuable under our Key Executive Stock Option Plan, and 1,110,233 shares issuable under the OfficeMax Incentive and Performance Plan. The Director Stock Option Plan and Key Executive Stock Option Plan have been replaced by the OfficeMax Incentive and Performance Plan. The table does not include the deferred stock unit component of our shareholder-approved 2001 Key Executive Deferred Compensation Plan. As of December 31, 2004, there were 183,446 stock units outstanding in the stock unit component of the DCP, and no units are available for future reference.

(2) Of these shares 53,491 were issuable under the Director Stock Compensation Plan and 6,426,807 were issuable under our OfficeMax Incentive and Performance Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions during 2004 is set forth under the caption "Director Independence" in our proxy statement and is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services is set forth under the caption "Audit Committee Report—Audit, Audit-Related, and Other Nonaudit Services" in our proxy statement and is incorporated by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this Form 10-K:

(1) Consolidated Financial Statements.

The Consolidated Financial Statements, the Notes to Consolidated Financial Statements and the Independent Auditors' Report are presented in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

- Consolidated Balance Sheets as of December 31, 2004 and 2003.
- Consolidated Statements of Income for the years ended December 31, 2004, 2003 and 2002.
- Consolidated Statements of Cash Flows for the years ended December 31, 2004, 2003 and 2002.
- Consolidated Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002.
- Notes to Consolidated Financial Statements.
- Report of Independent Registered Public Accountant.

(2) Financial Statement Schedules.

All financial statement schedules have been omitted because they are inapplicable, not required or shown in the financial statements and notes in "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

(3) Exhibits.

A list of the 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 by reference.

(b) Exhibits.

See Index to Exhibits.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

OfficeMax Incorporated

By /s/ George J. Harad

George J. Harad
Chief Executive Officer

Dated: March 16, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities indicated, on March 16, 2005.

	Signature	Capacity
(i)	**Principal Executive Officer:** /s/ George J. Harad George J. Harad	Chief Executive Officer
(ii)	**Principal Financial Officer:** /s/ Theodore Crumley Theodore Crumley	Executive Vice President and Chief Financial Officer
(iii)	**Principal Accounting Officer:** /s/ Phillip P. DePaul Phillip P. DePaul	Senior Vice President and Controller
(iv)	**Directors:**	
	/s/ George J. Harad George J. Harad	/s/ Brian C. Cornell Brian C. Cornell
	/s/ Claire S. Farley Claire S. Farley	/s/ Edward E. Hagenlocker Edward E. Hagenlocker
	/s/ Rakesh Gangwal Rakesh Gangwal	/s/ Jane E. Shaw Jane E. Shaw
	/s/ Gary G. Michael Gary G. Michael	/s/ Francesca Ruiz de Luzuriaga Francesca Ruiz de Luzuriaga
	/s/ A. William Reynolds A. William Reynolds	/s/ Carolyn M. Ticknor Carolyn M. Ticknor
	/s/ Warren F. Bryant Warren F. Bryant	/s/ Ward W. Woods Ward W. Woods
	/s/ David M. Szymanski David M. Szymanski	

Consent of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of OfficeMax Incorporated:

We consent to the incorporation by reference in the registration statement (No. 33-28595) on the post-effective amendment No. 1 to Form S-8; registration statement (No. 33-21964) on the post-effective amendment No. 1 to Form S-8; registration statement (No. 33-31642) on Form S-8; registration statement (No. 333-105223) on Form S-8; registration statement (No. 333-37124) on Form S-8; registration statement (No. 333-41033) on the pre-effective amendment No. 1 to Form S-3; registration statement (No. 333-86425) on Form S-8; registration statement (No. 333-86427) on Form S-8; registration statement (No. 333-61106) on Form S-8; registration statement (No. 333-74450) on Form S-3; registration statement (No. 333-86362) on Form S-3; and the registration statement (No. 333-110397) on Form S-8 of OfficeMax Incorporated of our report dated March 15, 2005, with respect to the consolidated balance sheets of OfficeMax Incorporated as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which reports appear in the December 31, 2004, annual report on Form 10-K of OfficeMax Incorporated.

Our report with respect to the consolidated balance sheets of OfficeMax Incorporated as of December 31, 2004 and 2003, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2004, refers to the adoption of Statement of Financial Accounting Standards (SFAS) No. 143 and No. 148, Financial Accounting Standards Board's (FASB) Emerging Issues Task Force Issue No. 02-16 and FASB Interpretation No. 46, as revised, effective in 2003.

Our report dated March 15, 2005, on management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting as of December 31, 2004, expresses our opinion that OfficeMax Incorporated did not maintain effective internal control over financial reporting as of December 31, 2004 because of the effect of a material weakness on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states: As of December 31, 2004, deficiencies of the control environment of an entity acquired near the end of 2003 represented a material weakness in the internal control over financial reporting of OfficeMax Incorporated. This material weakness resulted from the combination of the following internal control deficiencies that, when aggregated, resulted in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements would not be prevented or detected on a timely basis by management or employees in the normal course of performing their assigned functions: (i) insufficient policies and procedures to ensure that employees in the merchandising department of the acquired entity acted in accordance with the Company's Code of Conduct, (ii) insufficient policies and procedures regarding the follow-up on communications from vendor(s) regarding disputed claims, including the lack of adequate segregation of duties involving initiation of transactions and dispute resolution, and (iii) inadequately trained personnel within the merchandising and accounting departments. As a result of the deficiencies, the Company overstated operating income in the first quarter of 2004 and understated operating income in the second and third quarters of 2004. The Company has restated each of the aforementioned quarters to properly reflect the appropriate accounting in each period.

/s/ KPMG LLP

Boise, Idaho
March 15, 2005

OFFICEMAX INCORPORATED

INDEX TO EXHIBITS

Filed with the Annual Report on Form 10-K for the Year Ended December 31, 2004

Number		Description
2.1	(1)	Agreement and Plan of Merger dated as of July 13, 2003, among Boise Cascade Corporation (now OfficeMax Incorporated), Challis Corporation, and OfficeMax, Inc.
2.2	(2)	Asset Purchase Agreement dated July 26, 2004, between Boise Cascade Corporation (now OfficeMax Incorporated), Boise Southern Company, Minidoka Paper Company and Forest Products Holdings, L.L.C., and Boise Land & Timber Corp.
3.1	(3)	Restated Certificate of Incorporation, as restated to date
3.2	*	Bylaws as amended March 11, 2005
4.1	(4)	Trust Indenture between Boise Cascade Corporation (now OfficeMax Incorporated) and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, as amended
4.2	(5)	Revolving Credit Agreement—$560,000,000, dated as of March 28, 2002
4.3	(6)	Renewed Rights Agreement, amended and restated as of December 12, 2003
4.4	(7)	Purchase Contract Agreement between Boise Cascade Corporation and BNY Western Trust Company, as purchase contract agent, dated December 5, 2001
4.5	(7)	Amended and Restated Declaration of Trust of Boise Cascade Trust I among Boise Cascade Corporation, as depositor, BNY Western Trust Company, as property trustee, and The Bank of New York (Delaware), as Delaware trustee, dated December 5, 2001
4.6	(7)	Guarantee Agreement between the Boise Cascade Corporation, as guarantor, and BNY Western Trust Company, as guarantee trustee, dated December 5, 2001
4.7	(7)	Pledge Agreement between Boise Cascade Corporation, JPMorgan Chase Bank, as collateral agent, custodial agent, and securities intermediary, and BNY Western Trust Company, as purchase contract agent, dated December 5, 2001
9		Inapplicable
10.1	(8)	Paper Purchase Agreement between Boise White Paper, L.L.C., OfficeMax Contract, Inc., and OfficeMax North America, Inc.
10.2	(3)	Additional Consideration Agreement between Boise Cascade Corporation (now OfficeMax Incorporated) and Boise Cascade, L.L.C., dated October 29, 2004
10.3	(3)	Installment Note for $559,500,000 between Boise Land & Timber, L.L.C. (Maker) and Boise Cascade Corporation (now OfficeMax Incorporated) (Initial Holder) dated October 29, 2004
10.4	(3)	Installment Note for $258,000,000 between Boise Land & Timber, L.L.C. (Maker) and Boise Southern Company (Initial Holder) dated October 29, 2004
10.5	(3)	Installment Note for $817,500,000 between Boise Land & Timber II, L.L.C. (Maker) and Boise Cascade Corporation (now OfficeMax Incorporated) (Initial Holder) dated October 29, 2004
10.6	(3)	Guaranty by Wachovia Corporation dated October 29, 2004

10.7	(3)	Guaranty by Lehman Brothers Holdings Inc. dated October 29, 2004
10.8	(3)	Employment Agreement between Boise Cascade Office Products Corporation (now OfficeMax Contract, Inc.) and Gary Peterson dated December 10, 2003
10.9	(3)	Employment Agreement between Boise Cascade Office Products Corporation (now OfficeMax Contract, Inc.) and Phillip P. DePaul dated December 10, 2003
10.10	(9)	Employment Agreement between Boise Cascade Corporation (now OfficeMax Incorporated) and George J. Harad dated October 29, 2004, as amended
10.11	(3)	Registration Rights Agreement among Boise Cascade Corporation (now Office Max Incorporated), Forest Products Holdings, L.L.C., and Boise Cascade Holdings, L.L.C., dated October 29, 2004
10.12	(3)	Registration Rights Agreement among Kooskia Investment Corporation, Forest Products Holdings, L.L.C., and Boise Land & Timber Holdings Corp., dated October 29, 2004
10.13	(3)	Boise Cascade Holdings, L.L.C., Operating Agreement dated October 29, 2004
10.14	(3)	Securityholders Agreement among Boise Cascade Corporation (now OfficeMax Incorporated), Forest Products Holdings, L.L.C., and Boise Cascade Holdings, L.L.C., dated October 29, 2004
10.15	(3)	Stockholders Agreement among Kooskia Investment Corporation, Forest Products Holdings, L.L.C., and Boise Land & Timber Holdings Corp., dated October 29, 2004.
10.16	(10)	Interest Rate Swap Agreement dated October 27, 2004, between J. Aron & Company and OfficeMax Incorporated
10.17	(10)	Interest Rate Swap Agreement dated October 27, 2004, between J. Aron & Company and Boise Southern Company
10.18	(11)	Purchase Agreement dated December 13, 2004, between OMX Timber Finance Investments I, LLC, OMX Timber Finance Investments II, LLC, OfficeMax Incorporated, Wachovia Capital Markets, LLC, and Lehman Brothers Inc.
10.19	(11)	Indemnification Agreement dated December 13, 2004, between Wachovia Corporation, Lehman Brothers Holdings Inc., OMX Timber Finance Investments I, LLC, OMX Timber Finance Investments II, LLC, OfficeMax Incorporated, Wachovia Capital Markets, LLC, and Lehman Brothers Inc.
10.20	(12)	Executive Savings Deferral Plan
10.21	(12)	2005 Deferred Compensation Plan
10.22	(12)	2005 Directors Deferred Compensation Plan
10.23	(12)	Directors Compensation Summary Sheet
10.24	(12)	Form of Director Restricted Stock Award Agreement
10.25	(13)	Form of OfficeMax Incorporated Nonstatutory Stock Option Agreement
10.26	(14)	Executive Life Insurance Program
10.27	(14)	Officer Annual Physical Program
10.28	(14)	Financial Counseling Program
10.29	*	Form of Amended 2005 Annual Incentive Award Agreement

10.30	*	2004 Retention Bonus Plan
10.31	*	Executive Officer Mandatory Retirement Policy
10.32	*	Form of Severance Agreement with Executive Officer (for executive officer not covered by Supplement Early Retirement Plan)
10.33	(15)	1982 Executive Officer Deferred Compensation Plan, as amended through September 26, 2003
10.34	(16)	Nonbusiness Use of Corporate Aircraft Policy, as amended
10.35	(17)	Supplemental Early Retirement Plan for Executive Officers, as amended through September 26, 2003
10.36	(17)	Boise Cascade Corporation (now OfficeMax Incorporated) Supplemental Pension Plan, as amended through September 26, 2003
10.37	*	Form of Severance Agreement with Executive Officer (for executive officer covered by Supplement Early Retirement Plan)
10.38	(17)	1984 Key Executive Stock Option Plan, as amended through September 26, 2003
10.39	(17)	1980 Split Dollar Life Insurance Plan, as amended through September 25, 2003
10.40	(17)	Form of Agreement with Executive Officers, as amended through September 26, 2003 (for executive officers who were employees of Boise Cascade Corporation)
10.41	(18)	Supplemental Healthcare Plan for Executive Officers, as amended through January 1, 2003
10.42	*	Executive Officer Severance Pay Policy
10.43	(19)	Form of Directors' Indemnification Agreement, as revised September 26, 2003
10.44	(20)	Deferred Compensation and Benefits Trust, as amended for the Form of Sixth Amendment dated May 1, 2001
10.45	(21)	Director Stock Compensation Plan, as amended through September 26, 2003
10.46	(21)	Directors Stock Option Plan, as amended through September 26, 2003
10.47	(21)	Form of Agreement with Executive Officers, as amended through September 26, 2003 (for Boise Office Solutions employees who were executive officers of Boise Cascade Corporation)
10.48	(21)	2001 Key Executive Deferred Compensation Plan, as amended through September 26, 2003
10.49	(21)	2001 Board of Directors Deferred Compensation Plan, as amended through September 26, 2003
10.50	(21)	Key Executive Performance Unit Plan, as amended through September 26, 2003
10.51	(21)	2003 Director Stock Compensation Plan, as amended through September 26, 2003
10.52	(21)	2003 Boise (now OfficeMax) Incentive and Performance Plan, as amended through December 12, 2003
10.53	*	OfficeMax Cash Incentive Plan (effective March 11, 2005) and form of 2005 Cash Incentive Award Agreement
10.54	*	Form of 2005 Restricted Stock Unit Award Agreement

11	*	Computation of Per-Share Earnings
12.1	*	Ratio of Earnings to Fixed Charges
12.2	*	Ratio of Earnings to Combined Fixed Charges and Preferred Dividend Requirements
13		Inapplicable
14	(22)	Code of Ethics
16		Inapplicable
18		Inapplicable
21	*	Significant subsidiaries of the registrant
22		Inapplicable
23	*	Consent of KPMG LLP (see page 110)
24		Inapplicable
31.1	*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	*	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer of OfficeMax Incorporated

* Filed with this Form 10-K.

(1) Exhibit 2.1 was filed as Exhibit 2 in our Current Report on Form 8-K filed on July 14, 2003, and is incorporated by reference.

(2) Exhibit 2.2 was filed as Exhibit 2 in our Current Report on Form 8-K filed on July 28, 2004, and is incorporated by reference.

(3) Exhibit was filed under the same exhibit number in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and is incorporated by reference.

(4) The Trust Indenture between Boise Cascade Corporation (now known as OfficeMax Incorporated) and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, as amended, was filed as exhibit 4 in the Registration Statement on Form S-3 No. 33-5673, filed May 13, 1986. The Trust Indenture has been supplemented on seven occasions as follows: The First Supplemental Indenture, dated December 20, 1989, was filed as exhibit 4.2 in the Pre-Effective Amendment No. 1 to the Registration Statement on Form S-3 No. 33-32584, filed December 20, 1989. The Second Supplemental Indenture, dated August 1, 1990, was filed as exhibit 4.1 in our Current Report on Form 8-K filed on August 10, 1990. The Third Supplemental Indenture, dated December 5, 2001, between Boise Cascade Corporation and BNY Western Trust Company, as trustee, to the Trust Indenture dated as of October 1, 1985, between Boise Cascade Corporation and U.S. Bank Trust National Association (as successor in interest to Morgan Guaranty Trust Company of New York) was filed as exhibit 99.2 in our Current Report on Form 8-K filed on December 10, 2001. The Fourth Supplemental Indenture dated October 21, 2003, between Boise Cascade Corporation and U.S. Bank Trust National Association was filed as exhibit 4.1 in our Current Report on Form 8-K filed on October 20, 2003. The Fifth Supplemental Indenture dated September 16, 2004, among Boise Cascade Corporation, U.S. Bank Trust National Association and BNY Western Trust Company was filed as exhibit 4.1 to our Current Report on Form 8-K filed on September 22, 2004. The Sixth Supplemental Indenture dated October 29, 2004, between

OfficeMax Incorporated and U.S. Bank Trust National Association was filed as exhibit 4.1 to our Current Report on Form 8-K filed on November 4, 2004. The Seventh Supplemental Indenture, made as of December 22, 2004, between OfficeMax Incorporated and U.S. Bank Trust National Association was filed as exhibit 4.1 to our Current Report on Form 8-K filed on December 22, 2004. Each of the documents referenced in this footnote is incorporated by reference.

(5) Exhibit 4.2 was filed as exhibit 4 in Boise's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, and is incorporated by reference.

(6) Exhibit 4.3 was filed under the same exhibit number in our Annual Report on Form 10-K for the year ended December 31, 2003, and is incorporated by reference.

(7) Exhibits 4.4, 4.5, 4.6, and 4.7 were filed as exhibits 99.4, 99.7, 99.9, and 99.10, respectively, in Boise's Current Report on Form 8-K filed on December 10, 2001, and are incorporated by reference.

(8) Exhibit 10.1 was filed under the same exhibit number in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004, and is incorporated by reference. (Confidential treatment requested; confidential portions filed separately with the Securities and Exchange Commission.)

(9) Exhibit 10.10 was filed under same exhibit number in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004. The First Amendment to Employment Agreement with George J. Harad was filed as exhibit 10.1 in our Current Report on Form 8-K filed on December 15, 2004. Each of the documents referenced in this footnote is incorporated by reference.

(10) Exhibits 10.16 and 10.17 were filed as exhibits 10.1 and 10.2, respectively, in our Current Report on Form 8-K filed on November 2, 2004, and are incorporated by reference.

(11) Exhibits 10.18 and 10.19 were filed as exhibits 10.1 and 10.2, respectively, in our Current Report on Form 8-K filed on December 17, 2004, and are incorporated by reference.

(12) Exhibits 10.20, 10.21, 10.22, 10.23, and 10.24 were filed as exhibits 10.2, 10.3, 10.4, 10.5, and 10.6, respectively, in our Current Report on Form 8-K filed on December 15, 2004, and are incorporated by reference.

(13) Exhibit 10.25 was filed as exhibit 10.1 in our Current Report on Form 8-K filed on January 6, 2005, and is incorporated by reference.

(14) Exhibits 10.26, 10.27 and 10.28 were filed as exhibits 10.1, 10.2, and 10.3 in our Current Report on Form 8-K filed on February 16, 2005, and are incorporated by reference.

(15) Exhibit 10.33 was filed as exhibit 10.4 in our Annual Report on Form 10-K for the year ended December 31, 2003, and is incorporated by reference.

(16) Exhibit 10.34 was filed as exhibit 10.13 in our Annual Report on 10-K for the year ended December 31, 1993, and is incorporated by reference.

(17) Exhibits 10.35, 10.36, 10.38, 10.39, and 10.40 were filed as exhibits 10.6, 10.7, 10.9, 10.10, and 10.11, respectively, in our Annual Report on 10-K for the year ended December 31, 2003, and are incorporated by reference.

(18) Exhibit 10.41 was filed as exhibit 10.13 in our Annual Report on Form 10-K for the year ended December 31, 2002, and is incorporated by reference.

(19) Exhibit 10.43 was filed as exhibit 10.15 in our Annual Report on Form 10-K for the year ended December 31, 2004, and is incorporated by reference.

(20) The Deferred Compensation and Benefits Trust, as amended and restated as of December 13, 1996, was filed as exhibit 10.18 in our Annual Report on Form 10-K for the year ended December 31, 1996. Amendment No. 4, dated July 29, 1999, to the Deferred Compensation and Benefits Trust was filed as exhibit 10.18 in our Annual Report on Form 10-K for the year ended December 31, 1999. Amendment No. 5, dated December 6, 2000, to the Deferred Compensation and Benefits Trust was filed as exhibit 10.18 in our Annual Report on Form 10-K for the year ended December 31, 2000. Amendment No. 6, dated May 1, 2001, to the Deferred Compensation and Benefits Trust was filed as exhibit 10 in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2001. Each of the documents referenced in this footnote is incorporated by reference.

(21) Exhibits 10.45, 10.46, 10.47, 10.48, 10.49, 10.50, 10.51, and 10.52 were filed as exhibits 10.17, 10.18, 10.22, 10.23, 10.24, 10.25, 10.26, and 10.27, respectively, in our Annual Report on Form 10-K for the year ended December 31, 2003, and are incorporated by reference.

(22) Our Code of Ethics can be found on our website (*www.officemax.com*) by clicking on "About us," "Investors" and then "Code of Ethics."

QuickLinks

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit 3.2

BYLAWS

OF

OFFICEMAX INCORPORATED

As Amended to March 11, 2005

Offices

Section 1. The registered office of the corporation in Delaware shall be in the city of Wilmington, county of New Castle.

Section 2. The corporation may also have offices at such other places both within and without the state of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

Meetings of Stockholders

Section 3. All meetings of the stockholders for the election of directors shall be held in Boise, Idaho, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the state of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the state of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

At a meeting of the stockholders, only business shall be conducted which has been properly brought before the meeting. To be properly brought before a meeting of the stockholders, business must be specified in the notice of meeting (or any supplement thereto) given by, or at the direction of, the board of directors or otherwise properly brought before the meeting by a stockholder. For business to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice of the business to the corporate secretary. To be timely filed, a stockholder's notice must be in writing and received by the corporate secretary at least 45 days before the date the corporation first mailed its proxy materials for the prior year's annual meeting of shareholders. For each matter the stockholder proposes to bring before the meeting, the notice to the corporate secretary shall include (i) a brief description of the business desired to be brought before the meeting and the reasons for conducting the business at the meeting, (ii) the name and record address of the stockholder proposing the business, (iii) the class and number of shares of the corporation which are beneficially owned by the stockholder and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the meeting except in accordance with the procedures set forth in this Section 3.

The chairman of a meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 3. If the chairman determines that business was not properly brought before the meeting, the business shall not be transacted.

Section 4. Annual meetings of stockholders, at such date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which the stockholders shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting. Elections of directors may be by voice vote, rather than by written ballot, unless by resolution adopted by the majority vote of the stockholders represented at the meeting, the election of directors by written ballot is required.

Section 5. Written notice of the annual meeting stating the place, date, and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than 10 nor more than 60 days (or in the case a vote of stockholders on a merger or consolidation is one of the stated purposes of the annual meeting, not less than 20 nor more than 60 days) before the date of the meeting.

Section 6. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 7. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board and shall be called by the chairman of the board or corporate secretary at the request in writing of a majority of the board of directors or a majority of the executive committee. Such request shall state the purpose or purposes of the proposed meeting.

Section 8. Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days (or in the case of a merger or consolidation, not less than 20 nor more than 60 days) before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 9. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 10. The holders of a majority of the shares of stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute, by the certificate of incorporation, or by these bylaws. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 11. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy, excluding, however, any shares where the holder has expressly indicated that the holder is abstaining from voting on the matter, shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or of these bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 12. Each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. In the election of each director of the corporation, each holder of stock shall have one vote for each share held.

Section 13. Any action required or permitted to be taken at any annual or special meeting of stockholders must be taken at such a meeting duly called, upon proper notice to all stockholders entitled to vote. No action required to be taken or which may be taken at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote.

Board of Directors

Section 14. The number of directors which shall constitute the whole board of directors shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the entire board of directors of the corporation, except that the minimum number of directors shall be fixed at no less than three and the maximum number of directors shall be fixed at no more than 15. The directors shall be divided into three classes, as provided in the certificate of incorporation, and each class shall consist, as nearly equal in number as possible, of one-third of the total number of directors constituting the entire board of directors. Except as provided in Section 15 of the bylaws, the directors for all classes shall be elected at the 1985 annual meeting of the stockholders, and thereafter one class of directors shall be elected at each annual meeting of the stockholders: Class I in 1986, Class II in 1987, Class III in 1988, Class I in 1989 and so on. Each director elected shall hold office for the term specified for his or her class in the certificate of incorporation and until his or her successor is elected and qualified or until his or her earlier resignation or removal. No person shall serve as a director of this corporation after the annual stockholders meeting next following his or her 70th birthday. Notwithstanding the preceding sentence, directors elected prior to December 10, 1998, will remain on the board until the annual meeting next following his or her 72nd birthday.

Nominations for election to the board of directors of the corporation at a meeting of stockholders may be made by the board, on behalf of the board, by any nominating committee appointed by that board, or by any stockholder of the corporation entitled to vote for the election of directors at the meeting. Nominations, other than those made by or on behalf of the board, shall be made by notice in writing delivered to or mailed, postage prepaid, and received by the corporate secretary not less than 30 days nor more than 60 days prior to any meeting of stockholders called for the election of directors; provided, however, that if less than 35 days' notice or prior public disclosure of the date of the meeting is given to stockholders, the nomination must be received by the corporate secretary not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. The notice shall set forth: (i) the name and address of the stockholder who intends to make the nomination; (ii) the name, age, business address, and, if known, residence address of each nominee; (iii) the principal occupation or employment of each nominee; (iv) the number of shares of stock of the corporation which are beneficially owned by each nominee and by the nominating stockholder; (v) any other information concerning the nominee that must be disclosed of nominees in proxy solicitations pursuant to Regulation 14A of the Securities Exchange Act of 1934; and (vi) the executed consent of each nominee to serve as a director of the corporation if elected.

The chairman of the meeting of stockholders may, if the facts warrant, determine that a nomination was not made in accordance with the foregoing procedures, and if the chairman should so determine, the chairman shall so declare to the meeting and the defective nomination shall be disregarded.

Removal of directors shall be as provided in the certificate of incorporation.

Section 15. Vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled by a majority of the remaining directors then in office, even though less than a quorum, or by a sole remaining director. Any additional director of any class elected to fill a vacancy in such a class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the next annual meeting for the year in which his or her term expires and until the director's successor shall have been elected and qualified or until his or her earlier resignation or removal.

Section 16. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

Meetings of the Board of Directors

Section 17. The board of directors of the corporation may hold meetings, both regular and special, either within or without the state of Delaware.

Section 18. The first meeting of each newly elected board of directors shall be held without other notice than this bylaw, immediately after, and at the same place as, the annual meeting of stockholders. In the event of the failure to hold the first meeting of a newly elected board at such time and place, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 19. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 20. Special meetings of the board may be called by the chairman of the board on not less than 48 hours' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the chairman of the board or corporate secretary in like manner and on like notice on the written request of two directors.

Section 21. At all meetings of the board a majority of the total number of directors then constituting the whole board shall constitute a quorum for the transaction of business and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

Section 22. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee; and any member of the board of directors or of any committee thereof designated by such board may participate in a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting.

Committees of Directors

Section 23. The board of directors shall have an executive committee and such other committees as they may designate by resolution passed by a majority of the whole board, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, when the board of directors is not in session, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. The member of a committee of one or a majority of the members of any other committee shall constitute a quorum for the transaction of business at a meeting thereof, and action by any committee must be authorized by the affirmative vote of the member of a committee of one or of a majority of the members of any other committee present at a meeting at which a quorum is present. If a member of a committee is absent or disqualified from voting at any meeting, the member or members thereof present at the meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member; provided that at any such meeting, the committee shall not revise or rescind any previous action of the committee without the affirmative vote of a majority of the regular members present.

Special meetings of any committee of the board may be called by the chairman of the board or the chairman of the committee on not less than 48 hours' notice to each member of the committee, either personally or by mail or by telegram. Special meetings of any committee of the board at which members participate by means of conference telephone or similar communications equipment as provided by Section 22 of these bylaws, and at which at least a majority of the members of the committee participate, may be called by the chairman of the board on not less than six hours' notice to each member of the committee either personally or by telegram.

Section 24. Each committee shall have a chairman, appointed by the board of directors, who shall preside at all meetings of such committee. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

Compensation of Directors

Section 25. The directors shall receive such compensation and reimbursement of expenses, if any, of attendance at regular and special meetings of the board of directors as may be set from time to time by the board. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees, including the executive committee, may receive such compensation as shall be approved from time to time by the board.

Notices

Section 26. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given when the notice is mailed. Notice to directors may also be given by telegram, and shall be deemed to be given at the time of delivery to the telegraph company. Notice to members of committees of the directors as such may also be given orally.

Section 27. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Officers

Section 28. The board of directors shall elect any officers required by the laws of the state of incorporation and, in addition, shall elect the chairman of the board, chief executive officer, chief financial officer, secretary, treasurer, any presidents, executive vice presidents, and senior vice presidents, as it may determine are appropriate. The same person may hold two or more offices.

Section 29. Each elected officer shall hold office until the officer's successor is elected and is qualified or until the officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation.

Section 30. Management may appoint such other officers as it so determines. Such appointees shall hold their offices for such terms and shall perform such duties as management may prescribe.

Section 31. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Chief Executive Officer

Section 31A. The chief executive officer of the corporation, who shall be designated from time to time by the board of directors and who shall be either the chairman of the board or the president (as hereinabove provided), shall have general authority over the business and affairs of the corporation, subject to the board of directors, and shall see that all orders and resolutions of the board of directors are carried out.

Chairman of the Board

Section 32. The chairman of the board shall preside at all meetings of the stockholders and the board of directors. The chairman of the board may sign certificates for shares of the corporation, and any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, whether or not under the seal of the corporation, except in cases where the execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed, and shall perform such other duties and have such other powers as from time to time may be prescribed by the board of directors.

President

Section 33. The president shall have general direction and supervision of the operations of the corporation, subject to the board of directors and the chairman of the board. In the absence of the chairman of the board, or in the event of his or her inability to act, the president shall perform the duties of the chairman of the board and when so acting shall have all the powers of, and be subject to all the restrictions upon, the chairman of the board. The president may sign certificates for shares of the corporation, and any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, whether or not under the seal of the corporation, except in cases where the execution thereof shall be expressly delegated by the board of directors or by these bylaws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed, and shall perform such other duties as from time to time may be prescribed by the board of directors or as may be delegated by the chairman of the board.

Vice Presidents

Section 34. In the absence of the president, or in the event of his inability to act, the vice presidents (or if there be more than one, the executive vice president, senior vice presidents, or the vice presidents in the order designated, or in the absence of any designation then in the order of their election or in the order named for election) shall perform the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. Each vice president shall perform such other duties as from time to time may be assigned to him by the chairman of the board, the president, or the board of directors.

Treasurer

Section 35. The treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation, and the deposit of all moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected or approved by the board of directors; and in general shall perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the chairman of the board or the board of directors. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine.

Controller

Section 36. The controller shall be the principal officer in charge of the accounts of the corporation, and shall perform such duties as from time to time may be assigned to him by the chairman of the board or the board of directors.

Corporate Secretary

Section 37. The corporate secretary shall: (a) keep the minutes of the stockholders' and the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all certificates for shares prior to the issue thereof and to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; (d) sign with the chairman of the board, the president, or a vice president, certificates for shares of the corporation, the issue of which shall have been authorized by resolution of the board of directors; (e) have general charge of the stock transfer books of the corporation; and (f) in general perform all duties incident to the office of corporate secretary and such other duties as from time to time may be assigned to him by the chairman of the board or the board of directors.

Assistant Treasurers, Assistant Controllers, and Assistant Secretaries

Section 38. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries as thereunto authorized by the board of directors may sign with the chairman of the board, the president, or a vice president, certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the board of directors. The assistant treasurers, assistant controllers, and assistant secretaries in general shall perform such duties as from time to time may be delegated to them by the treasurer, controller, or the corporate secretary, respectively, or assigned to them by the chairman of the board or the board of directors.

Compensation of Officers

Section 39. The salaries (including bonuses and similar supplemental payments) of the officers other than of assistant treasurers, assistant controllers, and assistant secretaries shall be fixed or approved from time to time by the board of directors or by the committee of directors to whom such authority shall be delegated by the board of directors, and no officer shall be prevented from receiving such salaries, bonuses, or similar supplemental payments by reason of the fact that he is also a director of the corporation.

Voting and Transfer of Stock in Other Corporations

Section 40. The board of directors may by resolution designate an officer or any other person to act for the corporation and vote its shares in any company in which it may own or hold stock, and may direct in what manner, and for or against what propositions and in case of elections for whom its vote shall be cast. In case, however, the board of directors has not taken express action, the chairman of the board, the president, any vice president, the treasurer, or the corporate secretary may act for this corporation on all stockholder matters connected with any such company, including voting the shares owned or held by this corporation and executing and delivering proxies, waivers and stockholder consents. Certificates of stock owned by this corporation in any other company may be endorsed for transfer by any one of the above listed officers.

Indemnification of Directors, Officers and Others

Section 41. Each person who is or was a director, officer or employee of the corporation, and each person who serves or may have served at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, or other enterprise (and the heirs, executors, administrators, and estates of any such person), shall be entitled to indemnity to the fullest extent now or hereafter permitted or authorized by the General Corporation Law of the State of Delaware against any expenses, judgments, fines, and settlement amounts actually and reasonably incurred by such person arising out of his or her status as such director, officer or employee. The corporation shall indemnify any director or officer of the corporation unless the board of directors acting reasonably and in good faith makes a determination that the person has not acted in good faith and in a manner he or she reasonably believed to have been in, or not opposed to, the best interests of the corporation. Such determination shall be made by a majority vote of a quorum consisting of directors who were not parties to the action, suit, or proceeding out of which the claim for indemnification arose, or, if such a quorum is not obtainable, by independent legal counsel selected by the board of directors. Except as expressly provided in any Indemnification Agreement, indemnification and any advancement of expenses under this bylaw will not be mandatory for any person seeking indemnity in connection with a proceeding voluntarily initiated by such person unless the proceeding was authorized by a majority of the entire board of directors. Expenses incurred by a director or officer in defending a civil or criminal action, suit, or proceeding arising out of his or her status as a director or officer shall be paid by the corporation, as these expenses become due, in advance of the final disposition of such action, suit, or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay amounts advanced only if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation. The provisions of this Section 41 shall not be deemed exclusive of any other rights to which any person seeking indemnification may be lawfully entitled under the law of Delaware or any other competent jurisdiction. Any amendment or repeal of this bylaw shall not limit the right of any person to indemnity with respect to actions taken or omitted to be taken by such person prior to such amendment or repeal.

Certificates for Shares and Their Transfer

Section 42. Each holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the chairman of the board, the president, or a vice president and by the corporate secretary or an assistant secretary, or the treasurer or an assistant treasurer of the corporation, certifying the number of shares owned by him and sealed with the seal or a facsimile of the seal of the corporation. Any of or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 43. Upon surrender to the corporation or any transfer agent of the corporation of a certificate for shares of the corporation duly endorsed or accompanied by proper evidence of succession, assignment, or authority to transfer, the corporation or transfer agent shall cancel the old certificate, record the transaction on the books of the corporation, and either issue a new certificate to the person entitled thereto or credit the proper number of shares to an account of the person entitled thereto maintained on the books of the corporation. Upon request the corporation or transfer agent shall issue a certificate for all or any part of the shares held in such an account.

Section 44. The board of directors may authorize the issuance of a new certificate in lieu of a certificate alleged by the holder thereof to have been lost, stolen, or destroyed, upon compliance by such holder, or his legal representatives, with such requirements as the board of directors may impose or authorize. Such authorization by the board of directors may be general or confined to specific instances.

Fixing Record Date

Section 45. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Registered Stockholders

Section 46. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Dividends

Section 47. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 48. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Checks

Section 49. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may, from time to time, designate.

Fiscal Year

Section 50. The fiscal year shall end on the last Saturday in December in each year.

Seal

Section 51. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization, and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Amendments

Section 52. These bylaws may be altered, amended, or repealed or new bylaws may be adopted by the stockholders or by the board of directors at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal, or adoption of new bylaws is contained in the notice of such special meeting.

QuickLinks

Exhibit 3.2

Exhibit 10.29

FORM OF
OFFICEMAX INCORPORATED
2005 Annual Incentive Award Agreement

This **Annual Incentive Award** (the "Award"), is granted on February 10, 2005 (the "Award Date"), by OfficeMax Incorporated ("OfficeMax") to ("Awardee" or "you") pursuant to the 2003 OfficeMax Incentive and Performance Plan (the "Plan") and pursuant to the following terms:

1. The Award is subject to all the terms and conditions of the Plan. All capitalized terms not defined in this Agreement shall have the meaning stated in the Plan.

2. For purposes of this Award, the following terms shall have the meanings stated below.

 2.1. "Award Period" means the 2005 fiscal year.

 2.2. "Base Salary" means your annual pay rate in effect at the end of the Award Period, without taking into account (a) any amounts deferred pursuant to an election under any 401(k) plan, pre-tax premium plan, deferred compensation plan, or flexible spending account sponsored by OfficeMax or any subsidiary, (b) any incentive compensation, employee benefit, or other cash benefit paid or provided under any incentive, bonus or employee benefit plan sponsored by OfficeMax or any subsidiary, or (c) any excellence award, gains upon stock option exercises, restricted stock grants or vesting, moving or travel expense reimbursement, imputed income, or tax gross-ups, without regard to whether the payment or gain is taxable income to you.

 2.3. "EBIT dollars" means OfficeMax's earnings from operations before interest and taxes, as calculated by OfficeMax in its sole discretion.

 2.4. "Net sales" means the gross sales or revenues less returns, allowances, rebates, and coupons for OfficeMax, as calculated by OfficeMax in its sole discretion.

 2.5. "Return on sales" means the ratio of reported operating profit to reported net sales, expressed as a percentage, for OfficeMax during the Award Period, as calculated by OfficeMax in its sole discretion.

 2.6. "Sales growth" means the percentage change in overall same location net sales for OfficeMax during the Award Period, adjusted for store closures, store openings, acquisitions, divestitures, and changes in fiscal periods, as calculated by OfficeMax in its sole discretion.

3. Your target award percentage is % of your Base Salary.

4. The Performance Goals applicable to your Award are sales growth, return on sales, and EBIT dollars. Your Award will be calculated based on these Performance Goals, as follows:

 4.1. *Payout*. Each Performance Goal is weighted equally. Using the payout charts attached as Exhibit 1, a payout multiple will be identified for each Performance Goal. Your target award percentage will be divided by three, that number will be multiplied by the identified multiple, and the resulting percentage will be applied to your Base Salary to determine your actual Award for each Performance Goal.

 4.2. *General Terms*. Payout multiples between numbers indicated on the chart will be calculated using straight-line interpolation. Total payout (aggregate amount paid for all three Performance Goals) is capped at 1.6 times your target award percentage. Individual payout for each Performance Goal is capped at 1.6 times the applicable target award percentage. Notwithstanding the Performance Goals and formulas set forth above, no award will be earned or paid for the Award Period unless OfficeMax has net income for the Award Period, as calculated by OfficeMax in its sole discretion.

5. This Award will be paid in cash.

6. If you terminate employment before December 31, 2005, your Award will be treated as follows:

 6.1. If your termination of employment is a direct result of the sale or permanent closure of any facility or operating unit of OfficeMax or any subsidiary, or a bona fide curtailment, or a reduction in workforce, as determined by OfficeMax in its sole discretion, and you execute a waiver/release in the form required by OfficeMax, or if your termination is a result of your death or total and permanent disability, you will receive a pro rata Award, if an Award is paid, based on the number of days during the Award Period that you were employed and eligible compared to the total number of days in the Award Period.

6.2. If at the time of your termination you are at least age 55 and have at least 10 years of employment with OfficeMax, you will receive a pro rata Award, if an Award is paid, calculated as provided in paragraph 6.1.

6.3. Except as described in paragraphs 6.1 and 6.2, you must be employed by OfficeMax or its subsidiary on the last day of the Award Period to be eligible to receive payment of an Award. If you terminate employment for any reason other than as described in paragraph 6.1 or 6.2, whether your termination is voluntary or involuntary, with or without cause, you will not be eligible to receive payment of any Award for 2005.

7. The Committee reserves the right to reduce or eliminate the Award, whether or not the Performance Goals have been met.

8. In the event of a Change in Control (as defined in the Plan) prior to December 31, 2005, the provisions of the Plan shall apply.

You must sign this Agreement and return it to OfficeMax's Compensation Department on or before April 15, 2005, or the Award will be forfeited. Return your executed Agreement to: Rosie Wenger, OfficeMax, 150 E Pierce Road, Itasca, IL 60143, or fax your signed form to 630-438-2463.

OfficeMax Incorporated	Awardee
By: ______________________	______________________

QuickLinks

Exhibit 10.29

Exhibit 10.30

OFFICEMAX INCORPORATED

2004 RETENTION BONUS PLAN

(Effective July 9, 2004)

OFFICEMAX INCORPORATED

2004 RETENTION BONUS PLAN

1. *Purpose and Establishment.* The 2004 Retention Bonus Plan (the "Plan") is intended to promote the interests of the Company and its shareholders by attracting, motivating, rewarding, and retaining the broad-based management talent in the Company's forest products businesses critical to achieving the Company's business goals.

2. *Definitions.* As used in the Plan, the following definitions apply to the terms indicated below:

2.1 "Agreement" means either the written agreement between the Company and a Participant evidencing an Award and setting forth the terms and conditions applicable to the Award or a statement issued by the Company to a Participant describing the terms and conditions of an Award.

2.2 "Award" means a retention bonus granted pursuant to the terms of the Plan.

2.3 "Board of Directors" means the Board of Directors of the Company.

2.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

2.5 "Committee" means the Executive Compensation Committee of the Board of Directors or any successor to the Committee, which shall consist of three or more persons, each of whom, unless otherwise determined by the Board of Directors, is an "outside director" within the meaning of Section 162(m) of the Code and a "nonemployee director" within the meaning of Rule 16b-3.

2.6 "Company" means OfficeMax Incorporated, a Delaware corporation.

2.7 "Participant" means an employee of the Company or a subsidiary to whom an Award is granted pursuant to the Plan, or upon the death of the Participant, his or her successors, heirs, executors, and administrators, as the case may be.

3. *Administration of the Plan.*

3.1 *Authority and Delegation.* The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. Any interpretation, determination, decision, or other action made or taken by the Committee shall be final and binding on Participants. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee.

3.2 *Terms and Conditions of Awards.* The Committee shall have final discretion, responsibility, and authority to:

(a) grant Awards;

(b) determine the Participants to whom and the times at which Awards shall be granted;

(c) determine the number of Awards to be granted and the applicable terms, conditions, and restrictions, including the length of time for which any restriction shall remain in effect;

(d) establish the rights of Participants with respect to an Award upon termination of employment;

(e) determine whether, to what extent, and under what circumstances an Award may be cancelled, forfeited, or exchanged;

(f) determine the terms and provisions of Agreements; and

(g) make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may solicit recommendations from the Company's management with respect to any or all of the items listed above.

The Committee shall determine the terms and conditions of each Award at the time of grant. The Committee may establish different terms and conditions for different Participants, for different Awards, and for the same Participant for each Award the Participant may receive, whether or not granted at different times.

4. *Eligibility.* The persons who shall be eligible to receive Awards pursuant to the Plan shall be employees of the Company and its subsidiaries and affiliates (including officers of the Company, whether or not they are directors of the Company), selected by the Committee from time to time. The grant of an Award at any time to any person shall not entitle that person to a grant of an Award at any future time.

5. *Agreement.* Each Award granted under the Plan shall be evidenced by an Agreement which shall contain such provisions as the Committee may, in its sole discretion, deem necessary or desirable which are not in conflict with the terms of the Plan. By accepting an Award, a Participant agrees that the Award shall be subject to all of the terms and provisions of the Plan and the applicable Agreement.

6. *Retention Bonus.*

6.1 *Terms and Agreement.* Subject to the terms of the Plan, retention bonuses may be granted to Participants at any time as determined by the Committee. The Committee shall determine, and the Agreement shall reflect, the following for each retention bonus granted:

(a) the amount of the retention bonus awarded;

(b) the retention period;

(c) the rights of the Participant upon termination of employment (which may be different based on the reason for termination); and

(d) any other terms or conditions established by the Committee.

6.2 *Payment.* After the applicable retention period has ended or as otherwise specified in the Agreement, the Committee will determine the amount payable with respect to the Award, based upon any applicable terms and conditions. Payment of retention bonuses will be made in cash as soon as practical after the Committee's determination.

7. *Employment Not Guaranteed.* This Plan is not intended to and does not create a contract of employment in any manner. Employment with the Company is at will, which means that either the employee or the Company may end the employment relationship at any time and for any reason. Nothing in this Plan changes, or should be construed as changing, that at-will relationship.

8. *Withholding Taxes.* The Company may deduct an amount from any Award sufficient to satisfy any federal and state taxes required by law to be withheld.

9. *Amendment and Termination.* The Committee may, at any time, amend or terminate the Plan. Any amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant's prior consent.

10. *Transfers Upon Death; Nonassignability.* Upon the death of a Participant, outstanding Awards granted to the Participant will be paid only to the executor or administrator of the Participant's estate or to a person who has acquired the right to the Award by will or the laws of descent and distribution. No transfer of an Award by will or the laws of descent and distribution shall be effective to bind the Company unless the Committee has been furnished with (a) written notice and a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the transfer, and (b) an agreement by the transferee to comply with all the terms and conditions of the Award that would have applied to the Participant and to be bound by the acknowledgments made by the Participant in connection with the grant of the Award.

During the lifetime of a Participant, no Award is transferable, except that the Committee may, in its sole discretion, permit the transfer of an outstanding Award to the extent allowable under then-current law. Subject to applicable law, the Committee's approval, and any conditions that the Committee may prescribe, a Participant may, upon providing written notice to the secretary of the Company, elect to transfer an Award to a member or members of his or her immediate family (including, but not limited to, children, grandchildren, and spouse, or a trust for the benefit of immediate family members or a partnership in which immediate family members are the only partners) or to other persons or entities approved by the Committee; provided, however, that no transfer by any Participant may be made in exchange for consideration.

11. *Expenses and Receipts.* The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Award may be used for general corporate purposes.

12. *Deferral of Awards.* A Participant may elect to defer or the Committee may require the deferral of receipt of all or any portion of any Award to a future date as provided in and subject to the terms of any nonqualified deferred compensation plan sponsored by the Company for which the Participant is eligible, the Agreement, and rules and procedures established by the Committee regarding Award deferrals.

13. *Claims Procedure.* Claims for benefits under the Plan shall be filed in writing, within 90 days after the event giving rise to a claim, with the Company's compensation manager, who shall have absolute discretion to interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to the claim in the name and on behalf of the Company. The claim shall include a statement of all facts the Participant believes relevant to the claim and copies of all documents, materials, or other evidence that the Participant believes relevant to the claim. Written notice of the disposition of a claim shall be furnished to the Participant within 90 days after the application is filed. This 90-day period may be extended an additional 90 days for special circumstances by the compensation manager, in his or her sole discretion, by providing written notice of the extension to the claimant prior to the expiration of the original 90-day period. If the claim is denied, the compensation manager shall notify the claimant in writing. This written notice shall:

(a) state the specific reasons for the denial;

(b) refer to Plan provisions on which the determination is based;

(c) describe any additional material or information necessary for the claimant to perfect the claim and explain why the information is necessary; and

(d) explain how the claimant may submit the claim for review and state applicable time limits.

14. *Claims Review Procedure.* Any Participant, former Participant, or Beneficiary of either, who has been denied a benefit claim, shall be entitled, upon written request, to access to or copies of all documents and records relevant to his or claim and to a review of his or her denied claim. A request for review, together with a written statement of the claimant's position and any other comments, documents, records, or information that the claimant believes relevant to his or her claim, shall be filed no later than 60 days after receipt of the written notification provided for in Section 13 and shall be filed with the Company's compensation manager. The manager shall promptly inform the Company's senior human resources officer. The senior human resources officer shall make his or her decision, in writing, within 60 days after receipt of the claimant's request for review. This 60-day period may be extended an additional 60 days if, in the senior human resources officer's sole discretion, special circumstances warrant the extension and if the senior human resources officer provides written notice of the extension to the claimant prior to the expiration of the original 60-day period. The written decision shall be final and binding on all parties and shall state the facts and specific reasons for the decision and refer to the Plan provisions upon which the decision is based.

15. *Lawsuits; Venue; Applicable Law.* No lawsuit claiming entitlement to benefits under this Plan may be filed prior to exhausting the claims and claims review procedures described in Sections 13 and 14. Any lawsuit must be initiated no later than the earlier of (a) one year after the event(s) giving rise to the claim occurred, or (b) 60 days after a final written decision was provided to the claimant under Section 14. Federal law shall be applied in the interpretation and application of this Plan and the resolution of any legal action. To the extent not preempted by federal law, the laws of the state of Delaware shall apply.

16. *Participant Rights.* No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation to treat Participants uniformly.

17. *Unsecured General Creditor.* Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company.

18. *Form of Communication.* Any election, application, claim, notice, or other communication required or permitted to be made by a Participant to the Committee or the Company shall be made in writing and in such form as the Company may prescribe. Any communication shall be effective upon receipt by the Company's compensation manager at 150 Pierce Rd., Itasca, IL 60143.

19. *Severability.* If any provision of the Plan is held to be invalid or unenforceable, the other provisions of the Plan shall not be affected.

20. *Effective Date and Term of Plan.* The Plan shall be effective on July 9, 2004. The Committee may terminate the Plan at any time. Awards outstanding at the expiration or termination of the Plan shall remain in effect according to their terms and the provisions of the Plan.

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Exhibit 10.30

Exhibit 10.31

EXECUTIVE OFFICER MANDATORY RETIREMENT POLICY
As Updated through January 1, 2005

The company shall require mandatory retirement for its executive officers under the following conditions.

Each executive officer of the company shall be required to retire from employment with the company by the end of the calendar year in which he or she reaches age 65 provided he or she (1) has been employed in a bona fide executive or high policy-making position for the two-year period immediately before retirement and (2) is entitled to an immediate non-forfeitable annual retirement benefit from the company's pension, profit sharing, or deferred compensation plan(s) (or any combination of these plans) equal at least to the limit as established in the Age Discrimination in Employment Act ($44,000 as of December 11, 1992). Mandatory retirement pursuant to this policy will not be deemed involuntary termination of employment for purposes of severance pay or any other benefits.

An executive officer who meets the mandatory retirement criteria specified in the prior paragraph may continue in the employment of the company beyond the end of the calendar year in which he or she reaches age 65 if, and only if the board of directors approves the continuance of employment. In this situation, employment may continue until such time as the board, in its sole discretion, withdraws the approval for continued employment.

The company's Executive Officer Severance Pay Policy and Separation of Employment Policy will govern all other aspects of the termination of employment of executive officers.

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Exhibit 10.31

Exhibit 10.32

[As amended through March 11, 2005]

CONFIDENTIAL

(Date)

[ ]

Dear [ ]:

OfficeMax Incorporated (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel in the event a change in control of the Company is threatened or occurs. In this regard, the Board of Directors of the Company (the "Board") recognizes that the possibility of a change in control may exist and that the uncertainty and questions which this possibility may raise among management could result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce you to remain in the employ of the Company in the face of a change in control of the Company, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (this "Agreement") if your employment with the Company is terminated before or after a "change in control of the Company" (as defined in Section 2) under the circumstances described below.

1. *Term of Agreement.* [This Agreement amends, supersedes, and restates in its entirety the Agreement between you and the Company dated .] This [Agreement][amendment] is effective on the date hereof and shall continue in effect through [ ]; provided that on January 1, [2006] and on each January 1 thereafter, the term of this Agreement shall automatically be extended so as to terminate on the 2nd anniversary of such date, unless, not later than September 30 of the preceding year, the Company shall have given notice not to extend this Agreement. However, if a change in control of the Company occurs during the term of this Agreement, this Agreement shall continue in effect for a period of 24 months after the month in which the change in control of the Company occurred.

2. *Change in Control.*

A. A "change in control of the Company" shall be deemed to have occurred if an event set forth in any one of the following paragraphs occurs:

(1) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 25% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.A(3)(i) of this Agreement shall not be deemed to be a change in control of the Company; or

(2) The individuals who, on any date following the date hereof, constitute the Board (the "Incumbent Board Members"), cease, in any two year period following such date, to represent at least a majority of the number of directors then serving, provided, however, that any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the Incumbent Board Members shall be deemed for purposes hereof to be Incumbent Board Members, unless such director's initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company; or

(3) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would

result in both (a) Incumbent Board Members continuing to constitute at least a majority of the number of directors of the combined entity immediately following consummation of such merger or consolidation, and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected with the approval of the Board to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided that securities acquired directly from the Company shall not be included unless the Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 25% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.A(3)(i) of this Agreement shall not be deemed to be a change in control of the Company; or

(4) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

A transaction described in Section 2.A(3) which is not a change in control of the Company solely due to the operation of Subsection 2.A(3)(i)(a) will nevertheless constitute a change in control of the Company if the Board determines, prior to the consummation of the transaction, that there is not a reasonable assurance that, for at least two years following the consummation of the transaction, at least a majority of the members of the board of directors of the surviving entity or any parent will continue to consist of Continuing Directors and individuals whose election or nomination for election by the shareholders of the surviving entity or any parent would be approved by a vote of at least two-thirds of the Continuing Directors and individuals whose election or nomination for election has previously been so approved.

Notwithstanding the foregoing, any event or transaction which would otherwise constitute a change in control of the Company (a "Transaction") shall not constitute a change in control of the Company for purposes of your benefits under this Agreement if, in connection with the Transaction, you participate as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, you shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (a) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to you of an incentive compensation award under one or more incentive plans of the Acquiror (including but not limited to the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other executives of the Company immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title, and the like; (b) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other stockholders of the Company; or (c) having obtained an incidental equity ownership in the Acquiror prior to and not in anticipation of the Transaction.

B. For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if (1) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company, (2) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a change in control of the Company; (3) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, provided that securities acquired directly from the Company shall not be included unless the Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 9.5% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities); or (4) the Board adopts a resolution to the effect that a potential change in control of the Company for purposes of this Agreement has occurred. You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will at the option of the Company remain in the employ of the Company until the earlier of (a) the date which is 6 months from the occurrence of the first potential change in control of the Company, or (b) the date of a change in control of the Company.

C. For purposes of this Agreement, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

D. For purposes of this Agreement, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that "Person" shall not include (1) the Company or any of its subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (5) an individual, entity or group that is permitted to and does report its beneficial ownership of securities of the Company on Schedule 13G under the Exchange Act (or any successor schedule), provided that if the individual, entity or group later becomes required to or does report its ownership of Company securities on Schedule 13D under the Exchange Act (or any successor schedule), then the individual, person or group shall be deemed to be a Person for purposes of this Agreement as of the first date on which the individual, person or group becomes required to or does report its ownership on Schedule 13D.

3. *Termination and Change in Control.* Except as set forth in Sections 6, 7, and 10.A, no benefits shall be payable under this Agreement unless there is a change in control of the Company, your employment is terminated, and your termination is a Qualifying Termination or a Qualifying Early Termination. Your termination is a Qualifying Termination if a change in control of the Company occurs and your employment subsequently terminates during the term of this Agreement, unless your termination is because of your death, by the Company for Cause or Disability, or by you other than for Good Reason. Your termination is a Qualifying Early Termination if a potential change in control of the Company occurs, your employment terminates during the pendency of the potential change in control of the company and during the term of this Agreement, the termination is in contemplation of a change in control of the Company, and an actual change in control of the Company occurs within one year following your termination, unless your termination is because of your death, by the Company for Cause or Disability, or by you other than for Good Reason. A transfer of your employment from the Company to one of its subsidiaries, from a subsidiary to the Company, or between subsidiaries is not a termination of employment for purposes of this Agreement.

A. *Disability.* If, as a result of your incapacity due to physical or mental illness or injury, you are absent from your duties with the Company on a full-time basis for 6 consecutive months, and within 30 days after written notice of termination is given you have not returned to the full-time performance of your duties, the Company may terminate your employment for "Disability."

B. *Cause.* Termination by the Company of your employment for "Cause" means termination upon (1) your willful and continued failure to substantially perform your duties with the Company (other than failure resulting from your incapacity due to physical or mental illness or injury, or actual or anticipated failure resulting from your termination for Good Reason), after a demand for substantial performance is delivered to you by the Board which specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (2) your willful engagement in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Section 3.B, no act or failure to act on your part shall be considered "willful" unless done or omitted to be done by you not in good faith and without reasonable belief that your act or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until:

- a resolution is duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in clauses (1) or (2) of this Section 3.B and specifying the particulars of your conduct in detail, and

- a copy of this resolution is delivered to you.

All decisions by the Company regarding termination for Cause must be supported by clear and convincing evidence.

C. *Good Reason.* "Good Reason" means any of the following, if occurring without your express written consent after a change in control of the Company:

(1) The assignment to you of any duties inconsistent with your responsibilities as an Executive Officer of the Company or a significant adverse alteration in your responsibilities from those in effect immediately prior to the change in control of the Company;

(2) A reduction by the Company in your annual base salary as in effect on the date of this Agreement (as the same may be increased from time to time), except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company;

(3) A reduction by the Company in your target annual cash incentive as in effect immediately prior to the change in control of the Company;

(4) The Company's requiring you to be based anywhere located more than 50 miles from the primary office location at which you were based immediately prior to the change in control of the Company, except for required travel on the Company's business to an extent substantially consistent with your business travel obligations as existed immediately prior to the change in control;

(5) The failure by the Company to continue to provide you with benefits and compensation, including paid time off, welfare benefits, short-term incentives, pension, life insurance, healthcare, and disability plans, no less favorable in the aggregate than the benefits and compensation available to you immediately prior to the change in control of the Company;

(6) The failure by the Company to continue to provide you with long-term equity incentives in a target dollar amount no less favorable than the target dollar amount of long-term equity incentives available to you immediately prior to the change in control of the Company, except for across-the-board long-term equity incentive reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company;

(7) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 10; or

(8) Any purported termination of your employment by the Company which is not effected pursuant to a Board resolution satisfying the requirements of Section 3.B or a Notice of Termination satisfying the requirements of Section 3.D, as applicable. Furthermore, no such purported termination of your employment shall be effective for purposes of this Agreement.

For purposes of determining whether a Qualifying Early Termination has occurred, references to a change in control of the Company in this Section 3.C shall be deemed to refer to any potential change in control of the Company pending at the time of the event or circumstance alleged to be Good Reason.

Your right to terminate your employment pursuant to this Section 3.C shall not be affected by your incapacity due to physical or mental illness or injury. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason.

D. *Notice of Termination.* Any purported termination by the Company or by you shall be communicated by written Notice of Termination to the other party according to Section 11. A "Notice of Termination" must indicate the specific termination provision in this Agreement relied upon and set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision.

E. *Date of Termination.* "Date of Termination" means:

(1) if your employment is terminated for Disability, 30 days after the Notice of Termination is given (provided that you have not returned to the performance of your duties on a full-time basis during that 30-day period);

(2) if your employment is terminated for Cause, for Good Reason, or for any other reason other than Disability or a Qualifying Early Termination, the date specified in the Notice of Termination (which, in the case of a termination for Cause shall not be less than 30 days from the date the Notice of Termination is given, and in the case of a termination for Good Reason shall not be more than 60 days from the date the Notice of Termination is given);

(3) if your termination is a Qualifying Early Termination, the later of the date determined according to subsection (1) or (2) above, or the date upon which the actual change in control of the Company occurs; or

(4) if a dispute exists regarding the termination, the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal having expired and no appeal having been perfected), or, if earlier, the last day of the term of this Agreement. This subsection (4) shall apply only if (i) the party receiving the Notice of Termination notifies the other party within 30 days that a dispute exists, (ii) the notice of dispute is made in good faith, and (iii) the party giving the notice of dispute pursues resolution of the dispute with reasonable diligence. While any dispute is pending under this subsection (4), the Company will continue to pay you your full compensation in effect when the Notice of Termination giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, benefit and insurance plans and programs in which you were participating when the Notice of Termination giving rise to the dispute was given, until the dispute is finally resolved, or if earlier, the last day of the term of this Agreement. Amounts paid under this subsection (4) are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

4. *Compensation Upon Termination for Cause or Other than for Good Reason.* If your employment is terminated for Cause or by you other than for Good Reason, the Company shall pay you only your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time those payments are due, and the Company shall have no further obligations to you under this Agreement.

5. *Compensation upon a Qualifying Termination or Qualifying Early Termination.* If your employment is terminated pursuant to a Qualifying Termination or Qualifying Early Termination, then you shall be entitled to the benefits provided in this Section 5.

A. Not later than the 15th day following the date the release required pursuant to Section 8.E becomes effective, the Company will pay you the following amounts:

(1) Your full base salary through the Date of Termination (or, in the case of a Qualifying Early Termination, through your last day of employment if such amount has not already been paid) at the rate in effect at the time Notice of Termination is given without regard to any reduction in base salary that would constitute Good Reason (whether or not any reduction is asserted as Good Reason), plus all other amounts to which you are entitled under any compensation plan of the Company at the time those payments are due (in each case, to the extent not already paid);

(2) A lump sum severance payment equal to (i) [3 times—for CEO][2 times—for presidents and EVPs][1 times—for SVPs] the sum of (a) your annual base salary at the rate in effect at the time Notice of Termination is given without regard to any reduction in base salary that would constitute Good Reason (whether or not any reduction is asserted as Good Reason) ("Base Salary"), plus (b) the Target Bonus. For purposes of this section 5.A(2), "Target Bonus" means (i) if the Date of Termination occurs prior to March 1, 2008, an amount equal to 80% of your target annual incentive for the year in which the Date of Termination occurs (or, in the case of a Qualifying Early Termination, your last day of employment) without regard to any reduction in the target incentive that would constitute Good Reason (whether or not any reduction is asserted as Good Reason), and (ii) if the Date of Termination occurs on or after March 1, 2008, an amount equal to the average annual incentive earned by you in the three completed years preceding the Date of Termination, provided that in either case, if you have earned fewer than three annual bonuses prior to the Date of Termination, Target Bonus means your target annual incentive for the year in which occurs the Date of Termination (or, in the case of a Qualifying Early Termination, your last day of employment) without regard to any reduction in the target incentive that would constitute Good Reason (whether or not any reduction is asserted as Good Reason); and

(3) To the extent not already paid, a lump sum amount equal to the greater of the value of your unused and accrued time off, less any advanced time off, in accordance with the Company's Your Time Off Policy (or any successor policy) as in effect immediately prior to the change in control of the Company or as in effect on the Date of Termination (or, in the case of a Qualifying Early Termination, as in effect on your last day of employment), whichever is more favorable to you.

B. With respect to each benefit listed below, the Company shall, at its sole discretion, comply with either subsection (1) or (2) below:

(1) for a [24-month—for CEO][12-month—for presidents, EVPs and SVPs] period following the Date of Termination, maintain, in full force and effect for your continued benefit at substantially the same cost to you as determined immediately prior to your last day of employment, all life (other than the Company's Executive Life Insurance Program, if applicable), disability, accident and healthcare insurance plans, programs, or arrangements, and financial counseling services in which you were participating immediately prior to the change in control of the Company (or in the case of a Qualifying Early Termination, immediately prior to your last day of employment), or, if more favorable to you, the plans, programs, or arrangements in which you were participating immediately prior to the Date of Termination, or

(2) not later than the 15th day following the date the release required pursuant to Section 8.D becomes effective, pay you a lump sum payment equal to [24 for CEO][12 for presidents, EVPs and SVPs] times 150% of the sum of (a) the monthly group premium, less the amount of employee contributions, for the life (other than executive life, if applicable), disability, accident and healthcare insurance plans, programs, or arrangements, and (b) the monthly allowance for financial counseling services, in each case in which you were participating immediately prior to the change in control of the Company (or in the case of a Qualifying Early Termination, immediately prior to your last day of employment), or, if more favorable to you, the plans, programs, or arrangements in which you were participating immediately prior to the Date of Termination.

If the Company chooses to provide the benefits indicated under subsection (1), and your continued participation (or a particular type of coverage) is not possible or becomes impossible under the general terms and provisions of the plans, programs or arrangements, then the Company shall arrange to provide you with benefits, at substantially the same cost to you as determined immediately prior to your last day of employment, which are substantially similar to those which you are entitled to receive under such plans, programs and arrangements.

Notwithstanding the foregoing, the Company shall continue to pay the Company-paid premium under the Company's Executive Life Insurance Program (or a successor plan) for [twenty-four for CEO][twelve for presidents, EVPs and SVPs] months following the Date of Termination.

For a Qualifying Early Termination, any portion of the period commencing on the day after your last day of employment through and including the Date of Termination during which the Company provides you with benefit continuation or pays the Company-paid premium under the Company's Executive Life Insurance Program (or a successor plan) will apply toward the payment period required above.

C. You shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in Section 5.A be reduced by any compensation earned by you as the result of employment by another employer or by retirement benefits after the Date of Termination, or otherwise. Benefits otherwise receivable by you pursuant to Section 5.B(1) shall be reduced to the extent comparable benefits are actually received by you during the [12-month][24-month] period following your termination, and you must report any such benefits actually received by you to the Company.

6. *Legal Fees.* The Company shall pay to you all reasonable legal fees and expenses which you incur following a change in control of the Company (a) as a result of contesting or disputing your termination, (b) in seeking in good faith to obtain or enforce any right or benefit provided by this Agreement (provided, in the case of clauses (a) and (b) that you shall refund all such fees and expenses to the Company should you not substantially prevail in the applicable proceeding), or (c) in connection with any tax audit or proceeding to the extent applicable to the application of Section 4999 of the Internal Revenue Code of 1986 as amended, to any payment or benefit provided under this Agreement. This payment shall be made within 10 business days after the Company receives your written request for payment accompanied by reasonable evidence of fees and expenses incurred.

7. *Excise Tax Provisions.*

A. Notwithstanding any provision of this Agreement to the contrary (but except as provided in the following sentence), if you would receive payments under this Agreement or under any other plan, program, or policy sponsored by the Company which relate to a change in control of the Company (the "Total Payments") and which are determined by the Company to be subject to excise tax under Section 4999 of the Code (the "Excise Tax");

then the Company shall pay to you an additional amount (the "Gross-up Payment") such that the net amount retained by you, after deduction of any Excise Tax on the Total Payments and any federal, state and local income taxes, employment taxes and Excise Tax upon the Gross-up Payment, shall be equal to the Total Payments. Notwithstanding the preceding sentence, if it shall be determined that the Total Payments do not exceed 110% of the greatest amount (the "Reduced Amount") that could be paid to you such that the receipt of Total Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to you, and the portion of the Total Payments that are payable hereunder shall be reduced such that the Total Payments equal the Reduced Amount. The reduction of the amounts payable hereunder shall be made in consultation with you and in such a manner as to maximize the value of all Total Payments actually made you.

B. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (1) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the Company's opinion, the payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, and (2) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the Company's opinion, the excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the base amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax. For purposes of determining the amount of the Gross-up Payment, you will be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of state and local taxes.

C. The Company will pay you the amount of the Gross-up Payment as soon as the amount can be determined, but in no event later than the 30th day after the Date of Termination. At the time that payments are made under this Agreement, the Company shall provide you with a written statement setting forth the manner in which the payments were calculated and the basis for the calculations including, without limitation, any opinions or other advice the Company has received from its tax counsel, its auditor, or other advisors or consultants (and any opinions or advice which are in writing shall be attached to the statement).

D. If the Excise Tax is finally determined to be less than the amount taken into account in calculating the Gross-up Payment, you shall repay to the Company, within 5 business days following the time that the amount of the reduction in Excise Tax is finally determined, the portion of the Gross-up Payment attributable to the reduction (plus that portion of the Gross-up Payment attributable to the Excise Tax and federal, state, and local income and employment taxes imposed on the Gross-up Payment being repaid by you, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in your taxable income and wages for purposes of federal, state, and local income and employment taxes). If the Excise Tax is determined, for any reason, to exceed the amount taken into account in calculating the Gross-up Payment, the Company shall make an additional Gross-up Payment in respect of the excess (including any interest, penalties, or additions payable by you with respect to the Excise Tax) within 5 business days following the time that the amount of the excess is finally determined. You and the Company shall reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

8. *Employee Covenants; Release.*

A. You agree that you will not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of your assigned duties and for the benefit of the Company, either during the period of your employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which you obtained during your employment by the Company. This restriction will not apply to information that (i) was known to the public before its disclosure to you; (ii) becomes known to the public after disclosure to you through no wrongful act of yours; or (iii) you are required to disclose by applicable law, regulation or legal process (provided that you provide the Company with prior notice of the contemplated disclosure and reasonably cooperate with the Company at its expense in seeking a protective order or other appropriate protection of such information).

B. During your employment with the Company and for one year after your termination, you agree that you will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Company or any of its subsidiaries or affiliates to leave employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee.

C. You agree that during and after your employment with the Company you shall not make any public statements that disparage the Company, its respective affiliates, employees, officers, directors, products or services. Notwithstanding the foregoing, (i) statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) shall not be subject to this Section 8.C, and (ii) nothing in this Section 8.C shall in any way be interpreted to preclude or limit you from pursuing your legal rights or from otherwise communicating with governmental agencies pursuant to legislation or regulations permitting or requiring such communications.

D. For a period of 12 months after your termination of employment with the Company (or for a period of 12 months after a final judgment or injunction enforcing this covenant), you agree not to, directly as an employee or indirectly as a consultant or contractor, without the prior written consent of the Company, be employed in the same or similar capacity as you were employed by the Company immediately prior to termination of your employment, by another business entity or person engaged in the sale or distribution of office supplies, office furniture, computer consumables or related office products or services, in the Territory (as defined below). For purposes hereof, the Territory shall be all of [North America][Australasia].

In agreeing to this restriction, you specifically acknowledge the substantial value to the Company of Confidential Information and your intimate knowledge of the Company's business and agrees that such constitutes goodwill and a protectable interest of the Company.

E. Notwithstanding anything in this Agreement to the contrary, the payment to you of the benefits provided in Section 5 is conditioned upon your execution and delivery to the Company (and your failure to revoke) a customary general release of claims.

9. *Deferred Compensation and Benefits Trust.* The Company has established a Deferred Compensation and Benefits Trust, and shall comply with the terms of that Trust.

For this purpose, the term Deferred Compensation and Benefits Trust shall mean an irrevocable trust or trusts established or to be established by the Company with an independent trustee or trustees for the benefit of persons entitled to receive payments or benefits, the assets of which nevertheless will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

10. *Successors; Binding Agreement.*

A. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption and agreement prior to the effectiveness of any succession which occurs during your employment with the Company and the term of this Agreement shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if you experience a Qualifying Termination or Qualifying Early Termination, except that for purposes of this Section 10.A, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean OfficeMax Incorporated and any successor to its business and/or assets which assumes and agrees to perform this Agreement.

B. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you under this Agreement if you had continued to live, all such amounts, unless otherwise provided in this Agreement, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or if there is no such designee, to your estate.

C. Any dispute between you and the Company regarding this Agreement may be resolved either by binding arbitration or by judicial proceedings at your sole election, and the Company agrees to be bound by your election in that regard, provided that the Company is entitled to seek equitable relief in a court of competent jurisdiction in connection with the enforcement of the covenants set forth in Section 8. Under no circumstance will a violation or alleged violation of those covenants entitle the Company to withhold or offset a payment or benefit due under this Agreement.

11. *Notice.* For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance with this Section 11, except that notice of change of address shall be effective only upon receipt.

12. *Miscellaneous.* No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and an officer designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this Agreement have been made by either party which are not expressly set forth in this Agreement. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to those sections. If the obligations of the Company under Sections 4, 5, 6 and 7 arise prior to the expiration of the term of this Agreement, those obligations shall survive the expiration of the term.

13. *Validity.* The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. *No Guaranty of Employment.* Neither this Agreement nor any action taken under this Agreement shall be construed as giving you a right to be retained as an employee or an executive officer of the Company.

16. *Governing Law.* This Agreement shall be governed by and construed in accordance with Delaware law.

17. *Other Benefits.* Any payments made to you pursuant to this Agreement are in addition to, and not in lieu of, any amounts to which you may be entitled under any other employee benefit plan, program or policy of the Company, except that payments made to you pursuant to Section 5.A(2) shall be in lieu of any severance payment to which you would otherwise be entitled under any severance pay policy of the Company.

If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

OFFICEMAX INCORPORATED

By ______________________________

Name ______________________________

Title ______________________________

Agreed to this [ ] day of [ ], 200

____

[Name of Officer]

QuickLinks

Exhibit 10.32

Exhibit 10.37

[As amended through March 11, 2005]

CONFIDENTIAL

(Date)

[ ]

Dear [ ]:

OfficeMax Incorporated (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel in the event a change in control of the Company is threatened or occurs. In this regard, the Board of Directors of the Company (the "Board") recognizes that the possibility of a change in control may exist and that the uncertainty and questions which this possibility may raise among management could result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, including yourself, to their assigned duties without distraction in the face of the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce you to remain in the employ of the Company in the face of a change in control of the Company, the Company agrees that you shall receive the severance benefits set forth in this letter agreement (this "Agreement") if your employment with the Company is terminated before or after a "change in control of the Company" (as defined in Section 2) under the circumstances described below.

1. *Term of Agreement.* [This Agreement amends, supersedes, and restates in its entirety the Agreement between you and the Company dated .] This [Agreement][amendment] is effective on the date hereof and shall continue in effect through [ ]; provided that on January 1, [2006] and on each January 1 thereafter, the term of this Agreement shall automatically be extended so as to terminate on the 2nd anniversary of such date, unless, not later than September 30 of the preceding year, the Company shall have given notice not to extend this Agreement. However, if a change in control of the Company occurs during the term of this Agreement, this Agreement shall continue in effect for a period of 24 months after the month in which the change in control of the Company occurred.

2. *Change in Control.*

A. A "change in control of the Company" shall be deemed to have occurred if an event set forth in any one of the following paragraphs occurs:

(1) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 25% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.A(3)(i) of this Agreement shall not be deemed to be a change in control of the Company; or

(2) The individuals who, on any date following the date hereof, constitute the Board (the "Incumbent Board Members"), cease, in any two year period following such date, to represent at least a majority of the number of directors then serving, provided, however, that any new director whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least 2/3rds of the Incumbent Board Members shall be deemed for purposes hereof to be Incumbent Board Members, unless such director's initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company; or

(3) The consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would

result in both (a) Incumbent Board Members continuing to constitute at least a majority of the number of directors of the combined entity immediately following consummation of such merger or consolidation, and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected with the approval of the Board to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities; provided that securities acquired directly from the Company shall not be included unless the Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 25% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities; and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.A(3)(i) of this Agreement shall not be deemed to be a change in control of the Company; or

(4) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

A transaction described in Section 2.A(3) which is not a change in control of the Company solely due to the operation of Subsection 2.A(3)(i)(a) will nevertheless constitute a change in control of the Company if the Board determines, prior to the consummation of the transaction, that there is not a reasonable assurance that, for at least two years following the consummation of the transaction, at least a majority of the members of the board of directors of the surviving entity or any parent will continue to consist of Continuing Directors and individuals whose election or nomination for election by the shareholders of the surviving entity or any parent would be approved by a vote of at least two-thirds of the Continuing Directors and individuals whose election or nomination for election has previously been so approved.

Notwithstanding the foregoing, any event or transaction which would otherwise constitute a change in control of the Company (a "Transaction") shall not constitute a change in control of the Company for purposes of your benefits under this Agreement if, in connection with the Transaction, you participate as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, you shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (a) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to you of an incentive compensation award under one or more incentive plans of the Acquiror (including but not limited to the conversion in connection with the Transaction of incentive compensation awards of the Company into incentive compensation awards of the Acquiror), on terms and conditions substantially equivalent to those applicable to other executives of the Company immediately prior to the Transaction, after taking into account normal differences attributable to job responsibilities, title, and the like; (b) obtaining beneficial ownership of any equity interest in the Acquiror on terms and conditions substantially equivalent to those obtained in the Transaction by all other stockholders of the Company; or (c) having obtained an incidental equity ownership in the Acquiror prior to and not in anticipation of the Transaction.

B. For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if (1) the Company enters into an agreement, the consummation of which would result in the occurrence of a change in control of the Company, (2) the Company or any Person publicly announces an intention to take or to consider taking actions which if consummated would constitute a change in control of the Company; (3) any Person becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 9.5% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding securities, provided that securities acquired directly from the Company shall not be included unless the Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 9.5% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities); or (4) the Board adopts a resolution to the effect that a potential change in control of the Company for purposes of this Agreement has occurred. You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company, you will at the option of the Company remain in the employ of the Company until the earlier of (a) the date which is 6 months from the occurrence of the first potential change in control of the Company, or (b) the date of a change in control of the Company.

C. For purposes of this Agreement, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

D. For purposes of this Agreement, "Person" shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that "Person" shall not include (1) the Company or any of its subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (3) an underwriter temporarily holding securities pursuant to an offering of such securities, (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, or (5) an individual, entity or group that is permitted to and does report its beneficial ownership of securities of the Company on Schedule 13G under the Exchange Act (or any successor schedule), provided that if the individual, entity or group later becomes required to or does report its ownership of Company securities on Schedule 13D under the Exchange Act (or any successor schedule), then the individual, person or group shall be deemed to be a Person for purposes of this Agreement as of the first date on which the individual, person or group becomes required to or does report its ownership on Schedule 13D.

3. *Termination and Change in Control.* Except as set forth in Sections 6, 7, and 10.A, no benefits shall be payable under this Agreement unless there is a change in control of the Company, your employment is terminated, and your termination is a Qualifying Termination or a Qualifying Early Termination. Your termination is a Qualifying Termination if a change in control of the Company occurs and your employment subsequently terminates during the term of this Agreement, unless your termination is because of your death, by the Company for Cause or Disability, or by you other than for Good Reason. Your termination is a Qualifying Early Termination if a potential change in control of the Company occurs, your employment terminates during the pendency of the potential change in control of the company and during the term of this Agreement, the termination is in contemplation of a change in control of the Company, and an actual change in control of the Company occurs within one year following your termination, unless your termination is because of your death, by the Company for Cause or Disability, or by you other than for Good Reason. A transfer of your employment from the Company to one of its subsidiaries, from a subsidiary to the Company, or between subsidiaries is not a termination of employment for purposes of this Agreement.

A. *Disability.* If, as a result of your incapacity due to physical or mental illness or injury, you are absent from your duties with the Company on a full-time basis for 6 consecutive months, and within 30 days after written notice of termination is given you have not returned to the full-time performance of your duties, the Company may terminate your employment for "Disability."

B. *Cause.* Termination by the Company of your employment for "Cause" means termination upon (1) your willful and continued failure to substantially perform your duties with the Company (other than failure resulting from your incapacity due to physical or mental illness or injury, or actual or anticipated failure resulting from your termination for Good Reason), after a demand for substantial performance is delivered to you by the Board which specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (2) your willful engagement in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Section 3.B, no act or failure to act on your part shall be considered "willful" unless done or omitted to be done by you not in good faith and without reasonable belief that your act or omission was in the best interest of the Company. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until:

- a resolution is duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in clauses (1) or (2) of this Section 3.B and specifying the particulars of your conduct in detail, and

- a copy of this resolution is delivered to you.

All decisions by the Company regarding termination for Cause must be supported by clear and convincing evidence.

C. *Good Reason.* "Good Reason" means any of the following, if occurring without your express written consent after a change in control of the Company:

(1) The assignment to you of any duties inconsistent with your responsibilities as an Executive Officer of the Company or a significant adverse alteration in your responsibilities from those in effect immediately prior to the change in control of the Company;

(2) A reduction by the Company in your annual base salary as in effect on the date of this Agreement (as the same may be increased from time to time), except for across-the-board salary reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company;

(3) A reduction by the Company in your target annual cash incentive as in effect immediately prior to the change in control of the Company;

(4) The Company's requiring you to be based anywhere located more than 50 miles from the primary office location at which you were based immediately prior to the change in control of the Company, except for required travel on the Company's business to an extent substantially consistent with your business travel obligations as existed immediately prior to the change in control;

(5) The failure by the Company to continue to provide you with benefits and compensation, including paid time off, welfare benefits, short-term incentives, pension, life insurance, healthcare, and disability plans, no less favorable in the aggregate than the benefits and compensation available to you immediately prior to the change in control of the Company;

(6) The failure by the Company to continue to provide you with long-term equity incentives in a target dollar amount no less favorable than the target dollar amount of long-term equity incentives available to you immediately prior to the change in control of the Company, except for across-the-board long-term equity incentive reductions similarly affecting all executives of the Company and all executives of any Person in control of the Company;

(7) The failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 10; or

(8) Any purported termination of your employment by the Company which is not effected pursuant to a Board resolution satisfying the requirements of Section 3.B or a Notice of Termination satisfying the requirements of Section 3.D, as applicable. Furthermore, no such purported termination of your employment shall be effective for purposes of this Agreement.

For purposes of determining whether a Qualifying Early Termination has occurred, references to a change in control of the Company in this Section 3.C shall be deemed to refer to any potential change in control of the Company pending at the time of the event or circumstance alleged to be Good Reason.

Your right to terminate your employment pursuant to this Section 3.C shall not be affected by your incapacity due to physical or mental illness or injury. Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason.

D. *Notice of Termination.* Any purported termination by the Company or by you shall be communicated by written Notice of Termination to the other party according to Section 11. A "Notice of Termination" must indicate the specific termination provision in this Agreement relied upon and set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision.

E. *Date of Termination.* "Date of Termination" means:

(1) if your employment is terminated for Disability, 30 days after the Notice of Termination is given (provided that you have not returned to the performance of your duties on a full-time basis during that 30-day period);

(2) if your employment is terminated for Cause, for Good Reason, or for any other reason other than Disability or a Qualifying Early Termination, the date specified in the Notice of Termination (which, in the case of a termination for Cause shall not be less than 30 days from the date the Notice of Termination is given, and in the case of a termination for Good Reason shall not be more than 60 days from the date the Notice of Termination is given);

(3) if your termination is a Qualifying Early Termination, the later of the date determined according to subsection (1) or (2) above, or the date upon which the actual change in control of the Company occurs; or

(4) if a dispute exists regarding the termination, the date on which the dispute is finally determined, either by mutual written agreement of the parties or by a final judgment, order or decree of a court of competent jurisdiction (the time for appeal having expired and no appeal having been perfected), or, if earlier, the last day of the term of this Agreement. This subsection (4) shall apply only if (i) the party receiving the Notice of Termination notifies the other party within 30 days that a dispute exists, (ii) the notice of dispute is made in good faith, and (iii) the party giving the notice of dispute pursues resolution of the dispute with reasonable diligence. While any dispute is pending under this subsection (4), the Company will continue to pay you your full compensation in effect when the Notice of Termination giving rise to the dispute was given (including, but not limited to, base salary) and continue you as a participant in all compensation, benefit and insurance plans and programs in which you were participating when the Notice of Termination giving rise to the dispute was given, until the dispute is finally resolved, or if earlier, the last day of the term of this Agreement. Amounts paid under this subsection (4) are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

4. *Compensation Upon Termination for Cause or Other than for Good Reason.* If your employment is terminated for Cause or by you other than for Good Reason, the Company shall pay you only your full base salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, plus all other amounts to which you are entitled under any compensation plan of the Company at the time those payments are due, and the Company shall have no further obligations to you under this Agreement.

5. *Compensation upon a Qualifying Termination or Qualifying Early Termination.* If your employment is terminated pursuant to a Qualifying Termination or Qualifying Early Termination, then you shall be entitled to the benefits provided in this Section 5.

A. Not later than the 15th day following the date the release required pursuant to Section 8.E becomes effective, the Company will pay you the following amounts:

(1) Your full base salary through the Date of Termination (or, in the case of a Qualifying Early Termination, through your last day of employment if such amount has not already been paid) at the rate in effect at the time Notice of Termination is given without regard to any reduction in base salary that would constitute Good Reason (whether or not any reduction is asserted as Good Reason), plus all other amounts to which you are entitled under any compensation plan of the Company at the time those payments are due (in each case, to the extent not already paid);

(2) A lump sum severance payment equal to (i) [3 times—for CEO][2 times—for presidents and EVPs][1 times—for SVPs] the sum of (a) your annual base salary at the rate in effect at the time Notice of Termination is given without regard to any reduction in base salary that would constitute Good Reason (whether or not any reduction is asserted as Good Reason) ("Base Salary"), plus (b) the Target Bonus. For purposes of this section 5.A(2), "Target Bonus" means (i) if the Date of Termination occurs prior to March 1, 2008, an amount equal to 80% of your target annual incentive for the year in which the Date of Termination occurs (or, in the case of a Qualifying Early Termination, your last day of employment) without regard to any reduction in the target incentive that would constitute Good Reason (whether or not any reduction is asserted as Good Reason), and (ii) if the Date of Termination occurs on or after March 1, 2008, an amount equal to the average annual incentive earned by you in the three completed years preceding the Date of Termination, provided that in either case, if you have earned fewer than three annual bonuses prior to the Date of Termination, Target Bonus means your target annual incentive for the year in which occurs the Date of Termination (or, in the case of a Qualifying Early Termination, your last day of employment) without regard to any reduction in the target incentive that would constitute Good Reason (whether or not any reduction is asserted as Good Reason); and

(3) To the extent not already paid, a lump sum amount equal to the greater of the value of your unused and accrued time off, less any advanced time off, in accordance with the Company's Your Time Off Policy (or any successor policy) as in effect immediately prior to the change in control of the Company or as in effect on the Date of Termination (or, in the case of a Qualifying Early Termination, as in effect on your last day of employment), whichever is more favorable to you.

B. With respect to each benefit listed below, the Company shall, at its sole discretion, comply with either subsection (1) or (2) below:

(1) for a [24-month—for CEO][12-month—for presidents, EVPs and SVPs] period following the Date of Termination, maintain, in full force and effect for your continued benefit at substantially the same cost to you as determined immediately prior to your last day of employment, all life (other than the Company's Executive Life Insurance Program, if applicable), disability, accident and healthcare insurance plans, programs, or arrangements, and financial counseling services in which you were participating immediately prior to the change in control of the Company (or in the case of a Qualifying Early Termination, immediately prior to your last day of employment), or, if more favorable to you, the plans, programs, or arrangements in which you were participating immediately prior to the Date of Termination, or

(2) not later than the 15^{th} day following the date the release required pursuant to Section 8.D becomes effective, pay you a lump sum payment equal to [24 for CEO][12 for presidents, EVPs and SVPs] times 150% of the sum of (a) the monthly group premium, less the amount of employee contributions, for the life (other than executive life, if applicable), disability, accident and healthcare insurance plans, programs, or arrangements, and (b) the monthly allowance for financial counseling services, in each case in which you were participating immediately prior to the change in control of the Company (or in the case of a Qualifying Early Termination, immediately prior to your last day of employment), or, if more favorable to you, the plans, programs, or arrangements in which you were participating immediately prior to the Date of Termination.

If the Company chooses to provide the benefits indicated under subsection (1), and your continued participation (or a particular type of coverage) is not possible or becomes impossible under the general terms and provisions of the plans, programs or arrangements, then the Company shall arrange to provide you with benefits, at substantially the same cost to you as determined immediately prior to your last day of employment, which are substantially similar to those which you are entitled to receive under such plans, programs and arrangements.

Notwithstanding the foregoing, the Company shall continue to pay the Company-paid premium under the Company's Executive Life Insurance Program (or a successor plan) for [twenty-four for CEO][twelve for presidents, EVPs and SVPs] months following the Date of Termination.

For a Qualifying Early Termination, any portion of the period commencing on the day after your last day of employment through and including the Date of Termination during which the Company provides you with benefit continuation or pays the Company-paid premium under the Company's Executive Life Insurance Program (or a successor plan) will apply toward the payment period required above.

C. In addition to the aggregate retirement benefits to which you may be entitled under the Company's qualified pension plan, the Company's Supplemental Pension Plan, any other nonqualified pension agreement or arrangement (excluding the Company's Supplemental Early Retirement Plan for Executive Officers (the "SERP")), or any successor plans, the Company shall pay you amounts equal to (1), (2), (3), or (4), whichever is applicable:

(1) If you have satisfied the service, but not the age, requirements of the SERP, as in effect immediately prior to the change in control of the Company, you shall receive a monthly benefit, commencing on your 55th birthday equal to the benefit to which you would have been entitled under the SERP, as in effect immediately prior to the change in control of the Company, had you satisfied the age and service requirements as of the Date of Termination; or

(2) If you have satisfied the age, but not the service, requirement of the SERP, as in effect immediately prior to the change in control of the Company, you shall receive a monthly benefit, commencing as of the Date of Termination equal to the benefit to which you would have been entitled under the SERP, as in effect immediately prior to the change in control of the Company, had you satisfied the age and service requirements as of the Date of Termination; or

(3) If you have satisfied neither the age nor the service requirements of the SERP, as in effect immediately prior to the change in control of the Company, you shall receive a monthly benefit, commencing on your 55th birthday equal to the benefit to which you would have been entitled under the

SERP, as in effect immediately prior to the change in control of the Company, had you satisfied the age and service requirements as of the Date of Termination; or

(4) If you have satisfied both the age and the service requirements of the SERP, as in effect immediately before the change in control of the Company, you shall receive the benefits to which you are entitled under the terms of the SERP.

The benefits under this Section 5.C shall be paid in the same manner as, and shall otherwise possess the same rights and privileges as were available with respect to, benefits under the terms of the SERP as in effect immediately prior to the change in control of the Company.

For purposes of this Section 5.C, with respect to a Qualifying Early Termination, references to the terms of the SERP as in effect immediately prior to a change in control of the Company shall mean the terms of the SERP as in effect immediately prior to your last day of employment.

D. You shall not be required to mitigate the amount of any payment provided for in this Section 5 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in Section 5.A or 5.C be reduced by any compensation earned by you as the result of employment by another employer or by retirement benefits after the Date of Termination, or otherwise. Benefits otherwise receivable by you pursuant to Section 5.B(1) shall be reduced to the extent comparable benefits are actually received by you during the [12-month][24-month] period following your termination, and you must report any such benefits actually received by you to the Company.

6. *Legal Fees.* The Company shall pay to you all reasonable legal fees and expenses which you incur following a change in control of the Company (a) as a result of contesting or disputing your termination, (b) in seeking in good faith to obtain or enforce any right or benefit provided by this Agreement (provided, in the case of clauses (a) and (b) that you shall refund all such fees and expenses to the Company should you not substantially prevail in the applicable proceeding), or (c) in connection with any tax audit or proceeding to the extent applicable to the application of Section 4999 of the Internal Revenue Code of 1986 as amended, to any payment or benefit provided under this Agreement. This payment shall be made within 10 business days after the Company receives your written request for payment accompanied by reasonable evidence of fees and expenses incurred.

7. *Excise Tax Provisions.*

A. Notwithstanding any provision of this Agreement to the contrary (but except as provided in the following sentence), if you would receive payments under this Agreement or under any other plan, program, or policy sponsored by the Company which relate to a change in control of the Company (the "Total Payments") and which are determined by the Company to be subject to excise tax under Section 4999 of the Code (the "Excise Tax"); then the Company shall pay to you an additional amount (the "Gross-up Payment") such that the net amount retained by you, after deduction of any Excise Tax on the Total Payments and any federal, state and local income taxes, employment taxes and Excise Tax upon the Gross-up Payment, shall be equal to the Total Payments. Notwithstanding the preceding sentence, if it shall be determined that the Total Payments do not exceed 110% of the greatest amount (the "Reduced Amount") that could be paid to you such that the receipt of Total Payments would not give rise to any Excise Tax, then no Gross-Up Payment shall be made to you, and the portion of the Total Payments that are payable hereunder shall be reduced such that the Total Payments equal the Reduced Amount. The reduction of the amounts payable hereunder shall be made in consultation with you and in such a manner as to maximize the value of all Total Payments actually made to you.

B. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (1) all of the Total Payments shall be treated as "parachute payments" (within the meaning of Section 280G(b)(2) of the Code) unless, in the Company's opinion, the payments or benefits (in whole or in part) do not constitute parachute payments, including by reason of Section 280G(b)(4)(A) of the Code, and (2) all "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code shall be treated as subject to the Excise Tax unless, in the Company's opinion, the excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4)(B) of the Code) in excess of the base amount allocable to such reasonable compensation, or are otherwise not subject to the Excise Tax. For purposes of determining the amount of the Gross-up Payment, you will be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-up Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence on the Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of state and local taxes.

C. The Company will pay you the amount of the Gross-up Payment as soon as the amount can be determined, but in no event later than the 30th day after the Date of Termination. At the time that payments are made under this Agreement, the Company shall provide you with a written statement setting forth the manner in which the payments were calculated and the basis for the calculations including, without limitation, any opinions or other advice the Company has received from its tax counsel, its auditor, or other advisors or consultants (and any opinions or advice which are in writing shall be attached to the statement).

D. If the Excise Tax is finally determined to be less than the amount taken into account in calculating the Gross-up Payment, you shall repay to the Company, within 5 business days following the time that the amount of the reduction in Excise Tax is finally determined, the portion of the Gross-up Payment attributable to the reduction (plus that portion of the Gross-up Payment attributable to the Excise Tax and federal, state, and local income and employment taxes imposed on the Gross-up Payment being repaid by you, to the extent that such repayment results in a reduction in the Excise Tax and a dollar-for-dollar reduction in your taxable income and wages for purposes of federal, state, and local income and employment taxes). If the Excise Tax is determined, for any reason, to exceed the amount taken into account in calculating the Gross-up Payment, the Company shall make an additional Gross-up Payment in respect of the excess (including any interest, penalties, or additions payable by you with respect to the Excise Tax) within 5 business days following the time that the amount of the excess is finally determined. You and the Company shall reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the Total Payments.

8. *Employee Covenants; Release.*

A. You agree that you will not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of your assigned duties and for the benefit of the Company, either during the period of your employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which you obtained during your employment by the Company. This restriction will not apply to information that (i) was known to the public before its disclosure to you; (ii) becomes known to the public after disclosure to you through no wrongful act of yours; or (iii) you are required to disclose by applicable law, regulation or legal process (provided that you provide the Company with prior notice of the contemplated disclosure and reasonably cooperate with the Company at its expense in seeking a protective order or other appropriate protection of such information).

B. During your employment with the Company and for one year after your termination, you agree that you will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit, aid or induce any managerial level employee of the Company or any of its subsidiaries or affiliates to leave employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or knowingly take any action to materially assist or aid any other person, firm, corporation or other entity in identifying or hiring any such employee.

C. You agree that during and after your employment with the Company you shall not make any public statements that disparage the Company, its respective affiliates, employees, officers, directors, products or services. Notwithstanding the foregoing, (i) statements made in the course of sworn testimony in administrative, judicial or arbitral proceedings (including, without limitation, depositions in connection with such proceedings) shall not be subject to this Section 8.C, and (ii) nothing in this Section 8.C shall in any way be interpreted to preclude or limit you from pursuing your legal rights or from otherwise communicating with governmental agencies pursuant to legislation or regulations permitting or requiring such communications.

D. For a period of 12 months after your termination of employment with the Company (or for a period of 12 months after a final judgment or injunction enforcing this covenant), you agree not to, directly as an employee or indirectly as a consultant or contractor, without the prior written consent of the Company, be employed in the same or similar capacity as you were employed by the Company immediately prior to termination of your employment, by another business entity or person engaged in the sale or distribution of office supplies, office furniture, computer consumables or related office products or services, in the Territory (as defined below). For purposes hereof, the Territory shall be all of [North America][Australasia].

In agreeing to this restriction, you specifically acknowledge the substantial value to the Company of Confidential Information and your intimate knowledge of the Company's business and agrees that such constitutes goodwill and a protectable interest of the Company.

E. Notwithstanding anything in this Agreement to the contrary, the payment to you of the benefits provided in Section 5 is conditioned upon your execution and delivery to the Company (and your failure to revoke) a customary general release of claims.

9. *Deferred Compensation and Benefits Trust.* The Company has established a Deferred Compensation and Benefits Trust, and shall comply with the terms of that Trust.

For this purpose, the term Deferred Compensation and Benefits Trust shall mean an irrevocable trust or trusts established or to be established by the Company with an independent trustee or trustees for the benefit of persons entitled to receive payments or benefits, the assets of which nevertheless will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

10. *Successors; Binding Agreement.*

A. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption and agreement prior to the effectiveness of any succession which occurs during your employment with the Company and the term of this Agreement shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if you experience a Qualifying Termination or Qualifying Early Termination, except that for purposes of this Section 10.A, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean OfficeMax Incorporated and any successor to its business and/or assets which assumes and agrees to perform this Agreement.

B. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you under this Agreement if you had continued to live, all such amounts, unless otherwise provided in this Agreement, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or if there is no such designee, to your estate.

C. Any dispute between you and the Company regarding this Agreement may be resolved either by binding arbitration or by judicial proceedings at your sole election, and the Company agrees to be bound by your election in that regard, provided that the Company is entitled to seek equitable relief in a court of competent jurisdiction in connection with the enforcement of the covenants set forth in Section 8. Under no circumstance will a violation or alleged violation of those covenants entitle the Company to withhold or offset a payment or benefit due under this Agreement.

11. *Notice.* For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Board with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance with this Section 11, except that notice of change of address shall be effective only upon receipt.

12. *Miscellaneous.* No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and an officer designated by the Board. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this Agreement have been made by either party which are not expressly set forth in this Agreement. All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to those sections. If the obligations of the

Company under Sections 4, 5, 6 and 7 arise prior to the expiration of the term of this Agreement, those obligations shall survive the expiration of the term.

13. *Validity.* The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

14. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

15. *No Guaranty of Employment.* Neither this Agreement nor any action taken under this Agreement shall be construed as giving you a right to be retained as an employee or an executive officer of the Company.

16. *Governing Law.* This Agreement shall be governed by and construed in accordance with Delaware law.

17. *Other Benefits.* Any payments made to you pursuant to this Agreement are in addition to, and not in lieu of, any amounts to which you may be entitled under any other employee benefit plan, program or policy of the Company, except that payments made to you pursuant to Section 5.A(2) shall be in lieu of any severance payment to which you would otherwise be entitled under any severance pay policy of the Company and payments made to you pursuant to Section 5.C shall be in lieu of any payments under the SERP.

If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

OFFICEMAX INCORPORATED

By ______________________________

Name ______________________________

Title ______________________________

Agreed to this [ ] day of [ ], 200

____

[Name of Officer]

QuickLinks

Exhibit 10.37

Exhibit 10.42

EXECUTIVE OFFICER SEVERANCE PAY POLICY
(As Updated Through January 1, 2005)

The company recognizes that it is usually difficult for an executive officer whose employment is terminated involuntarily to obtain a position comparable to the one he or she has with the company. In view of this, any officer (holding the title of vice president or above) who is terminated involuntarily will be entitled to receive severance pay equal to one year's base salary, unless the officer is terminated for disciplinary reasons (as determined by the company) in which case he or she will not be eligible for severance pay. Mandatory retirement pursuant to the company's Executive Officer Mandatory Retirement Policy will not be deemed involuntary termination of employment for purposes of severance pay or any other benefits.

The company, at its sole discretion, may elect to make the severance payment in equal payments over a 12-month period or in a lump sum. The company may also, at its sole discretion, continue certain group insurance coverage on behalf of the terminated executive officer for up to 12 months following the date of termination to the extent consistent with the company's Separation of Employment Policy.

The company's Executive Officer Mandatory Retirement Policy and Separation of Employment Policy will govern all other aspects of the termination of employment of executive officers.

QuickLinks

Exhibit 10.42

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.53

OFFICEMAX CASH INCENTIVE PLAN

(Effective March 11, 2005)

OFFICEMAX CASH INCENTIVE PLAN

1. *Purpose and Establishment.* The OfficeMax Cash Incentive Plan (the "Plan") is intended to promote the interests of the Company and its shareholders by providing an additional tool for the Company to use in attracting, motivating, rewarding, and retaining the broad-based management talent critical to achieving the Company's business goals.

2. *Definitions.* As used in the Plan, the following definitions apply to the terms indicated below:

2.1 "Agreement" means either the written agreement between the Company and a Participant evidencing an Award and setting forth the terms and conditions applicable to the Award or a statement issued by the Company to a Participant describing the terms and conditions of an Award.

2.2 "Award" means a cash incentive award granted pursuant to the terms of the Plan.

2.3 "Board of Directors" means the Board of Directors of the Company.

2.4 "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.

2.5 "Committee" means the Executive Compensation Committee of the Board of Directors or any successor to the Committee, which shall consist of three or more persons, each of whom, unless otherwise determined by the Board of Directors, is an "outside director" within the meaning of Section 162(m) of the Code and a "nonemployee director" within the meaning of Rule 16b-3.

2.6 "Company" means OfficeMax Incorporated, a Delaware corporation.

2.7 "Executive Officer" means a Participant holding the title of senior vice president or higher.

2.8 "Participant" means an employee of the Company or a subsidiary to whom an Award is granted pursuant to the Plan, or upon the death of the Participant, his or her successors, heirs, executors, and administrators, as the case may be.

3. *Administration of the Plan.* The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. Any interpretation, determination, decision, or other action made or taken by the Committee shall be final and binding on Participants. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee.

4. *Terms and Conditions of Awards.*

4.1 *Executive Officers.* With respect to Awards granted to Executive Officers, the Committee shall have final discretion, responsibility, and authority to:

(a) grant Awards;

(b) determine the Participants to whom and the times at which Awards shall be granted;

(c) determine the number of Awards to be granted and the applicable terms, conditions, and restrictions, including the length of time for which any restriction shall remain in effect;

(d) establish the rights of Participants with respect to an Award upon termination of employment;

(e) determine whether, to what extent, and under what circumstances an Award may be cancelled, forfeited, or exchanged;

(f) determine the terms and provisions of Agreements; and

(g) make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may solicit recommendations from the Company's management with respect to any or all of the items listed above.

4.2 *Other Participants.* With respect to Awards granted to Participants who are not Executive Officers, the Company shall have final discretion, responsibility, and authority to:

(a) grant Awards;

(b) determine the Participants to whom and the times at which Awards shall be granted;

(c) determine the number of Awards to be granted and the applicable terms, conditions, and restrictions, including the length of time for which any restriction shall remain in effect;

(d) establish the rights of Participants with respect to an Award upon termination of employment;

(e) determine whether, to what extent, and under what circumstances an Award may be cancelled, forfeited, or exchanged;

(f) determine the terms and provisions of Agreements; and

(g) make all other determinations deemed necessary or advisable for the administration of the Plan.

4.3 *Other Terms.* The terms and conditions of each Award shall be determined at the time of grant. Different terms and conditions may be established for different Participants, for different Awards, and for the same Participant for each Award the Participant may receive, whether or not granted at different times.

5. *Eligibility.* The persons who shall be eligible to receive Awards pursuant to the Plan shall be employees of the Company and its subsidiaries and affiliates (including officers of the Company, whether or not they are directors of the Company), selected by the Committee or the Company, as provided in Sections 4.1 and 4.2, from time to time. The grant of an Award at any time to any person shall not entitle that person to a grant of an Award at any future time.

6. *Awards.*

6.1 *Grant of Awards.* Subject to the terms of the Plan, Awards may be granted to Participants at any time as determined by the Committee or Company, as applicable. Each Award granted under the Plan shall be evidenced by an Agreement which shall contain such provisions as the Committee or the Company, as applicable, may, in its sole discretion, deem necessary or desirable which are not in conflict with the terms of the Plan, including the following terms:

(a) the amount of the Award;

(b) the Award period;

(c) the rights of the Participant upon termination of employment (which may be different based on the reason for termination); and

(d) any other terms or conditions provided in the Agreement.

By accepting an Award, a Participant agrees that the Award shall be subject to all of the terms and provisions of the Plan and the applicable Agreement.

6.2 *Payment.* After the applicable Award period has ended or as otherwise specified in the Agreement, (i) the Committee will determine the amount payable with respect to Awards to Executive Officers, and (ii) the Company will determine the amount payable with respect to Awards to Participants who are not Executive Officers, in each case based upon any applicable terms and conditions. Payment of Awards will be made in cash as soon as practical after the determination.

7. *Employment Not Guaranteed.* This Plan is not intended to and does not create a contract of employment in any manner. Employment with the Company is at will, which means that either the employee or the Company may end the employment relationship at any time and for any reason. Nothing in this Plan changes, or should be construed as changing, that at-will relationship.

8. *Withholding Taxes.* The Company may deduct an amount from any Award sufficient to satisfy any federal and state taxes required by law to be withheld.

9. *Amendment and Termination.* The Committee may, at any time, amend or terminate the Plan. Any amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant's prior consent.

10. *Transfers Upon Death; Nonassignability.* Upon the death of a Participant, outstanding Awards granted to the Participant will be paid only to the executor or administrator of the Participant's estate or to a person who has acquired the right to the Award by will or the laws of descent and distribution. No transfer of an Award by will or the laws of descent and distribution shall be effective to bind the Company unless the Committee has been furnished with (a) written notice and a copy of the will and/or such evidence as the Committee may deem necessary to establish the validity of the transfer, and (b) an agreement by the transferee to comply with all the terms and conditions of the Award that would have applied to the Participant and to be bound by the acknowledgments made by the Participant in connection with the grant of the Award.

During the lifetime of a Participant, no Award is transferable, except that the Committee may, in its sole discretion, permit the transfer of an outstanding Award by an Executive Officer to the extent allowable under then-current law. Subject to applicable law, the Committee's approval, and any conditions that the Committee may prescribe, an Executive Officer may, upon providing written notice to the secretary of the Company, elect to transfer an Award to a member or members of his or her immediate family (including, but not limited to, children, grandchildren, and spouse, or a trust for the benefit of immediate family members or a partnership in which immediate family members are the only partners) or to other persons or entities approved by the Committee; provided, however, that no transfer by any Executive Officer may be made in exchange for consideration.

11. *Expenses and Receipts.* The expenses of the Plan shall be paid by the Company. Any proceeds received by the Company in connection with any Award may be used for general corporate purposes.

12. *No Deferred Compensation.* No deferral of compensation (as defined under Code Section 409A or guidance thereunder) shall be permitted under this Plan. However, the Committee or Company may (but is not required to) permit deferrals of compensation pursuant to a separate plan which meets the requirements of Code Section 409A and the regulations thereunder. Additionally, if and to the extent any Award is subject to Code Section 409A, notwithstanding any provision herein to the contrary, the Plan does not permit the acceleration of the time or schedule of any distribution related to such Award, except as permitted by Code Section 409A, the regulations thereunder, and/or the Secretary of the United States Treasury.

13. *Claims Procedure.* Claims for benefits under the Plan shall be filed in writing, within 90 days after the event giving rise to a claim, with the Company's benefits manager, who shall have absolute discretion to interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to the claim in the name and on behalf of the Company. The claim shall include a statement of all facts the Participant believes relevant to the claim and copies of all documents, materials, or other evidence that the Participant believes relevant to the claim. Written notice of the disposition of a claim shall be furnished to the Participant within 90 days after the application is filed. This 90-day period may be extended an additional 90 days for special circumstances by the benefits manager, in his or her sole discretion, by providing written notice of the extension to the claimant prior to the expiration of the original 90-day period. If the claim is denied, the benefits manager shall notify the claimant in writing. This written notice shall:

(a) state the specific reasons for the denial;

(b) refer to Plan provisions on which the determination is based;

(c) describe any additional material or information necessary for the claimant to perfect the claim and explain why the information is necessary; and

(d) explain how the claimant may submit the claim for review and state applicable time limits.

14. *Claims Review Procedure.* Any Participant, former Participant, or Beneficiary of either, who has been denied a benefit claim, shall be entitled, upon written request, to access to or copies of all documents and records relevant to his or claim and to a review of his or her denied claim. A request for review, together with a written statement of the claimant's position and any other comments, documents, records, or information that the claimant believes relevant to his or her claim, shall be filed no later than 60 days after receipt of the written notification provided for in Section 13 and shall be filed with the Company's benefits manager. The manager shall promptly inform the Company's senior human resources officer. The senior human resources officer shall make his or her decision, in writing, within 60 days after receipt of the claimant's request for review. This 60-day period may be extended an additional 60 days if, in the senior human resources officer's sole discretion, special circumstances warrant the extension and if the senior human resources officer provides written notice of the extension to the claimant prior to the expiration of the original 60-day period. The written decision shall be final

and binding on all parties and shall state the facts and specific reasons for the decision and refer to the Plan provisions upon which the decision is based.

15. *Lawsuits; Venue; Applicable Law.* No lawsuit claiming entitlement to benefits under this Plan may be filed prior to exhausting the claims and claims review procedures described in Sections 13 and 14. Any lawsuit must be initiated no later than the earlier of (a) one year after the event(s) giving rise to the claim occurred, or (b) 60 days after a final written decision was provided to the claimant under Section 14. Federal law shall be applied in the interpretation and application of this Plan and the resolution of any legal action. To the extent not preempted by federal law, the laws of the state of Delaware shall apply.

16. *Participant Rights.* No Participant shall have any claim to be granted any Award under the Plan, and there is no obligation to treat Participants uniformly.

17. *Unsecured General Creditor.* Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company.

18. *Form of Communication.* Any election, application, claim, notice, or other communication required or permitted to be made by a Participant to the Committee or the Company shall be made in writing and in such form as the Company may prescribe. Any communication shall be effective upon receipt by the Company's benefits manager at 150 Pierce Rd., Itasca, IL 60143.

19. *Severability.* If any provision of the Plan is held to be invalid or unenforceable, the other provisions of the Plan shall not be affected.

20. *Effective Date and Term of Plan.* The Plan shall be effective on March 11, 2005. The Committee may terminate the Plan at any time. Awards outstanding at the expiration or termination of the Plan shall remain in effect according to their terms and the provisions of the Plan.

FORM OF
OFFICEMAX INCORPORATED
Cash Incentive Award Agreement

This **Cash Incentive Award** (the "Award") is granted on March 11, 2005 (the "Award Date"), by OfficeMax Incorporated (the "Company") to ("Awardee" or "you") pursuant to the OfficeMax Cash Incentive Plan (the "Plan") and pursuant to the following terms:

1. The Award is subject to all the terms and conditions of the Plan. All capitalized terms not defined in this Agreement shall have the meaning stated in the Plan.

2. For purposes of this Award, "Award Period" means the period beginning on the Award Date and ending on the first anniversary of the Award Date.

3. Your cash incentive Award is $.

4. This Award will be paid in cash as soon as practical following the end of the Award Period, except as otherwise provided in Section 5.

5. If your employment with the Company is terminated before the end of the Award Period, your Award will be treated as follows:

   5.1. If you are involuntarily terminated by the Company for any reason other than a disciplinary reason, as determined by the Company, and you execute a waiver/release in the form required by the Company, you will receive a pro rata Award based on the number of days during the Award Period that you were employed and eligible compared to the total number of days in the Award Period.

   5.2. If your termination from the Company is a result of your death, or total and permanent disability, you will receive a pro rata Award calculated as provided in paragraph 5.1.

   5.3. If you voluntarily terminate your employment with the Company and at the time of your termination you are at least age 55 and have at least 10 years of employment with the Company, you will receive a pro rata Award calculated as provided in paragraph 5.1.

   5.4. Payments under this section 5 will be made as soon as administratively practical following your termination.

6. Except as described in section 5, you must be employed by the Company on the last day of the Award Period to be eligible to receive payment of an Award. If you are involuntarily terminated by the Company for disciplinary reasons, or if you voluntarily terminate employment with the Company for any reason other than as described in paragraphs 5.1, 5.2, and 5.3, you will not be eligible to receive payment of any Award for 2005.

7. As a condition of receiving this Award, you agree not to participate in any equity repurchase program which is announced by the Company on or before the first anniversary of the Award Date. If you do participate in such a program, you will forfeit this Award.

You must sign this Agreement and return it to OfficeMax's Compensation Department on or before April , 2005, or the Award will be forfeited. Return your executed Agreement to: Rosie Wenger, OfficeMax, 150 Pierce Road, Itasca, IL 60143, or fax your signed form to 630-438-2463.

OfficeMax Incorporated	Awardee
By: ______________________	______________________

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Exhibit 10.53

Exhibit 10.54

FORM OF
OFFICEMAX INCORPORATED
Restricted Stock Unit Award Agreement

This **Restricted Stock Unit** Award (the "Award"), is granted on , 2005 (the "Award Date"), by OfficeMax Incorporated ("OfficeMax") to ("Awardee" or "you") pursuant to the 2003 OfficeMax Incentive and Performance Plan (the "Plan") and pursuant to the following terms:

1. The Award is subject to all the terms and conditions of the Plan. All capitalized terms not defined in this Agreement shall have the meaning stated in the Plan.

2. You are awarded restricted stock units, at no cost to you, subject to the restrictions set forth in the Plan and this Agreement.

3. Your Award is subject to a two-year restriction period. On the second anniversary of the Award Date, the restrictions on the restricted stock units granted (and not forfeited under the provisions of paragraph 4 or paragraph 8) will lapse and the units will vest.

4. a. If within two years of the Award Date: (i) you are involuntarily terminated not for "disciplinary reasons" as determined by OfficeMax (or any successor), (ii) you terminate employment as a result of death or total and permanent disability, or (iii) you voluntarily terminate employment and at the time of your termination you are at least age 55 and have at least 10 years of employment with OfficeMax, then the restrictions will lapse and the units shall vest in a pro rata manner, based on the number of days after the Award Date that you were employed and eligible compared to the number of days in two years.

   The restrictions on any units vesting by operation of this paragraph 4.a will lapse and the units will vest as of the termination date. Any unvested units remaining after payout will be forfeited.

   b. Upon your voluntary or involuntary termination for any other reason, all units not yet vested at the time of termination will be immediately forfeited.

5. In the event of a Change in Control (as defined in the Plan) prior to the second anniversary of the Award Date, the continuing entity may either continue this Award or replace this Award with an award of at least equal value with terms and conditions not less favorable than the terms and conditions provided in this Award Agreement, in which case the Award will vest according to the terms of the applicable Award Agreement. If the continuing entity does not so continue or replace this Award, or if you experience a "qualifying termination" (such term to be defined in an agreement providing specific benefits upon a change in control or in the Plan), the Restriction Period will lapse with respect to all units not vested at the time of the Change in Control or your termination (as applicable), and all units will vest immediately.

6. The units awarded pursuant to this Agreement cannot be sold, assigned, pledged, hypothecated, transferred, or otherwise encumbered prior to vesting. Any attempt to transfer your rights in the awarded units prior to vesting will result in the immediate forfeiture of the units.

7. You will not receive dividends or dividend units on the awarded units. With respect to the awarded units, you are not a shareholder and do not have any voting rights.

8. As a condition of receiving this Award, you agree not to participate in any equity repurchase program which is announced by the Company on or before the first anniversary of the Award Date. If you do participate in such a program, you will forfeit any portion of this Award which is not yet vested at the time of your participation in such program.

9. Vested restricted stock units will be paid to you in whole shares of OfficeMax common stock. Partial shares, if any, will be paid in cash.

You must sign this Agreement and return it to OfficeMax's Compensation Department on or before April, 2005, or the Award will be forfeited. Return your executed Agreement to: Rosie Wenger, OfficeMax, 150 Pierce Road, Itasca, IL 60143, or fax your signed form to 630-438-2463.

OfficeMax Incorporated	Awardee
By: ______________________	______________________
	Signature
	______________________
	Printed Name

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Exhibit 11

OFFICEMAX INCORPORATED AND SUBSIDIARIES
Computation of Per Share Earnings

	Year Ended December 31		
	2004	2003	2002
	(thousands, except per-share amounts)		
Basic			
Income from continuing operations	$ 234,125	$ 35,380	$ 19,629
Preferred dividends(a)	(11,917)	(13,061)	(13,101)
Basic income before discontinued operations and cumulative effect of accounting changes	222, 208	22,319	6,528
Loss from discontinued operations	(61,067)	(18,305)	(8,289)
Cumulative effect of accounting changes, net of income tax	—	(8,803)	—
Basic income (loss)	**$ 161,141**	**$ (4,789)**	**$ (1,761)**
Average shares used to determine basic income (loss) per common share	**86,917**	**60,093**	**58,216**
Basic income (loss) per common share:			
Continuing operations	$ 2.55	$ 0.37	$ 0.11
Discontinued operations	(0.70)	(0.30)	(0.14)
Cumulative effect of accounting changes, net of income tax	—	(0.15)	—
Basic income (loss) per common share	**$ 1.85**	**$ (0.08)**	**$ (0.03)**
Diluted			
Basic income before discontinued operations and cumulative effect of accounting changes	$ 222,208	$ 22,319	$ 6,528
Preferred dividends eliminated	11,917	13,061	13,101
Supplemental ESOP contribution	(10,833)	(11,829)	(11,809)
Diluted income before discontinued operations and cumulative effect of accounting changes	223,292	23,551	7,820
Loss from discontinued operations	(61,067)	(18,305)	(8,289)
Cumulative effect of accounting changes, net of income tax	—	(8,803)	—
Diluted income (loss)	**$ 162,225**	**$ (3,557)**	**$ 469**
Average shares used to determine basic income (loss) per common share	86,917	60,093	58,216
Restricted stock, stock options and other	1,857	734	355
Series D Convertible Preferred Stock	2,880	3,353	3,519
Average shares used to determine diluted income (loss) per common share	**91,654**	**64,180**	**62,090**
Diluted income (loss) per common share:			
Continuing operations	$ 2.44	$ 0.37	$ 0.12
Discontinued operations	(0.67)	(0.29)	(0.13)
Cumulative effect of accounting changes, net of income tax	—	(0.14)	—
Diluted income (loss) per common share(b)	**$ 1.77**	**$ (0.06)**	**$ (0.01)**

(a) The dividend attributable to the company's Series D Convertible Preferred Stock held by the company's ESOP (employee stock ownership plan) is net of a tax benefit.

(b) For the years ended December 31, 2003 and 2002, the computation of diluted loss per common share was antidilutive; therefore, amounts reported for basic and diluted loss were the same.

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Exhibit 12.1

OFFICEMAX INCORPORATED AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	2004	2003	2002	2001	2000
	(thousands, except ratios)				
Interest costs	$ 155,689	$ 134,930	$ 133,762	$ 129,917	$ 152,322
Guarantee of interest on ESOP debt	905	3,976	6,405	8,732	10,880
Interest capitalized during the period	28	391	3,937	1,945	1,458
Interest factor related to noncapitalized leases(a)	130,229	15,974	11,128	11,729	13,394
Total fixed charges	**$ 286,851**	**$ 155,271**	**$ 155,232**	**$ 152,323**	**$ 178,054**
Income (loss) from continuing operations before income taxes, minority interest, and cumulative effect of accounting changes	$ 379,442	$ 49,240	$ 1,352	$ (42,113)	$ 302,325
Undistributed (earnings) losses of less than 50% owned entities, net of distributions received	(6,211)	(8,695)	2,435	8,039	(2,061)
Total fixed charges	286,851	155,271	155,232	152,323	178,054
Less: Interest capitalized	(28)	(391)	(3,937)	(1,945)	(1,458)
Guarantee of interest on ESOP debt	(905)	(3,976)	(6,405)	(8,732)	(10,880)
Total earnings before fixed charges	**$ 659,149**	**$ 191,449**	**$ 148,677**	**$ 107,572**	**$ 465,980**
Ratio of earnings to fixed charges	2.30	1.23	—	—	2.62
Excess of fixed charges over earnings before fixed charges	$ —	$ —	$ 6,555	$ 44,751	$ —

(a) Interest expense for operating leases with terms of one year or longer is based on an imputed interest rate for each lease.

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[Exhibit 12.1](#)

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Exhibit 12.2

OFFICEMAX INCORPORATED AND SUBSIDIARIES
Ratio of Earnings to Combined Fixed Charges
and Preferred Dividend Requirements

	Year Ended December 31				
	2004	2003	2002	2001	2000
	(thousands, except ratios)				
Interest costs	$ 155,689	$ 134,930	$ 133,762	$ 129,917	$ 152,322
Interest capitalized during the period	28	391	3,937	1,945	1,458
Interest factor related to noncapitalized leases(a)	130,229	15,974	11,128	11,729	13,394
Total fixed charges	285,946	151,295	148,827	143,591	167,174
Preferred stock dividend requirements—pretax	12,211	13,864	14,548	15,180	16,019
Combined fixed charges and preferred dividend requirements	**$ 298,157**	**$ 165,159**	**$ 163,375**	**$ 158,771**	**$ 183,193**
Income (loss) from continuing operations before income taxes, minority interest, and cumulative effect of accounting changes	$ 379,442	$ 49,240	$ 1,352	$ (42,113)	$ 302,325
Undistributed (earnings) losses of less than 50% owned entities, net of distributions received	(6,211)	(8,695)	2,435	8,039	(2,061)
Total fixed charges	285,946	151,295	148,827	143,591	167,174
Less interest capitalized	(28)	(391)	(3,937)	(1,945)	(1,458)
Total earnings before fixed charges	**$ 659,149**	**$ 191,449**	**$ 148,677**	**$ 107,572**	**$ 465,980**
Ratio of earnings to combined fixed charges and preferred dividend requirements	2.21	1.16	—	—	2.54
Excess of combined fixed charges and preferred dividend requirements over total earnings before fixed charges	$ —	$ —	$ 14,698	$ 51,199	$ —

(a) Interest expense for operating leases with terms of one year or longer is based on an imputed interest rate for each lease.

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[Exhibit 12.2](#)

Exhibit 21

Subsidiaries of the registrant are as follows:

	State or Other Jurisdiction of Incorporation or Organization
OfficeMax Contract, Inc.	Delaware
Picabo Holdings, Inc.	Delaware
OfficeMax Nevada Company	Nevada
Loving Creek Funding Corporation	Delaware
Grand & Toy Limited	Ontario, Canada
OfficeMax Southern Company	Louisiana
Boise Cascade Office Products (NZ) Limited	New Zealand
OfficeMax, Inc.	Ohio
OMX Timber Finance Holdings I, LLC	Delaware
OMX Timber Finance Holdings II, LLC	Delaware
Clearfield Insurance Limited	Bermuda
OfficeMax de Mexico	Mexico

Note: The names of various consolidated wholly owned subsidiaries have been omitted. None of the omitted subsidiaries, considered either alone or together with the other omitted subsidiaries, constitutes a significant subsidiary.

Exhibit 31.1

CEO CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES OXLEY ACT OF 2002

I, George J. Harad, chief executive officer of OfficeMax Incorporated, certify that:

1. I have reviewed this annual report on Form 10-K of OfficeMax Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005	/s/ GEORGE J. HARAD
	George J. Harad Chief Executive Officer

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Exhibit 31.2

**CFO CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES OXLEY ACT OF 2002**

I, Theodore Crumley, chief financial officer of OfficeMax Incorporated, certify that:

1. I have reviewed this annual report on Form 10-K of OfficeMax Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 16, 2005	/s/ THEODORE CRUMLEY
	Theodore Crumley Chief Financial Officer

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Exhibit 31.2

Exhibit 32

SECTION 906 CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF OFFICEMAX INCORPORATED

We are providing this Certificate pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C., Section 1350. It accompanies OfficeMax Incorporated's annual report on Form 10-K (the "Report") for the year ended December 31, 2004.

I, George J. Harad, OfficeMax Incorporated's chief executive officer, certify that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Report fairly presents, in all material respects, OfficeMax Incorporated's financial condition and results of operations.

/s/ GEORGE J. HARAD

George J. Harad
Chief Executive Officer

I, Theodore Crumley, OfficeMax Incorporated's chief financial officer, certify that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Report fairly presents, in all material respects, OfficeMax Incorporated's financial condition and results of operations.

/s/ THEODORE CRUMLEY

Theodore Crumley
Chief Financial Officer

Dated: March 16, 2005

A signed original of this written statement required by Section 906 has been provided to OfficeMax Incorporated and will be retained by OfficeMax Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

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Exhibit 32