UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
F O R M 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, 1998

Commission file number 1-5057

A Delaware Corporation	BOISE CASCADE CORPORATION 1111 West Jefferson Street P.O. Box 50 Boise, Idaho 83728-0001 (208)384-6161	I.R.S. Employer Identification No. 82-0100960

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 and Chicago Stock Exchanges
American & Foreign Power Company Inc. Debentures, 5% Series due 2030	New York Stock Exchange
Common Stock Purchase Rights	New York and Chicago Stock Exchanges

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the price at which the stock was sold as of the close of business on February 26, 1999: $1,751,052,982

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 26, 1999
Common Stock, $2.50 par value	56,371,927

Documents incorporated by reference

1. The registrant's annual report for the fiscal year ended December 31, portions of which are incorporated by reference into Parts I, and IV of this Form 10-K, and

2. Portions of the registrant's proxy statement relating to its 1999 annual meeting of shareholders to be held on April 15, 1999 ("Boise Cascade's proxy statement"), are incorporated by reference into Part III of this Form 10-K, and

3. The registrant's Income Statement from the fourth quarter fact book for the three months ended December 31, 1998 is incorporated by reference into Parts II and IV of this Form 10-K.

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PART I

ITEM 1. BUSINESS

As used in this annual report, the terms "Boise Cascade" and "we" include Boise Cascade Corporation and its consolidated subsidiaries and predecessors.

Boise Cascade Corporation is a major distributor of office products and building materials and an integrated manufacturer and distributor of paper and wood products. We are headquartered in Boise, Idaho, with domestic and international operations. We own and manage over 2 million acres of timberland in the United States We were incorporated under the laws of Delaware in 1931 under the name Boise Payette Lumber Company of Delaware, as a successor to an Idaho corporation formed in 1913. In 1957, our name was changed to its present form.

Financial information pertaining to each of our industry segments and to each of our geographic areas for the years 1998, 1997, and 1996 is presented in Note 9, "Segment Information," of the Notes to Financial Statements of our 1998 Annual Report and is incorporated by reference.

Our sales and income are affected by the industry supply of product relative to the level of demand and by changing economic conditions in the markets we serve. Demand for paper and paper products and for office products correlates closely with real growth in the gross domestic product. Paper and paper products operations are also affected by demand in international markets and by inventory levels of users of these products. Our building products businesses are dependent on repair-and-remodel activity, housing starts, and commercial and industrial building, which in turn are influenced by the availability and cost of mortgage funds. Declines in building activity that may occur during winter affect our building products businesses. In addition, energy and some operating costs may increase at facilities affected by cold weather. Seasonal influences, however, are generally not significant.

The management practices followed by Boise Cascade and Boise Cascade Office Products with respect to working capital conform to those of the paper and forest products industry and the office products industry and the common business practices in the United States.

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 which fail to meet our criteria for return on investment or which cease to warrant retention for other reasons. (See Notes 1, 6, and 8 of the Notes to Financial Statements of our 1998 Annual Report. This information is incorporated by reference.)

OFFICE PRODUCTS

In April 1995, our then wholly owned subsidiary, Boise Cascade Office Products Corporation ("BCOP"), completed an initial public offering of 10,637,500 shares of common stock at a price of $12.50 per share after giving effect to a two-for-one stock split in the form of a dividend in May 1996. After the offering, Boise Cascade owned 82.7% of BCOP's outstanding common stock. At December 31, 1998, we owned 81.2% of BCOP's outstanding common stock. (See Note 6 of the Notes to Financial Statements of our 1998 Annual Report. This information is incorporated by reference.)

BCOP distributes a broad line of items for the office, including office supplies, computer consumables, office furniture, paper products, and promotional products. All of the products sold by this segment are purchased from manufacturers or from industry wholesalers, except office papers which are sourced primarily from Boise Cascade's paper operations. BCOP sells these office products directly to corporate, government, and small-and medium-sized offices in the United States, Australia, Belgium, Canada, France, Spain and the United Kingdom.

Customers with multisite locations across the country are often serviced via national contracts that provide consistent pricing and product offerings and, if desired, summary billings, usage reporting, and other special services. At February 26, 1999, BCOP operated 68 distribution centers. During 1998, BCOP completed acquisitions of six businesses. BCOP also operates three retail office supply stores in Hawaii and approximately 70 retail stores in Canada.

The following table sets forth sales dollars for BCOP for the years indicated:

	1998	1997	1996	1995	1994
Sales (millions)	$3,067	$2,597	$1,986	$1,316	$ 909

BUILDING PRODUCTS

Boise Cascade is a major producer of lumber, plywood, and particleboard, together with a variety of specialty wood products. We also manufacture engineered wood products consisting of laminated veneer lumber (LVL), which is a high-strength engineered structural lumber product, and wood I-joists that incorporate the LVL technology. Most of our production is sold to independent wholesalers and dealers and through our own wholesale building materials distribution outlets. Our wood products are used primarily in housing, industrial construction, and a variety of manufactured products. Wood products manufacturing sales for 1998, 1997, 1996, 1995, and 1994 were $861 million, $913 million, $867 million, $977 million, and $997 million.

The following table sets forth annual practical capacities of our wood products facilities as of December 31, 1998:

	Number of Mills	Practical Capacity
		(millions)
Plywood and veneer(1)(2)	11	1,555 square feet (3/8" basis)
Lumber(2)	8	520 board feet
Particleboard	1	200 square feet (3/4" basis)
Oriented strand board(3)	1	400 square feet
Laminated veneer lumber(4)	2	14 cubic feet

(1) Number of mills and capacity excludes the Medford plywood plant which was severely damaged by fire in 1998. A portion of the plant is being rebuilt.

(2) Includes our Yakima, Washington plywood plant and our Elgin, Oregon lumber mill which will close in 1999.

(3) In 1995, we formed a joint venture to build an oriented strand board (OSB) plant in Barwick, Ontario, Canada. We own 47% of the joint venture and account for it on the equity method. The 400 million square feet of annual capacity represents 100% of the production volume. The plant began production in 1997.

(4) A portion of LVL production is used in the manufacture of I-joists.

Boise Cascade operates 16 wholesale building materials distribution facilities. In January 1999, we started up a facility in Chicago, Illinois. These operations market a wide range of building materials, including lumber, plywood, particleboard, engineered wood products, roofing, insulation, doors, builders' hardware, and related products. These products are distributed to retail lumber dealers, home centers specializing in the do-it-yourself market, and industrial customers. A portion (approximately 31% in 1998) of the wood products required by our building materials distribution facilities is provided by our manufacturing facilities, and the balance is purchased from outside sources.

The following table sets forth sales volumes of our manufactured wood products and sales dollars for building materials distribution business for the years indicated:

	1998	1997	1996	1995	1994
			(millions)		
Plywood (square feet - 3/8" basis)	1,815	1,836	1,873	1,865	1,894
Lumber (board feet)	572	657	692	711	754
Particleboard (square feet - 3/4" basis)	190	195	195	196	194
Oriented strand board (square feet 3/8" basis)(1)	347	151	-	-	-
Laminated veneer lumber (cubic feet)	3.8	2.7	2.2	1.8	1.4
I-joists (eq. lineal feet)	106	82	74	61	55
Building materials distribution (sales dollars)	$861	$ 732	$ 690	$ 598	$ 657

(1) Includes 100% of the sales volume from our joint venture, of which we own 47%.

TIMBER RESOURCES

Boise Cascade owns or controls approximately 2.4 million acres of timberland in the U.S. The amount of timber we harvest each year from our timber resources, compared with the amount we purchase from outside sources, varies according to the price and supply of timber for sale on the open market and according to what we deem to be in the interest of sound management of our timberlands. During 1998, our mills processed approximately 1.0 billion board feet of sawtimber and 1.5 million cords of pulpwood; 35% of the sawtimber and 42% of the pulpwood were harvested from our timber resources, and the balance was acquired from various private and government sources. Approximately 67% of the 1.0 million bone-dry units of hardwood and softwood chips consumed by our Northwest pulp and paper mills in 1998 were provided from a whole-log chipping facility, our cottonwood fiber farm, and our Northwest wood products manufacturing facilities as residuals from the processing of solid wood products. Of the 559,000 bone-dry units of residual chips used in the South, 41% were provided by our Southern wood products manufacturing facilities. Our timberlands are managed as part of our building products and paper and paper products segments. The impact of our timberlands on our results of operations is included in these segments.

At December 31, 1998, 1997, and 1996 the acreages of owned or controlled timber resources by geographic area and the approximate percentages of total fiber requirements available from our respective timber resources in these areas and from the residuals from processed purchased logs are shown in the following table:

	Northwest(1)			Midwest(2)			South(3)			Total(4)		
	1998	1997	1996	1998	1997	1996	1998	1997	1996	1998	1997	1996
							(thousands of acres)					
Fee	1,333	1,331	1,328	308	308	308	418	418	419	2,059	2,057	2,055
Leases and contracts	44	51	51	-	-	-	285	284	290	329	335	341
	1,377	1,382	1,379	308	308	308	703	702	709	2,388	2,392	2,396

Approximate % of total fiber requirements available from:(5)												
Owned and controlled timber resources	29%	25%	21%	23%	23%	23%	39%	25%	25%	32%	25%	23%
Residuals from processed purchased logs	11	13	14	-	-	-	4	6	6	7	9	9
Total	40%	38%	35%	23%	23%	23%	43%	31%	31%	39%	34%	32%

(1) Principally sawtimber.

(2) Principally pulpwood.

(3) Sawtimber and pulpwood.

(4) On December 31, 1998, our inventory of merchantable sawtimber was approximately 7.7 billion board feet, and our inventory of pulpwood was approximately 8.0 million cords. At December 31, 1997, these inventories were approximately 7.7 billion board feet and approximately 7.8 million cords, and at December 31, 1996, these inventories were approximately 7.6 billion board feet and approximately 7.6 million cords.

(5) Assumes harvesting of company-owned and controlled timber resources on a sustained timber yield basis and operation of our paper and wood products manufacturing facilities at practical capacity. Percentages shown represent weighted average consumption on a cubic volume basis.

Long-term leases generally provide Boise Cascade with timber harvesting rights and carry with them the responsibility for management of the timberlands. The average remaining life of all leases and contracts is in excess of 40 years. In addition, we have an option to purchase approximately 204,000 acres of timberland under lease and/or contract in the South.

We seek to maximize the utilization of our timberlands through efficient management so that the timberlands will provide a continuous supply of wood for future needs. Site preparation, planting, fertilizing, thinning, and logging techniques are being improved through a variety of methods, including genetic research and computerization.

We assume substantially all risks of loss from fire and other casualties on all the standing timber we own, as do most owners of timber tracts in the U.S.

Additional information pertaining to our timber resources is presented under the caption "Timber Supply and Environmental Issues" of the Financial Review of our 1998 Annual Report. This information is incorporated by reference.

PAPER AND PAPER PRODUCTS

Boise Cascade is a major North American pulp and paper producer with five paper mills. The total annual practical capacity of the mills was approximately 2.8 million tons at December 31, 1998. Our products are sold to distributors and industrial customers primarily by our own sales personnel.

The products manufactured by Boise Cascade, made both from virgin and recycled fibers, include uncoated business, printing, forms, and converting papers; newsprint; containerboard; and market pulp. These products are available for sale to the related paper markets, and certain of these products are sold through our office products distribution operations. In addition, containerboard is used by Boise Cascade in the manufacture of corrugated containers.

Our paper mills are supplied with pulp principally from our own integrated pulp mills. Pulp mills in the Northwest manufacture chemical pulp primarily from wood waste produced as a by-product of wood products manufacturing. Pulp mills in the Midwest and South manufacture chemical, thermomechanical, and groundwood pulp mainly from pulpwood logs and, to some extent, from purchased wood waste and pulp from deinked recycled fiber. Wood waste is provided by our sawmills and plywood mills in the Northwest and, to a lesser extent, in the South, and the remainder is purchased from outside sources.

Boise Cascade currently manufactures corrugated containers at seven plants, which have annual practical capacity of approximately 5.0 billion square feet. The containers produced at our plants are used to package fresh fruit and vegetables, processed food, beverages, and many other industrial and consumer products. We sell our corrugated containers primarily through our own sales personnel.

The following table sets forth sales volumes of paper and paper products for the years indicated:

	1998	1997	1996	1995	1994
		(thousands of short tons)			
Paper					
Uncoated free sheet	1,403	1,314	1,167	1,177	1,271
Containerboard	624	604	563	602	595
Newsprint	431	440	411	416	415
Market pulp	129	161	230	217	212
Discontinued grades	-	-	260	428	447
	2,587	2,519	2,631	2,840	2,940
		(millions of square feet)			

Corrugated Containers	4,182	3,568	3,201	3,114	3,237

In November 1996, we completed the sale of our coated publication paper business, consisting primarily of our pulp and paper mill in Rumford, Maine, and 667,000 acres of timberlands, to The Mead Corporation.

In October 1994, Rainy River Forest Products ("Rainy River"), our former Canadian subsidiary, completed an initial offering of units of its equity and debt securities. As a result of the offering, we owned 49% of the outstanding voting common shares and 60% of the total equity of Rainy River. Beginning January 1, 1994, we accounted for Rainy River on the equity method. In November 1995, we divested our remaining interest in Rainy River through Rainy River's merger with Stone-Consolidated Corporation (now Abitibi-Consolidated).

COMPETITION

The markets we serve are highly competitive, with a number of substantial companies operating in each. We compete in our markets principally through price, service, quality, and value-added products and services.

ENVIRONMENTAL ISSUES

Our discussion of environmental issues is presented under the caption "Timber Supply and Environmental Issues" of the Financial Review of our 1998 Annual Report. This information is incorporated by reference. In addition, environmental issues are discussed under "Item 3. Legal Proceedings," of this Form 10-K.

EMPLOYEES

As of December 31, 1998, we had 23,039 employees, 5,899 of whom were covered under collective bargaining agreements. In 1998, we obtained a labor contract extension effective until 2004 for our West Coast paper employees. In April 1999, contracts covering our International Falls, Minnesota, pulp and paper mill are scheduled to expire.

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 and is incorporated into this Part I by reference.

CAPITAL INVESTMENT

Information concerning our capital expenditures is presented under the caption "Investing Activities" and in the table titled "1998 Capital Investment by Business" of the Financial Review section of our 1998 Annual Report. This information is incorporated by reference.

ENERGY

The paper and paper products segment is our primary energy user. Self-generated energy sources in this segment, such as wood wastes, pulping liquors, and hydroelectric power, provided 59% of total 1998 energy requirements, compared with 57% in 1997 and 53% in 1996. The energy requirements fulfilled by purchased sources in 1998 were as follows: natural gas, 28%; electricity, 12%; and residual fuel oil, 1%.

ITEM 2. PROPERTIES

We own substantially all of our facilities other than those in our office products subsidiary. The majority of the office products facilities are rented under operating leases. Regular maintenance, renewal, and new construction programs have preserved the operating suitability and adequacy of those properties. We own substantially all equipment used in our facilities.

Following is a list of our facilities by segment as of February 26, 1999. Information concerning timber resources is presented in Item 1 of this Form 10-K.

OFFICE PRODUCTS

68 distribution centers located in Arizona, California (2), Colorado, Connecticut, Delaware, Florida (3), Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan (3), Minnesota, Missouri (2), Nevada (2), New Mexico, New York (2), North Carolina, Ohio (3), Oklahoma, Oregon (2), Pennsylvania (2), Tennessee (2), Texas (2), Utah, Vermont, Virginia, Washington (2), Wisconsin, Australia (7), Canada (8), France (2), Spain, and the United Kingdom (2).

Approximately 73 retail outlets located in Hawaii and Canada.

BUILDING PRODUCTS

8 sawmills located in Alabama, Idaho, Oregon (3), and Washington (3).

11 plywood and veneer plants located in Idaho, Louisiana (2), Oregon (6), and Washington (2). Includes the Medford, Oregon plywood plant which was severely damaged by fire in 1998. A portion of the plant is being rebuilt.

1 particleboard plant located in Oregon.

2 laminated veneer lumber/wood I-joists plants located in Oregon and Louisiana.

1 wood beam plant located in Idaho.

47% owned oriented strand board joint venture located in Barwick, Ontario, Canada.

16 wholesale building materials units located in Arizona, Colorado (2), Idaho (2), Illinois, Minnesota, Montana, New Mexico, Oklahoma, Texas, Utah, and Washington (4).

PAPER AND PAPER PRODUCTS

5 pulp and paper mills located in Alabama, Louisiana, Minnesota, Oregon, and Washington. In 1996, we sold our mill in Rumford, Maine.

6 regional service centers located in California, Georgia, Illinois, New Jersey, Oregon, and Texas.

2 converting facilities located in Oregon and Washington. In 1996, we completed the reconfiguration of our Vancouver, Washington, mill by shutting down its paper making abilities and operating it only as a paper converting facility.

7 corrugated container plants located in Idaho (2), Nevada, Oregon, Utah, and Washington (2).

ITEM 3.   LEGAL PROCEEDINGS

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 with respect to 33 active sites where hazardous substances or other contaminants are located. 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. However, 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 presently believe that the known actual and potential response costs will, in the aggregate, materially affect our financial condition or operations.

In December 1998, the Maine Environmental Protection Agency issued Notices of Violation for air and water permit exceedances at the Rumford, Maine, pulp and paper mill for the period 1994 until the mill was sold in 1996. We are investigating the validity of these allegations. Should the allegations prove to be valid, we do not expect the penalties to exceed $150,000.

We are involved in various 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 any pending litigation or administrative proceeding, including those described in the preceding paragraphs, would not materially affect our financial condition or operations.

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

Not applicable.

PART II

ITEM 5.   MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is listed on the New York and Chicago Stock Exchanges. In January 1999, we voluntarily delisted our common stock and other securities from the Pacific Exchange due to the lack of trading activity. The high and low sales prices for our common stock, as well as the frequency and amount of dividends paid on such stock, is included in Note 11, "Quarterly Results of Operations," of the Notes to Financial Statements in our 1998 Annual Report. Additional information concerning dividends on common stock is presented under the caption "Financing Activities" of the Financial Review section of our 1998 Annual Report, and information concerning restrictions on the payments of dividends is included in Note 4, "Debt," of the Notes to Financial Statements in our 1998 Annual Report. The approximate number of common shareholders, based upon actual record holders at year-end, is presented under the caption "Financial Highlights" of our 1998 Annual Report. The information under these captions is incorporated by reference.

SHAREHOLDER RIGHTS PLAN

The company has had a shareholder rights plan since January 1986. The current plan 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. In addition, upon the occurrence of certain events, and upon payment of the then-current 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, and expire in 2008. Additional details are set forth in the Renewed Rights Agreement filed with the Securities and Exchange Commission as Exhibit 4.2 in our Form 10-Q dated September 30, 1997.

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 and

Item 8 of this Form 10-K:

	1998(1)	1997	1996(2)	1995(3)	1994(4)
	(expressed in millions, except per-common-share amounts)				
Assets					
Current assets	$1,368	$1,354	$1,355	$1,313	$ 918
Property and equipment, net	2,571	2,630	2,554	2,604	2,494
Other	1,028	986	802	739	882
	$4,967	$4,970	$4,711	$4,656	$4,294
Liabilities and Shareholders' Equity					
Current liabilities	$1,130	$ 894	$ 933	$ 770	$ 658
Long-term debt, less current portion	1,578	1,726	1,330	1,365	1,625
Guarantee of ESOP debt	156	177	196	214	231
Minority interest	117	105	82	68	-
Other	558	455	490	545	415
Shareholders' equity	1,428	1,613	1,680	1,694	1,365
	$4,967	$4,970	$4,711	$4,656	$4,294
Net sales	$6,162	$5,494	$5,108	$5,074	$4,140
Net income (loss) before cumulative effect of accounting change	$ (28)	$ (30)	$ 9	$ 352	$ (63)
Cumulative effect of accounting change, net	(9)	-	-	-	-
Net income (loss)	$ (37)	$ (30)	$ 9	$ 352	$ (63)
Net income (loss) per common share					
Basic before cumulative effect of accounting change	$ (.85)	$(1.19)	$ (.63)	$ 6.62	$(3.08)
Cumulative effect of accounting change	(.15)	-	-	-	-
Basic (5)	$(1.00)	$(1.19)	$ (.63)	$ 6.62	$(3.08)
Net income (loss) per common share					
Diluted before cumulative effect of accounting change	$ (.85)	$(1.19)	$ (.63)	$ 5.39	$(3.08)
Cumulative effect of accounting change	(.15)	-	-	-	-
Diluted(5)	$(1.00)	$(1.19)	$ (.63)	$ 5.39	$(3.08)
Cash dividends declared per common share	$ .60	$ .60	$ .60	$ .60	$ .60

(1) 1998 includes a pretax charge of $42,382,000 for a company wide cost-reduction initiative and the restructuring of certain operations.

1998 includes a pretax gain of $45,000,000 related to an insurance settlement for our Medford, Oregon, plywood plant which was severely damaged by fire.

1998 includes a pretax charge of $61,900,000 for the restructuring of our wood products manufacturing business and a pretax charge of $19,000,000 for the revaluation of certain paper-related assets.

1998 includes a net of tax charge of $8,590,000 for the adoption of AICPA Statement of position 98-5, "Reporting on the Costs of Start-Up Activities."

1998 net loss per common share includes a negative seven cents related to the redemption of our Series F preferred stock.

Excluding these items, net income for 1998 would have been $20,744,000, or 9 cents per diluted share.

(2) 1996 includes a pretax gain of approximately $40,395,000 as a result of the sale of our coated publication paper business. In addition, approximately $15,341,000 of pretax expense arising from related tax indemnification requirements was recorded. Assets were reduced by $632,246,000 as a result of the sale.

1996 includes $9,955,000 before taxes for the write-down of certain paper assets.

1996 includes a gain of $2,880,000 as a result of shares issued by BCOP for stock options and to effect various acquisitions.

Excluding these items, the net loss for 1996 would have been $5,450,000, or 93 cents per diluted share.

(3) 1995 includes a charge of $74,900,000 before taxes related primarily to the write-down of certain paper assets under the provisions of Financial Accounting Standards Board Statement 121, "Accounting for the Impairment

of Long-Lived Assets and for Long-Lived Assets to be Disposed Of."

1995 includes a pretax gain of $68,900,000 as a result of the sale of our remaining interest in Rainy River.

1995 includes a gain of $6,160,000 as a result of shares issued by BCOP to effect various acquisitions.

1995 includes a gain of $60,000,000 from the BCOP initial public offering.

1995 includes $32,500,000 of income taxes for the tax effect of the difference in the book and tax bases of our stock ownership in Rainy River.

1995 includes a pretax charge of $19,000,000 for the establishment of reserves for the write-down of certain paper assets. Also included is our addition to existing reserves of $5,000,000 before taxes for environmental and other contingencies.

Excluding these items, net income for 1995 would have been $336,800,000, or $5.14 per diluted share.

(4) 1994 includes a charge of $10,200,000 before taxes as a result of the sale of securities by Rainy River. It also includes the recognition of a noncash charge of $20,200,000 for U.S. taxes on previously undistributed Canadian earnings.

Excluding these items, the net loss for 1994 would have been $35,600,000, or $2.37 per diluted share.

(5) The computation of diluted net loss per common share was antidilutive in the years 1998, 1997, 1996, and 1994; therefore, the amounts reported for basic and diluted loss per share are the same. In 1997, we adopted SFAS No. 128, "Earnings Per Share," effective December 15, 1997. As a result, our basic earnings per share for 1995 increased 69 cents to $6.62 over the previously reported primary income per common share. The accounting change had no effect on any of the other reported amounts.

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

Management's discussion and analysis of financial condition and results of operations are presented under the caption "Financial Review" of our 1998 Annual Report and are incorporated by reference.

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 Certain Financial Market Risks," in the Financial Review section of our 1998 Annual Report and is incorporated by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and related notes, together with the report of the independent public accountants, are presented in our 1998 Annual Report and are incorporated by reference.

The consolidated income statement for the three months ended December 31, 1998, is presented in our Fact Book for the fourth quarter of 1998 and is incorporated by reference.

The 9.85% Notes issued in June 1990, the 9.9% Notes issued in March 1990, and the 9.45% Debentures issued in October 1989 each contain a provision under which in the event of the occurrence of both a designated event (change of control), as defined, and a rating decline, as defined, the holders of these securities may require Boise Cascade to redeem the securities.

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

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

Executive Officers as of February 26, 1999

Name	Age	Position or Office	Date First Elected as an Officer
George J. Harad(1)	54	Chairman of the Board and Chief Executive Officer	5/11/82
Theodore Crumley	53	Senior Vice President and Chief Financial Officer	5/10/90
A. Ben Groce	57	Senior Vice President	2/8/91
John W. Holleran	44	Senior Vice President and General Counsel	7/30/91

Terry R. Lock	57	Senior Vice President	2/17/77
Christopher C. Milliken(2)	53	Senior Vice President	2/3/95
Richard B. Parrish	60	Senior Vice President	2/27/80
N. David Spence	63	Senior Vice President	12/8/87
A. James Balkins III(3)	46	Vice President	9/5/91
Stanley R. Bell	52	Vice President	9/25/90
John C. Bender	59	Vice President	2/13/90
Charles D. Blencke	55	Vice President	12/11/92
Tom E. Carlile	47	Vice President and Controller	2/4/94
Graham L. Covington	56	Vice President	9/24/98
Karen E. Gowland	40	Vice President and Corporate Secretary	9/25/97
J. Michael Gwartney	58	Vice President	4/25/89
Vincent T. Hannity	54	Vice President	7/26/96
Guy G. Hurlbutt	56	Vice President	7/31/98
Irving Littman	58	Vice President and Treasurer	11/1/84
Jeffrey G. Lowe	57	Vice President	12/11/92
Richard W. Merson	56	Vice President	12/12/97
Carol B. Moerdyk(4)	48	Vice President	5/10/90
David A. New	48	Vice President	4/30/97

(1) Chairman of the Board, Boise Cascade Office Products Corporation

(2) Chief Executive Officer, Boise Cascade Office Products Corporation

(3) Senior Vice President, Chief Financial Officer, and Treasurer, Boise Cascade Office Products Corporation

(4) Senior Vice President, North American and Australian Contract Operations, Boise Cascade Office Products Corporation

All of the officers named above except for David A. New, who joined the company in 1997, have been employees of Boise Cascade or one of its subsidiaries for at least five years.

Terry M. Plummer, vice president, resigned from his position with Boise Cascade effective October 31, 1998. J. Kirk Sullivan, vice president, retired from his position with Boise Cascade effective July 1, 1998. Gary M. Watson, vice president, resigned from his position with Boise Cascade effective February 26, 1999. Terry R. Lock, senior vice president, and J. Michael Gwartney, vice president, will retire from their positions with Boise Cascade on March 31, 1999.

Graham L. Covington was elected vice president in September 1998. Mr. Covington received a bachelor's degree in English from Williams College and a MBA from the University of California at Berkeley. Mr. Covington joined Boise Cascade in 1972 as a Paper Division sales representative and held several managerial positions in the division's sales and marketing organization before being named director of sales and marketing.

Guy G. Hurlbutt was elected vice president in July 1998. Mr. Hurlbutt received a bachelor's degree in forestry from the University of Georgia, a law degree from the University of South Carolina, and a master's degree in environmental law from George Washington University. Mr. Hurlbutt joined Boise Cascade in 1984 as an associate general counsel. He became director of environmental affairs in August 1997 and assumed responsibility for public policy in June 1998.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning compensation of Boise Cascade's executive officers for the year ended December 31, 1998, is presented under the caption "Compensation Tables" in our proxy statement. This information is incorporated by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) Information concerning the security ownership of certain beneficial owners as of December 31, 1998, is set forth under the caption "Ownership of More Than 5% of Boise Cascade Stock" in Boise Cascade's proxy statement and is incorporated by reference.

(b) Information concerning security ownership of management as of December 31, 1998, is set forth under the caption "Stock Ownership - Directors and Executive Officers" in Boise Cascade's proxy statement and is incorporated by reference.

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions during 1998 is set forth under the caption "Business Relationships with Directors" in Boise Cascade's proxy statement and is incorporated by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

(1) Financial Statements

(i) The Income Statement for the three months ended December 31, 1998, is incorporated by reference from Boise Cascade's Fact Book for the fourth quarter of 1998.

(ii) The Financial Statements, the Notes to Financial Statements, and the Report of Independent Public Accountants and the Report of Management are incorporated by reference from Boise Cascade's 1998 Annual Report.

- Balance Sheets as of December 31, 1998 and 1997.
- Statements of Income (Loss) for the years ended December 31, 1998, 1997, and 1996.
- Statements of Cash Flows for the years ended December 31, 1998, 1997, and 1996.
- Statements of Shareholders' Equity for the years ended December 31, 1998, 1997, and 1996.
- Notes to Financial Statements.
- Report of Independent Public Accountants.
- Report of Management.

(2) Financial Statement Schedules.

None required.

(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) Reports on Form 8-K.

On December 15, 1998, we filed a Form 8-K with the Securities and Exchange Commission announcing a company-wide cost-reduction initiative and the restructuring of certain operations. No other Form 8-K's were filed during the fourth quarter of 1998.

(c) 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.

Boise Cascade Corporation

/s/
By George J. Harad
George J. Harad
Chairman of the Board and
Chief Executive Officer

Dated: March 11, 1999

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 11, 1999.

	Signature	Capacity
(i)	Principal Executive Officer:	
	George J. Harad George J. Harad	Chairman of the Board and Chief Executive Officer
(ii)	Principal Financial Officer:	
	Theodore Crumley Theodore Crumley	Senior Vice President and Chief Financial Officer
(iii)	Principal Accounting Officer	
	Tom E. Carlile Tom E. Carlile	Vice President and Controller
(iv)	Directors:	
	George J. Harad George J. Harad	Gary G. Michael Gary G. Michael
	Anne L. Armstrong Anne L. Armstrong	Paul J. Phoenix Paul J. Phoenix
	Philip J. Carroll Philip J. Carroll	A. William Reynolds A. William Reynolds
	Rakesh Gangwal Rakesh Gangwal	Jane E. Shaw Jane E. Shaw
	Edward E. Hagenlocker Edward E. Hagenlocker	Frank A. Shrontz Frank A. Shrontz
	Robert K. Jaedicke Robert K. Jaedicke	Edson W. Spencer Edson W. Spencer
	Francesca Ruiz de Luzuriaga Francesca Ruiz de Luzuriaga	Ward W. Woods, Jr. Ward W. Woods, Jr.
	Donald S. Macdonald Donald S. Macdonald	

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we consent to the incorporation of our report dated January 29, 1999, incorporated by reference in this Form 10-K for the year ended December 31, 1998, into Boise Cascade Corporation's previously filed post-effective amendment No. 1 to Form S-8 registration statement (File No. 33-28595); post-effective amendment No. 1 to Form S-8 registration statement (File No. 33-21964); the registration statement on Form S-8 (File No. 33-31642); the registration statement on Form S-8 (File No. 33-45675); the registration statement on Form S-3 (File No. 33-55396); the registration statement on Form S-8 (File No. 33-62263); the registration statement on Form S-8 (File No. 333-59273); and the pre-effective amendment No. 1 to Form S-3 registration statement (File No. 333-41033).

ARTHUR ANDERSEN LLP

Boise, Idaho
March 11, 1999

BOISE CASCADE CORPORATION

INDEX TO EXHIBITS

Filed with the Annual Report
on Form 10-K for the
Year Ended December 31, 1998

Number		Description	Page Number
2	(1)	Acquisition Agreement Among Boise Cascade Corporation, Oxford Paper Company, Mead Oxford Corporation, and The Mead Corporation, dated September 28, 1996	-
3.1	(2)	Restated Certificate of Incorporation, as restated to date	-
3.2		Bylaws, as amended, December 11, 1998	
4.1	(3)	Trust Indenture between Boise Cascade Corporation and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, as amended	-
4.2	(4)	1997 Revolving Loan Agreement -- $600,000,000, dated as of March 11, 1997, as amended September 25, 1997	-
4.3	(5)	Shareholder Rights Plan, as amended September 25, 1990	-
4.4	(6)	Renewed Rights Agreement dated as of September 25, 1997	-
9		Inapplicable	-
10.1		Key Executive Performance Plan for Executive Officers, as amended through December 10, 1998	
10.2	(7)	1986 Executive Officer Deferred Compensation Plan, as amended through December 7, 1995	-
10.3	(8)	1983 Board of Directors Deferred Compensation Plan, as amended through July 26, 1996	-
10.4	(7)	1982 Executive Officer Deferred Compensation Plan, as amended through December 7, 1995	-
10.5	(9)	Executive Officer Severance Pay Policy	-
10.6	(10)	Supplemental Early Retirement Plan for Executive Officers, as amended through July 30, 1998	-
10.7		Boise Cascade Corporation Supplemental Pension Plan, as amended through February 11, 1999	
10.8	(8)	1987 Board of Directors Deferred Compensation Plan, as amended through July 26, 1996	-
10.9	(10)	1984 Key Executive Stock Option Plan, as amended through July 31, 1998	
10.10	(9)	Executive Officer Group Life Insurance Plan description	
10.11	(7)	Executive Officer 1980 Split-Dollar Life Insurance Plan, as amended through December 7, 1995	-
10.12		Forms of Agreements with Executive Officers, as amended through February 11, 1999	
10.13	(11)	Supplemental Health Care Plan for Executive Officers, as revised July 31, 1996	-
10.14	(9)	Nonbusiness Use of Corporate Aircraft Policy, as amended	-
10.15	(10)	Executive Officer Financial Counseling Program description, as amended through July 30, 1998	-
10.16	(9)	Family Travel Program description	-
10.17	(12)	Form of Directors' Indemnification Agreement, as revised June 1997	-
10.18	(11)	Deferred Compensation and Benefits Trust, as amended and restated as of December 13, 1996	-
10.19	(7)	Director Stock Compensation Plan, as amended through December 7, 1995	-
10.20	(10)	Boise Cascade Corporation Director Stock Option Plan, as amended through September 23, 1998	-
10.21		1995 Executive Officer Deferred Compensation Plan, as amended through December 10, 1998	
10.22	(7)	1995 Board of Directors Deferred Compensation Plan, effective January 1, 1996	-
10.23	(7)	Boise Cascade Corporation 1995 Split-Dollar Life Insurance Plan, as amended through December 7, 1995	-
10.24		1998 and 1999 Performance Criteria for the Key Executive Performance Plan for Executive Officers	
11		Computation of Per Share Earnings	
12		Ratio of Earnings to Fixed Charges	
13.1		Incorporated sections of the Boise Cascade Corporation 1998 Annual Report	
13.2		Incorporated sections of the Boise Cascade Corporation Fact Book for the fourth quarter of 1998	
16		Inapplicable	-
18		Inapplicable	-
21		Significant subsidiaries of the registrant	
22		Inapplicable	-
23		Consent of Arthur Andersen LLP (See page __)	-
24		Inapplicable	-
27		Financial Data Schedule	
28		Inapplicable	-
99		Inapplicable	-

(1) Exhibit 2 was filed under the same exhibit number in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, and is incorporated by reference.

(2) The Restated Certificate of Incorporation was filed as Exhibit 3 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, and is incorporated by reference.

(3) The Trust Indenture between Boise Cascade Corporation 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 First Supplemental

Indenture, dated December 20, 1989, to the Trust Indenture between Boise Cascade Corporation and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, 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, to the Trust Indenture was filed as Exhibit 4.1 in Boise Cascade's Current Report on Form 8-K filed on August 10, 1990. Each of the documents referenced in this footnote is incorporated by reference.

(4) Exhibit 4.2 was filed under the same exhibit number in Boise Cascade's 1996 Annual Report on Form 10-K. The Form of First Amendment to 1997 Revolving Credit Agreement dated as of September 25, 1997, was filed as Exhibit 4.1 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997. Each of the documents referenced in this footnote is incorporated by reference.

(5) The Rights Agreement, dated as of December 13, 1988, as amended September 25, 1990, was filed as Exhibit 1 in Boise Cascade's Form 8-K filed with the Securities and Exchange Commission on September 25, 1990, and is incorporated by reference.

(6) The Renewed Rights Agreement dated as of September 25, 1997, was filed as Exhibit 4.2 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997, and is incorporated by reference.

(7) Exhibits 10.2, 10.4, 10.11, 10.19, 10.22, and 10.23 were filed under the same exhibit numbers in Boise Cascade's 1995 Annual Report on Form 10-K and are incorporated by reference.

(8) The 1983 Board of Directors Deferred Compensation Plan and 1987 Board of Directors Deferred Compensation Plan were filed as Exhibits 10.1 and 10.2, respectively, in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, and are incorporated by reference.

(9) Exhibits 10.5, 10.10, 10.14, and 10.16 were filed under the same exhibit numbers in Boise Cascade's 1993 Annual Report on Form 10-K and are incorporated by reference.

(10) The supplemental Early Retirement Plan for Executive Officers, 1984 Key Executive Stock Option Plan, Executive Officer Financial Counseling Program description, and Boise Cascade Corporation Director Stock Option Plan were filed as Exhibits 10.1, 10.2, 10.3, and 10.4, respectively, in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998, and are incorporated by reference.

(11) Exhibits 10.13 and 10.18 were filed under the same exhibit numbers in Boise Cascade's 1996 Annual Report on Form 10-K and are incorporated by reference.

(12) The Form of Directors' Indemnification Agreement, as revised June 1997, was filed as Exhibit 10 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and is incorporated by reference.

EXHIBIT 3.2

BYLAWS

OF

BOISE CASCADE CORPORATION

As Amended to December 11, 1998

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 officers of the corporation shall be a chairman of the board, a president, one or more vice presidents (the number and designation thereof to be determined by the board of directors), a treasurer, a controller, when such controller is deemed necessary by the board of directors, a corporate secretary, and such assistant treasurers, assistant secretaries, or other officers as may be elected or appointed by the board of directors. Any two or more offices may be held by the same person. The board of directors shall designate either the chairman of the board or the president as the chief executive officer of the corporation and may designate other officers as the chief operating officer and the chief financial officer of the corporation.

Section 29. Officers of the corporation shall be elected by the board of directors. Each officer shall hold office until his successor is chosen and qualified or until his earlier resignation or removal.

Section 30. The board of directors may from time to time appoint such other officers and agents as it shall deem advisable, who shall hold their offices for such terms and shall perform such duties as from time to time may be prescribed by the chairman of the board or the board of directors.

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 begin on the first day of January 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.

EXHIBIT 10.1

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN
FOR EXECUTIVE OFFICERS

(As Amended Through December 10, 1998)

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN FOR EXECUTIVE OFFICERS

1. Purpose of the Plan. The Boise Cascade Corporation Key Executive Performance Plan for Executive Officers (the "Plan") is designed to recognize the contribution made by Executive Officers in optimizing the long-term value to the shareholders of Boise Cascade Corporation (the "Company") and to provide Plan participants with an opportunity to supplement their retirement income through deferrals of awards made under the Plan. The Plan is intended to be subject to and comply with the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA) , and is an unfunded plan providing deferred compensation for a select group of senior management or highly compensated employees.

2. Definitions. For purposes of this Plan, the following terms shall have the meanings set forth below:

2.1 "Award" or "Corporate Performance Award" shall mean a payment made under the Plan, or a payment earned but deferred according to the terms of a Participant's deferral election under Section 8 of this Plan, based on the Corporate Performance Award Criteria ("Criteria") and/or the Division or Location Performance Measures ("Measures") applicable to the Award Period for which the Award is made. Within 90 days of the beginning of each Award Period, the Committee shall establish the specific Criteria and/or Measures to be achieved by the Company in order for Participants to earn a Corporate Performance Award. The Committee shall establish a mathematical formula pursuant to which an Award, equal to a specified percentage of a Participant's salary, shall be earned upon the attainment of specific levels of the applicable Criteria and/or Measures. This formula may take into account Criteria and/or Measures achieved in prior Award Periods. The Criteria and/or Measures and formula, once established, shall continue for subsequent Award Periods unless modified by the Committee. The Criteria and/or Measures applicable to an Award Period, and the formula pursuant to which Award amounts shall be determined, shall be selected and published within 90 days from the beginning of the Award Period. No Award may be paid to a Participant in excess of $2.5 million for any single Award Period. In the event an Award is earned under the Criteria and/or Measures in effect for an Award Period in excess of $2.5 million, the amount of the Award in excess of this amount shall be deferred in accordance with Section 8 of this Plan.

2.2 "Award Period" shall mean a period of one year, commencing each January 1 and ending on the following December 31.

2.3 "Base Salary" shall mean a Participant's annual pay rate at the end of the Award Period without taking into account (i) any deferrals of income, (ii) any incentive compensation, or (iii) any other benefits paid or provided under any of the Company's other employee benefit plans.

2.4 "Capital" shall mean the net investment employed in the operations of the Company, adjusted for LIFO inventory, present value of operating leases, goodwill amortization, major capital projects, and major nonrecurring adjustments.

2.5 "Capital Charge" shall mean the deemed opportunity cost of employing Capital for the Company calculated as follows: Capital Charge = average Capital x Pretax Required Rate of Return.

2.6 "Change in Control" shall mean a Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% 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; or

(b) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose 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) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(c) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (i) a merger or consolidation which would result in 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), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 66 2/3% 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 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 (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its subsidiaries other than in connection with the acquisition by the Company or its subsidiaries of a business) representing 20% 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; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or 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, at least 66 2/3% 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.

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 if, in connection with the Transaction, a Participant participates as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, a Participant shall not be deemed to have participated as an equity investor in the Acquiror by virtue of (i) obtaining beneficial ownership of any equity interest in the Acquiror as a result of the grant to a Participant 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; (ii) 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 (iii) having obtained an incidental equity ownership in the Acquiror prior to and not in anticipation of the Transaction.

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

For purposes of this section, "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 such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) 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.

2.7 "Committee" shall mean the Executive compensation Committee of the board of directors of the Company.

2.8 "Corporate Performance Award Criteria" shall mean the attainment of specified levels of Return on Equity ("ROE"), Return on Total Capital ("ROTC"), Economic Value Added ("EVA"), Earnings Per Share ("EPS"), and/or Net Income ("NI") selected by the Committee.

2.9 "Deferred Compensation and Benefits Trust" shall mean the irrevocable trust established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which trust will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

The Deferred Compensation and Benefits Trust shall contain the following provisions:

(a) If a Change in Control of the Company does not occur within one year after the Potential Change in Control, the Company may reclaim the assets transferred to the trustee subject to the requirement that it be again funded upon the occurrence of another Potential Change in Control.

(b) Upon a Change in Control, the assets of the Deferred Compensation and Benefits Trust shall be used to pay benefits under this Plan, except to the extent such benefits are paid by the Company, and the Company and any successor shall continue to be liable for the ultimate payment of those benefits.

(c) The Deferred Compensation and Benefits Trust will be terminated upon the exhaustion of the trust assets or upon payment of all the Company's obligations.

(d) The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the purposes sought to be accomplished by it. Prior to a Change in Control, the Deferred Compensation and Benefits Trust may be amended from time to time by the Company, but no such amendment may substantially alter any of the provisions set out in the preceding paragraphs.

2.10 "Division or Location Performance Measures" shall mean the attainment by division(s) and/or location(s) (at the division and/or location level) of specified levels of Pretax Return on Total Capital ("PROTC"), EVA, safety, quality, costs, operating efficiency, sales, production, and/or product mix as determined by the Committee.

2.11 "Earnings Per Share" shall mean the Company's Net Income and excluding preferred dividends, divided by average shares outstanding as reported in the Company's published financial statements, and adjusted for major nonrecurring and nonoperating expense and income items, as determined by the Committee, based on the facts and circumstances involved. Earnings Per Share shall be on a fully diluted basis if required to be reported on this basis under generally accepted accounting principles; otherwise, Earnings Per Share shall be primary Earnings Per Share.

2.12 "Economic Value Added" shall mean the excess NOPBT that remains after subtracting the Capital Charge, expressed as follows:
EVA = NOPBT - Capital Charge

2.13 "Executive Officers" shall mean the Company's Chief Executive Officer, President, and any Executive Vice President, Senior Vice President, Vice President and the Corporate Secretary, Treasurer, or Controller of the Company.

2.14 "Net Income" shall mean the Company's income after taxes as reported in the Company's published financial statements for the applicable Award Period. Net Income shall be adjusted for major nonrecurring and nonoperating income or expense items, as determined by the Committee, based on the facts and circumstances involved.

2.15 "Net operating Profit Before Tax" ("NOPBT") shall mean the before tax operating income of the Company for the Award Period.

2.16 "Participant" shall mean a person who is an Executive Officer of the Company at the beginning of an Award Period or who is elected an Executive Officer by the Company's Board of Directors (the "Board") during an Award Period who is identified by the Company and Committee as being eligible to be a Participant for such Award Period and who timely signs and returns to the Company a participation letter (or similar document) in such form as is approved by the Company.

2.17 "Potential Change in Control of the Company" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) 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; (iii) 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; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

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

For purposes of this section, "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 such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) 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.

2.18 "Pretax Required Rate of Return" (also commonly known as the "cost of capital") shall mean the pretax required rate of return percentage including adjustment for business risk and for debt to equity structure, as determined by the Committee for the Award Period.

2.19 "Retirement" shall mean termination of employment with the Company, other than as the result of death, total and permanent disability, or for "Disciplinary Reasons" (as that term is used for purposes of Corporate Policy 10.2) on or after attainment of age 55 with ten or more Years of Service as defined in the Company's Pension Plan for Salaried Employees.

2.20 "Return on Equity" shall mean the Company's Net Income, divided by average shareholders' equity.

2.21 "Return on Total Capital" shall be the Company's Net Income divided by the average Total Capital, as reported in the Company's published financial statements for the applicable Award Period.

2.22 "Stock Unit" shall mean a notional account unit equal in value to one share of the Company's common stock.

3. Determination of Awards. As soon as practical after the conclusion of each Award Period, the Committee shall review and evaluate the Corporate Performance Award Criteria applicable to the Award Period in light of the Company's performance measured in accordance with such criteria, and shall determine whether the criteria have been satisfied. If satisfied, the Committee shall so certify in a written statement, and shall apply the criteria to determine the percentage amount of the Award for each Participant.

4. Payment of Awards. Payment of Awards, less withholding taxes, shall be made to Participants as soon as practical following the Committee's

certification that the applicable Award Criteria have been satisfied and upon determination of the amount of each Award. Funding of Awards under this Plan shall be out of the general assets of the Company. Payment of Awards for which a deferral election has been made by a Participant pursuant to Section 8 hereof shall be made in accordance with the Participant' s deferral election. Notwithstanding the foregoing, no payments shall be made under this Plan unless the material terms of the Plan have been approved by a majority vote of the Company's shareholders voting with respect to such matters.

5. Administration and Interpretation of the Plan. The Committee shall have the sole discretion, responsibility, and authority to carry out all actions with respect to administration and interpretation of the Plan. Any interpretation by the Committee shall be final and binding on the Participants. The Committee shall have sole discretion to determine any and all questions of fact relating to or arising in connection with the Plan, including but not limited to questions of eligibility and benefits under the Plan. The Committee shall have sole discretion to construe any and all terms or conditions of the Plan and to make determinations and administrative decisions regarding the intent, meaning, application, and effect of any and all aspects of the Plan. The Committee may adopt such rules and regulations relating to the Plan as it may deem necessary for the administration of the Plan. The Committee may delegate its responsibilities hereunder to Company employees, advisors, or other persons who are not members of the Committee, and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan. Any delegate of the Committee hereunder shall have the absolute discretionary authority vested in the Committee with respect to such delegated responsibilities unless limited in writing by the Committee.

6. Participation in the Plan. Executive officers of the Company may become Participants in accordance with the terms of the Plan at any time during the Award Period, as provided in Section 2.16. If an Executive Officer becomes a Participant at any time other than at the commencement of an Award Period, the amount of his or her Award under the Corporate Performance Award Criteria of the Plan shall be prorated on the basis of the number of days during the Award Period that he or she is a Participant compared to the total number of calendar days in the Award Period.

At such time as an Executive Officer becomes a Participant in this Plan, he or she shall be eligible to be a Participant in all subsequent Award Periods under the Plan until he or she ceases to be an Executive Officer of the Company, his or her employment with the Company terminates, he or she is excluded from participation by the Committee, or he or she fails to sign a participation letter as provided in Section 2.16.

If a person becomes a Participant under this Plan and is also a Participant under the Company's Key Executive Performance Plan for Key Executives or any similar incentive plan for the same Award Period, such Participant will also be eligible to receive a pro rata Award under the Key Executive Performance Plan for Key Executives or such other plan, in accordance with the terms of such plan, at the end of the Award Period.

7. Treatment of Awards Upon Retirement, Disability, Death, Reassignment or Termination. A Participant who (a) retires (including early retirement as defined under the Company's qualified pension plan for salaried employees and retirement under the Company's Supplemental Early Retirement Plan for Executive Officers), (b) becomes totally disabled, (c) dies, or (d) terminates employment as a direct result of the sale or permanent closure of a division or facility of the Company, or as a direct result of a merger, reorganization, sale, or restructuring of all or part of the Company, will cease to be a Participant in the Plan as of the day of the occurrence of such event. In this event, the Participant (or his or her designated beneficiary or estate in the case of death) shall receive a pro rata Award under the Plan (if one is paid), based on the number of days during the Award Period the person was a Participant in the Plan compared to the total number of days in the Award Period. This prorated Award shall be paid to the Participant (or his or her designated beneficiary or estate in the case of death) as soon as practical after the conclusion of the Award Period. Any award to be paid pursuant to clause (d) above shall be calculated based on the corporate Performance Award Criteria applicable to the Award Period through the date of the occurrence of such event, and shall be calculated as though such event had not occurred.

If a Participant is excluded from participation by decision of the Committee during an Award Period, the Participant shall cease participation as of the date of such decision and shall receive a prorated Award for the Award Period (if one is paid). The calculation and payment of this prorated award will be made in the same manner as that of a Participant who has retired, become permanently disabled, or died.

Participants who otherwise terminate their employment with the Company during an Award Period, whether voluntarily or involuntarily, with or without cause, shall not be eligible to receive any Award for the Award Period, unless payment of an Award to such Participant is approved by the Committee.

8. Deferral of Awards. A Participant may elect to defer receipt of all or any portion of any Corporate Performance Award made under the Plan to a future date as provided in this Section 8, provided the amount to be so deferred exceeds $2,000. A Participant who has earned an Award in excess of $2.5 million for an Award period shall be required to defer the portion of the Award which exceeds $2.5 million. If a Participant timely elects to defer receipt of all or a portion of his or her Award, the amount of such deferred Award will be credited to an account on the Company's books maintained for the executive for purposes of this Plan (the "Deferred Bonus Account"). Notwithstanding Section 6 of this Plan, if a Participant has made a deferral election under this or any other Company incentive plan for a plan year, the deferral election shall be applied to all incentive plan Awards for the plan year and all amounts so deferred shall be credited to the Deferred Bonus Account under this Plan and subject to the terms of this Section 8. Deferred Bonus Accounts shall not be funded and shall represent unfunded and unsecured obligations of the Company.

Participants shall be unsecured general creditors of the Company with respect to such Deferred Bonus Accounts.

8.1 Eligible Participants may elect, at any time prior to September 30 of an Award Period commencing the following January 1, to defer receipt of their Award (if any) for such Award Period, in accordance with and subject to the following:

(a) Prior to September 30 of the Award Period for which a deferral election is to be effective, the Participant must sign and return to the Company a completed Deferral Election Form, which shall specify (1) the percentage or amount of the Award to be deferred; (2) the form of payment (lump sum or installment) applicable to the Award; and (3) the date on which payment of the deferred Award is to commence. Elections hereunder shall be irrevocable except as otherwise provided in the Plan.

(b) The Participant's Deferred Bonus Account will be credited, in accordance with the Participant's election, with either (A) nominal interest at a rate determined by the Company, to be set annually, and which shall not be less than the prime rate offered by the Bank of America NT & SA each January 1 (an "Interest Account") or (B) Stock Units.

(1) An election to have a Deferred Bonus Account credited with Stock Units must be made by the Participant no later than January 31 of the year in which payment of the Award would be made absent a deferral election. If a Participant timely elects to have his or her Deferred Bonus Account credited with Stock Units, the Participant's Deferred Bonus Account shall be credited with the number of Stock Units, on the date on which the Award would otherwise have been paid pursuant to the Plan, equal to (A) 100% of the amount of such deferred compensation ("Participant Stock Units") plus (B) 25% of the amount of such deferred compensation ("Company Matching Stock Units"), with each Stock Unit value based on the closing price of the Company's common stock on the New York Stock Exchange ("NYSE") on that date (or, if the common stock is not traded on the NYSE on such date, on the immediately preceding trading day). Each Stock Unit in a Participant's Deferred Bonus Account shall thereafter have a value equal to the market value of one share of the Company's common stock. Except as provided in subparagraphs (4) and (5) hereof, Stock Units must be held for a minimum period of six months from the date on which such Stock Units are first credited to the Participant's account. Stock Units may not be sold, transferred, assigned, alienated, or pledged by any Participant.

(2) On each dividend payment date for the common stock, additional Stock Units shall be credited to each Participant's Deferred Bonus Account ("Dividend Equivalent Stock Units"). Dividend Equivalent Stock Units shall (A) be equal in value to the imputed dividend on each Stock Unit credited to the Participant's account as of the record date for such dividend; (B) be allocated, as appropriate, to either the Participant Stock Units or the Company Matching Stock Units credited to the Participant's Deferred Bonus Account; and (C) vest in accordance with the vesting of the underlying Stock Units to which they are allocated.

(3) A Participant shall be fully vested in his or her Participant Stock Units, including allocated Dividend Equivalent Stock Units, at all times. Vesting in Company Matching Stock Units, including allocated Dividend Equivalent Stock Units, shall be as follows: (A) 100% upon the Participant's death, permanent and total disability, or Retirement; (B) 100% upon a Change in Control; (C) 100% upon the Participant's involuntary termination (other than a termination for "Disciplinary Reasons" as that term is used in Corporate Policy 10.2) or termination as a direct result of the sale or permanent closure of a facility, operating unit, or division of the Company; or (D) for termination of employment for all other reasons (including voluntary termination), 20% (cumulative) on each anniversary of the date the Participant's account was first credited with Stock Units under this Plan.

(4) Upon the occurrence of a Change in Control, all Stock Units credited to a Participant's Deferred Bonus Account shall be (A) converted to Stock Units of equivalent value, at the highest trading price of the Company's common stock during the 20-day period immediately preceding the date of the Change in Control payable in the common stock of the successor entity to the Company or, at the Committee's discretion, (B) converted to a dollar equivalent at the highest trading price of the Company's common stock during the 20-day period immediately preceding the date of the Change in Control, credited to an Interest Account in the Participant's Deferred Bonus Account, and credited with nominal interest as described in subsection (1) above until distributed.

(5) If the Participant's Deferred Bonus Account is credited with Stock Units and a Change in Control has not occurred prior to the date(s) of distribution of the Participant's Deferred Bonus Account, the Participant shall be paid the value of all vested Stock Units in his or her Deferred Bonus Account in accordance with the Participant's election under Section 8.1(a) above and in the form of the Company's common stock. The common stock shall be valued, for this purpose, as of the date of such distribution(s) based upon the closing price of the common stock on the NYSE on the immediately preceding day (or, if the common stock is not traded on the NYSE on such date, on the immediately preceding trading day). Such payment shall be consistent with the payment election made by the Participant pursuant to Section 8.1(a) above. Notwithstanding any other provision of this Plan, however, no common stock shall be distributed a Participant with respect to a Participant's Deferred Bonus Account prior to approval by the Company's shareholders of the issuance of such stock in connection with this Plan. If a Participant's Deferred Bonus Account is credited with Stock Units and the Participant terminates employment and is eligible for a distribution prior to shareholder approval of issuance of common stock under this Plan, the Company may elect, in its sole discretion, to delay the distribution until such shareholder approval is received.

(c) If any payment is made from an executives Deferred Bonus Account during a year, interest will be credited to the account on the portion so paid up to the end of the month preceding the month in which payment occurs.

(d) An executives Deferred Bonus Account for a given Plan year will be paid to the executive in a lump sum on one of the following dates:

(1) The date selected by the executive in the applicable Deferral Agreement, or

(2) January 1 of the year following the executives normal or early retirement if no earlier date has been selected previously by the executive.

In lieu of lump-sum payment, an executive may elect to receive payment in consecutive equal annual installments over a period not exceeding ten years commencing with the date the executive selects in the applicable Deferral Agreement.

(e) Earlier payment of Deferred Bonus Account balances will be made only in accordance with Plan provisions permitting hardship or other early withdrawals, waiting periods, and account limitations, and penalties will apply as set forth in the Plan.

(f) Any amounts deferred shall not be considered as compensation for pension purposes or for purposes of the Company's Savings and Supplemental Retirement Plan. However, any resulting reduction in a participant's pension benefit will be provided from the Company's unfunded supplemental pension plan.

8.2 Except as otherwise provided herein, election to defer payment of an award is irrevocable.

8.3 If an executive terminates for any reason other than retirement or death, the Company will pay to such terminated employee his or her Deferred Bonus Account in full in the month following the month of termination. The amount of such Deferred Bonus Account to be distributed will be determined in accordance with paragraph 8.1.b.

8.4 If an executive terminates because of death or if an executive dies after his or her normal or early retirement and there is an unpaid balance in his or her Deferred Bonus Account, the executives Deferred Bonus Account or unpaid balance thereof will be paid by the Company to the executives designated beneficiary or beneficiaries in the month following the month in which the executives death occurs. The amount of such Deferred Bonus Account or unpaid balance thereof to be distributed will be determined in accordance with paragraph 8.1.c.

8.5 An executive must designate the beneficiary or beneficiaries who are to receive his or her Deferred Bonus Account in the event of the executives death. The beneficiary designation shall be made on the Beneficiary Designation form and may be changed at any time upon written notice to the Company. If an executive has not designated a beneficiary or beneficiaries or if all the designated beneficiaries are deceased, the Deferred Bonus Account will be paid to the executives estate.

8.6 Distributions of Deferred Bonus Accounts may be made in accordance with the provisions of this Section 8, notwithstanding a Participant's Deferral Election Form.

8.6.1 Hardship Termination and Distribution. In the event of serious and unanticipated financial hardship, a participant may request a lump-sum distribution of all or a portion of his or her Deferred Bonus Account balance. The participant making a hardship distribution request under this section shall document, to the Company's satisfaction, that distribution of his or her Deferred Bonus Account is necessary to satisfy an unanticipated, immediate, and serious financial need and that the participant does not have access to other funds, including proceeds of any loans sufficient to satisfy the need. Upon receipt of a request under this section, the Company may, in its sole discretion, distribute all or a portion of the participant's account balance in a lump sum, to the extent such distribution is necessary to satisfy the financial need. The participant shall sign all documentation requested by the Company relating to any such distribution, and any participant whose participation in the Plan terminates under this paragraph may not make deferrals of Awards for a minimum of 12 months following the date of any distribution.

8.6.2 Early Distribution with Penalty. Notwithstanding any provision in this Plan to the contrary, a participant or beneficiary may, at any time, request a single lump-sum payment of the amount credited to a Deferred Bonus Account or accounts of the Participant under the Plan. The amount of the payment shall be equal to (i) the participant's accumulated Deferred Bonus Account balance under the Plan as of the payment date, reduced by (ii) an amount equal to 10% of such accumulated account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. This request must be made in writing to the Company. The lump-sum payment shall be made within 30 days of the date on which the Company receives the request for the distribution. If a request is made under this provision, the participant shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company, including the deferral option under this Plan, for a period of 12 months after such request is made. In addition, in this event, any deferred compensation agreement under any nonqualified deferred compensation plan of the Company shall not be effective with respect to compensation payable to the participant during this 12-month period.

8.6.3 Distribution Upon Extraordinary Events. In the event any participant terminates employment with the Company as a direct result of the sale or divestiture of a facility, operating division, or reduction in force in connection with any reorganization of the Company's operations or staff, such participant may request distribution of his or her entire Deferred Bonus Account balance. Upon receipt of such a request for distribution under this section, the Company may, in its sole discretion, elect whether to approve or deny the request. If the Company approves a request under this section, distribution of the participant's account shall occur no later than the January 1 of the year following the year during which such termination of employment occurs.

8.6.4 Small Account Distributions. In the event a participant terminates employment with the Company for any reason and the participant's benefit under this Plan is less than either (i) $5,000 in lump sum present value, calculated in accordance with reasonable assumptions, or (ii) the monthly payment under the benefit payment option selected by the participant is less than $75 per month, such participant may request distribution of his or her entire account balance. Upon receipt of a request for distribution under this section, the Company may, in its sole discretion, elect whether to approve or deny the request. If the request is approved, the Company shall close the participant's account and distribute the participant's entire account balance in a single lump sum. Any distribution under this paragraph shall be made no later than January 1 of the year following the year in which such termination of employment occurs.

8.7 A participant who has previously submitted an election regarding payment of a Deferred Bonus Account and who subsequently wishes to change that election may submit a written request to change the election to Boise Cascade. Such request must specify, subject to the limits of the Plan, (i) either a lump-sum payment or annual installments and (ii) a date at least one year later than the date originally elected for such payments to commence and terminate. Such requests must be received by the Company at least 30 days prior to January 1 of the year in which the executive previously elected to have the payments commence. Boise Cascade, in its sole and absolute discretion, may accept or reject such application. No change will be permitted that would allow payment of a deferral Award earlier than originally elected.

8.8 Once an award is made to an executive, it cannot be revoked or modified by the Company and will be paid in accordance with the election made and in accordance with the terms of this Plan.

8.9 The Deferred Bonus Account of an executive, or any part thereof, shall not be assignable or transferable by an executive, either before or after normal or early retirement, other than to a properly designated beneficiary or beneficiaries or by will or the laws of descent and distribution. During the lifetime of an executive, payments of a Deferred Bonus Account will be made only to the executive.

8.10 An executive who takes early retirement at the request of the Company may, on that account, change any outstanding deferral election under this Plan at any time between the date on which he or she is so requested to take retirement and the effective date of such early retirement.

8.11 The Company believes, but does not represent or guarantee, that a deferral election made in accordance with the terms of the Plan is effective to defer the receipt of taxable income. Each executive should consider his or her own financial situation and tax implications prior to electing to defer an Award. Deferral elections are at the sole discretion of each executive and the Company makes no representation regarding the tax or legal consequences of such deferral elections. Executives should consult an attorney or an accountant familiar with the federal income and estate tax laws, as well as their local laws, regarding the tax implications of a deferred Award in their individual cases.

8.12 This deferral option applies only to participants in those countries where tax statutes recognize voluntary compensation deferral programs that are consistent with the terms of this Plan.

8.13 Participants and their beneficiaries, heirs, successors and assigns shall have no legal or equitable right, interest, or claim in any property or assets of the Company. Such 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 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 this Plan shall be an unfunded and unsecured promise of the Company to pay money in the future.

9. Deferred Compensation and Benefits Trust. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the Deferred Compensation and Benefits Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105% of the amount necessary to pay the Company's obligations under this Agreement, calculated on an actuarial basis and in accordance with the terms of the Trust (the "Funding Amount") . The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Plan.

10. Miscellaneous.

10.1 Assignability. A Participant's right and interest under the Plan may not be assigned or transferred, except in the event of the Participant's death, in which event such right and interest shall be transferred to his or her designated beneficiary, or in the absence of a designation of beneficiary, by will or in accordance with the laws of descent and distribution of the state of the Participant's principal residence at the time of death.

10.2 Employment Not Guaranteed. Neither this Plan nor any description of benefits, company policy or practice, or any action taken hereunder creates a contract of employment, and shall under no circumstances be construed as giving a Participant a right to be or remain as an Executive Officer or an employee of the Company for any period. Any Executive Officer or Participant is employed solely at the will of the Company, and his or her employment may be terminated at any time by the Company, with or without cause or reason, notwithstanding any provision in this Plan, any description of benefits, or any company policy or practice which may be construed to the contrary.

10.3 Taxes. The Company shall deduct from all Corporate Performance Awards or Individual Performance Awards all applicable federal and state taxes required by law to be withheld from such Corporate Financial Performance Awards or Discretionary Individual Performance Awards. Participants may, upon written request to the Company, request additional amounts to be withheld from any Award.

10.4 Construction and Jurisdiction. The Plan shall be construed according to the laws of the state of Idaho. In the event any lawsuit or legal action is brought, by any party, person, or entity regarding this Plan, benefits hereunder, or any related issue, such action or suit may be brought only in Federal District Court in the District of Idaho.

10.5 Form of Communication. Any election, application, claim, notice or other communication required or permitted to be made by a Participant to the Committee or Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective upon its receipt by the Company, if sent by first-class mail, postage prepaid and addressed to Manager of Executive Compensation, Boise Cascade Corporation, 1111 West Jefferson Street (83702), P.O. Box 50, Boise, Idaho 83728-0001.

11. Amendment and Termination. The Committee may amend or terminate the Plan, at any time, provided that the Committee may not amend or terminate the Plan so as to adversely affect any benefits earned or accrued by Participants prior to the date of the amendment or termination. All actions of the Committee in this regard shall be evidenced by a duly adopted resolution or consent action of the Committee.

12. 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 Manager of Executive Compensation, who shall have absolute discretion to interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to such claim in the name and on behalf of the Committee. Such written notice of a claim shall include a statement of all facts believed by the Participant to be relevant to the claim and shall include copies of all documents, materials, or other evidence that the Participant believes relevant to such claim. Written notice of the disposition of a claim shall be furnished the claimant within 90 days after the application is filed. This 90-day period may be extended an additional 90 days by the Committee, in its sole discretion, by providing written notice of such extension to the claimant prior to the expiration of the original 90-day period. In the event the claim is denied, the specific reasons for such denial shall be set forth in writing, pertinent provisions of the Plan shall be cited and, where appropriate, an explanation as to how the claimant may perfect the claim or submit such claim for review will be provided.

13. Claims Review Procedure. Any Participant, former Participant or Beneficiary of either, who has been denied a benefit claim under Section 12 hereof shall be entitled, upon written request, to a review of his or her denied claim. Such request, together with a written statement of the claimant's position, shall be filed no later than 60 days after receipt of the written notification provided for in Section 12, and shall be filed with the Company's Manager of Executive Compensation, who shall promptly inform the Committee and forward all such material to the Committee for its review. The Committee may meet in person or by telephone to review any such denied claim. The Committee shall make its decision, in writing, within 60 days after receipt of the claimant's request for review. The Committee's written decision shall state the facts and plan provisions upon which its decision is based. The Committee's decision shall be final and binding on all parties. This 60-day period may be extended an additional 60 days by the Committee, in its discretion, by providing written notice of such extension to the claimant prior to the expiration of the original 60-day period.

14. Effective Date. The Plan shall become effective on January 1, 1995, provided it is approved by the Company's shareholders at the 1995 annual meeting of shareholders.

EXHIBIT 10.12

BCC Executive Officers Who Are Employees of BCC -- Form of Agreement [DO NOT SEND TO Balkins, Milliken, & Moerdyk]

[As amended through February 11, 1999]

CONFIDENTIAL

(Date)

[ ]

Dear [ ]:

Boise Cascade Corporation (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel in the event there is, or is threatened, a change in control of the Company. In this connection, the Board of Directors of the Company (the "Board") recognizes that the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may 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 potentially disturbing circumstances arising from 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 and in consideration of your agreement set forth in Section 2.B hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement in the event your employment with the Company is terminated subsequent to a "change in control of the Company" (as defined in Section 2 hereof) under the circumstances described below.

1. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through [ ]; provided, however, that commencing on [ ], and each January 1 thereafter, the term of this Agreement shall automatically be extended so as to terminate on the third 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; provided, however, if a change in control of the Company (as defined in Section 2 hereof) shall have occurred during the term of this Agreement, this Agreement shall continue in effect for a period of not less than twenty-four months beyond the month in which such change in control of the Company occurred.

2. Change in Control.

A. No benefits shall be payable hereunder unless there shall have been a change in control of the Company, as set forth below, and your employment by the Company shall thereafter have been terminated in accordance with Section 3 below. A "change in control of the Company" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(1) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% 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; or

(2) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose 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) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved (the "Continuing Directors"); or

(3) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (i) a merger or consolidation which would result in 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), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 66 2/3% 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 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 (not including in the securities Beneficially Owned by such Person any securities acquired directly

from the Company or its subsidiaries other than in connection with the acquisition by the Company or its subsidiaries of a business) representing 20% 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; or

(4) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or 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, at least 66 2/3% 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.

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; 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 six months from the occurrence of the first such 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 such term 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, or (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.

3. Termination Following Change in Control. If any of the events described in Section 2 hereof constituting a change in control of the Company shall have occurred and be continuing, you shall be entitled to the benefits provided in Section 4 hereof upon the subsequent termination of your employment during the term of this Agreement unless such termination is because of your death, by the Company for Cause or Disability, or by you other than for Good Reason.

A. Disability. If, as a result of your incapacity due to physical or mental illness, you shall have been absent from your duties with the Company on a full-time basis for six consecutive months, and within thirty days after written notice of termination is given you shall not have 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" shall mean termination upon (1) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your incapacity due to physical or mental illness or any such 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) the willful engaging by you in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of this Subsection, 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 action 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 there shall have been delivered to you a copy of a resolution 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 the first sentence of this Subsection and specifying the particulars thereof in detail.

C. Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, "Good Reason" shall, without your express written consent, mean:

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

(2) The disposition by the Company of the business of the Company for which your services are principally provided pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary) of the Company, or otherwise, unless such disposition has been approved by the Board, two thirds of the members of which are Continuing Directors;

(3) A reduction by the Company in your annual base salary as in effect on the date hereof or 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;

(4) The Company's requiring you to be based anywhere other than in the metropolitan area in which you were based immediately prior to a change in control of the Company, except for required travel on the Company's business to an extent substantially consistent with your present business travel obligations;

(5) The failure by the Company to continue in effect any compensation plan in which you were participating immediately prior to the change in control of the Company, including but not limited to your participation, if any, in the Company's Key Executive Performance Plan for Executive Officers (the "KEPP"), the 1982, 1986, and 1995 Executive Officer Deferred Compensation Plans, the 1987 and 1995 Key Executive Deferred Compensation Plans (the "Deferred Compensation Plans"), the 1984 Key Executive Stock Option Plan (the "1984 Stock Option Plan"), or any substitute or additional plans adopted prior to the change in control of the Company, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan in connection with the change in control of the Company, or unless the plan has expired in accordance with its terms in effect immediately prior to the change in control of the Company; or the failure by the Company to continue your participation therein on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed immediately prior to the change in control of the Company;

(6) The failure by the Company to continue to provide you with benefits substantially similar to those enjoyed by you under any of the Company's pension, life insurance, medical, health and accident, or disability plans, including, without limitation, the Company's Split-Dollar Life Insurance Plan ("Split-Dollar Plan"), and the Supplemental Early Retirement Plan for Executive Officers ("Early Retirement Plan"), the Pension Plan for Salaried Employees (the "Qualified Plan"), the Savings and Supplemental Retirement Plan (the "SSRP"), the Supplemental Retirement Programs (the "Excess Benefit Plans"), and any other nonqualified pension agreement between you and the Company, in which you may have been participating at the time of a change in control of the Company, the taking of any action by the Company which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you are entitled on the basis of years of service with the Company in accordance with the Company's normal vacation policy in effect at the time of the change 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 7 hereof; or

(8) Any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection D below (and, if applicable, Subsection B above). Furthermore, no such purported termination of your employment shall be effective for purposes of this Agreement.

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness. 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 hereunder.

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 hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

E. Date of Termination, Etc. "Date of Termination" shall mean (1) if your employment is terminated for Disability, thirty days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty-day period), and (2) if your employment is terminated pursuant to Subsection B or C above or for any other reason, the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection B above shall not be less than thirty days, and in the case of a termination pursuant to Subsection C above shall not be more than sixty days, respectively, from the date such Notice of Termination is given); provided that if within thirty days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be 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 therefrom having expired and no appeal having been perfected); and provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company will continue to pay you your full compensation in effect when the notice 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 in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section 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 or During Disability.

A. During any period that you fail to perform your duties hereunder as a result of incapacity due to physical or mental illness, you shall continue to receive your full base salary at the rate then in effect and all compensation, including under the KEPP, paid during the period until your employment is terminated pursuant to Section 3.A hereof. Thereafter, your benefits shall be determined in accordance with the insurance programs then in effect of the Company or subsidiary corporation by which you are employed, and any qualified retirement plan and any executive supplemental retirement plan in effect immediately prior to the change in control of the Company.

B. If your employment shall be 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 such payments are due, and the Company shall have no further obligations to you under this Agreement.

C. If your employment shall be terminated by the Company other than for Cause or Disability, or by you for Good Reason, then you shall be entitled to the benefits provided below:

(1) The Company shall pay you, not later than the fifth day following the Date of Termination, 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 such payments are due;

(2) The Company shall pay to you, not later than the fifth day following the Date of Termination, a lump sum severance payment equal to (a) three times the sum of (i) your annual base salary, plus (ii) your target bonus payout under the Company's Key Executive Performance Plan for Executive Officers (the "KEPP") (or any substitute plan) for the year in which occurs the Date of Termination or change in control of the Company, whichever is greater, less (b) the dollar amount, if any, which you are paid upon termination of employment, without regard to the provisions of this Agreement, under the Company's Severance Pay Policy for Executive Officers as in effect immediately prior to the Date of Termination;

(3) The Company shall pay to you, not later than the fifth day following the Date of Termination, a lump sum amount equal to the greater of the value of your unused and accrued vacation entitlement in accordance with the Company's Vacation Policy as in effect immediately prior to the change in control of the Company or as in effect on Date of Termination;

(4) The Company shall pay to you, not later than the fifth day following the Date of Termination, a lump sum amount equal to the sum of (a) any unpaid bonus (excluding deferred awards, plus interest, credited to your account, which shall be payable under the KEPP in accordance with its terms) pursuant to the KEPP (or any substitute plan) allocable to you in respect of the Plan year preceding that in which the Date of Termination occurs, and (b) a KEPP award (or award under a substitute plan) for the year in which the Date of Termination occurs, equal to the greater of (i) 30% of your base salary for such year (determined without regard to any reduction in your base salary constituting Good Reason), prorated through the month in which the Date of Termination occurs, or (ii) the actual KEPP award (or award under such substitute plan) as determined by actual year-to-date earnings per share through the last day of the month prior to the month in which the Date of Termination occurs in accordance with the KEPP award criteria (or criteria under such substitute plan) in which you are participating as of the Date of Termination, prorated through the month in which the Date of Termination occurs; and

(5) The Company shall also pay to you all legal fees and expenses incurred by you as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement).

D. If your employment shall be terminated (1) by the Company or subsidiary corporation by which you are employed other than for Cause or Disability or (2) by you for Good Reason, then for a twelve-month period following such termination, the Company shall maintain, in full force and effect for your continued benefit, all life, disability, accident and health insurance plans or arrangements, and financial counseling services in which you may have been participating immediately prior to the change in control of the Company, provided your continued participation (or a particular type of coverage) is possible under the general terms and provisions of such plans and arrangements. In the event your participation (or a particular type of coverage) under any such plan or arrangement is barred, the Company shall arrange to provide you with benefits, at substantially the same cost to you, which are substantially similar to those which you are entitled to receive under such plans and arrangements. Notwithstanding the foregoing, the Company shall continue to pay such amounts as may be required to maintain any insurance you may have had in force pursuant to the Split-Dollar Plan until the later of your sixty-fifth birthday or ten years after the insurance policy is issued, after which the Company will release to you its interest in each such policy.

E. If your employment shall be terminated (1) by the Company or subsidiary corporation by which you are employed other than for Cause or Disability or (2) by you for Good Reason, then in addition to the aggregate retirement benefits to which you are entitled under the Company's Qualified Plan, the Company's Excess Benefit Plans, any other nonqualified pension agreement or arrangement, or any successor plans thereto, the Company shall pay you amounts equal to (a), (b), (c), or (d), whichever is applicable:

(a) If you have satisfied the service, but not the age, requirements of the Early Retirement Plan, as in effect immediately prior to the change in control of the Company, you shall receive a monthly benefit, commencing on your fifty-fifth birthday equal to the benefit to which you would have been entitled under the Early Retirement Plan, 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

(b) If you have satisfied the age, but not the service, requirement of the Early Retirement Plan, 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 Early Retirement Plan, 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

(c) If you have satisfied neither the age nor the service requirements of the Early Retirement Plan, as in effect immediately prior to the change in control of the Company, you shall receive a monthly benefit, commencing on your fifty-fifth birthday equal to the benefit to which you would have been entitled under the Early Retirement Plan, 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

(d) If you have satisfied both the age and the service requirements of the Early Retirement Plan, as in effect immediately before the change in control of the Company, you shall receive the benefits to which you are entitled under the Early Retirement Plan.

The benefits under this paragraph E 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 Early Retirement Plan as in effect immediately prior to the change in control of the Company.

F. If your employment shall be terminated (1) by the Company or subsidiary corporation by which you are employed other than for Cause or Disability or (2) by you for Good Reason, then you shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 (except as otherwise provided in the immediately succeeding sentence) 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 4.D shall be reduced to the extent comparable benefits are actually received by you during the twelve-month period following your termination, and any such benefits actually received by you shall be reported to the Company.

5. Protective Limitation.

A. Notwithstanding any provision hereof to the contrary, in the event you (1) would receive payments under this Agreement or under any other plan, program, or policy sponsored by the Company (the "Total Payments"); and (2) which Total Payments relate to a change in control of the Company and which are determined (as described below) by your legal counsel to be subject to excise tax under Section 4999 of the Code (the "Excise Tax"); then (3) 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 and employment taxes, and Excise Tax upon the Gross-up Payment, shall be equal to the Total Payments.

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 opinion of your legal counsel (who shall be reasonably acceptable to the Company), such 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 opinion of your legal counsel, such 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 such state and local taxes.

C. The payments provided in subsection 5(A) shall be made not later than the fifth day following the Date of Termination; provided, however, if the amount of such payment cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, its auditor, or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

D. In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-up Payment, you shall repay to the Company, within five (5) business days following the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-up Payment attributable to such 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) plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined, for any reason, to exceed the amount taken into account hereunder in calculating the Gross-up Payment, the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest, penalties, or additions payable by you with respect to such excess and such portion) within five (5) business days following the time that the amount of such excess is finally determined. You and the Company shall reasonable 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.

6. Deferred Compensation and Benefits Trust. The Company has established a Deferred Compensation and Benefits Trust, and shall comply with the terms of that Trust. Upon the occurrence of any potential change in control of the Company, the Company shall transfer to the Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the Trust, to pay the Company's obligations under this Agreement (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Agreement. The determination of the amount required to be transferred by the Company to the Trust shall include any amounts that could in any circumstances be payable in the future under Section 4 hereof, calculated in accordance with the following rules: (A) Upon a potential change in control of the Company, the Company will calculate the amount required to be transferred to the Trust based on the assumption that your employment, if not previously terminated, will be terminated by the Company other than for Cause or Disability on the second anniversary of the potential change in control of the Company; and (B) Upon any subsequent recalculation, your employment will be deemed to have been terminated by the Company other than for Cause or Disability on the later of the date of actual termination or the date of such recalculation.

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 hereunder, the assets of which nevertheless will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency and with respect to which the Company shall have received a ruling from the Internal Revenue Service that the trust is a "grantor trust" for federal income tax purposes.

The Deferred Compensation and Benefits Trust shall contain the following additional provisions:

(a) If a change in control of the Company does not occur within one year after the potential change in control of the Company, the Company may reclaim the assets transferred to the trustee or trustees subject to the requirement that it be again funded upon the occurrence of another potential change in control of the Company.

(b) Upon a change in control of the Company, the assets of the Deferred Compensation and Benefits Trust shall be used to pay benefits under this Agreement, except to the extent such benefits are paid by the Company, and the Company and any successor shall continue to be liable for the ultimate payment of those benefits.

(c) The Deferred Compensation and Benefits Trust will be terminated upon the exhaustion of the trust assets or upon payment of all the Company's obligations.

(d) The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the purposes sought to be accomplished by it. Prior to a change in control of the Company, the Deferred Compensation and Benefits Trust may be amended from time to time by the Company, but no such amendment may substantially alter any of the provisions set out in the preceding paragraphs.

7. 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 such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession 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 terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

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 hereunder if you had continued to live, all such amounts, unless otherwise provided herein, 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.

8. 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 herewith, except that notice of change of address shall be effective only upon receipt.

9. 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 such officer as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such 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 hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the state of Idaho (regardless of the law which may be applicable under principles of conflicts of law). All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. If the obligations of the Company under Section 4 arise prior to the expiration of the term of this Agreement, such obligations shall survive the expiration of the term.

10. 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.

11. 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.

12. No Guaranty of Employment. Neither this contract nor any action taken hereunder shall be construed as giving you a right to be retained as an employee or an executive officer of the Company.

13. Governing Law. This Agreement shall be governed by and construed in accordance with Delaware law.

14. Other Benefits. Any payments due to you as provided herein 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.

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,

BOISE CASCADE CORPORATION

By___________________________

J. W. Holleran
Senior Vice President and General Counsel

Agreed to this [ ] day of [ ],

____
[Name of Officer]

Enclosure

BCC Executive Officers Who Are Employees of BCOP -- Form of Agreement [Balkins, Milliken, & Moerdyk]

[As amended through February 11, 1999]

CONFIDENTIAL

(Date)

[ ]

Dear [ ]:

Boise Cascade Corporation (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel in the event there is, or is threatened, a change in control of the Company. In this connection, the Board of Directors of the Company (the "Board") recognizes that the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may 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 potentially disturbing circumstances arising from the possibility of a change in control of the Company, although no such change is now contemplated.

In order to induce you to remain as an employee of Boise Cascade Office Products Corporation ("BCOP") in the face of a change in control of the Company, if the change in control of the Company occurs when you are an executive officer of the Company, and in consideration of your agreement set forth in Section 2.B hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement in the event your employment is terminated subsequent to a "change in control of the Company" (as defined in Section 2 hereof) under the circumstances described below.

1. Term of Agreement. This Agreement shall commence on the date hereof and shall continue in effect through [ ]; provided, however, that commencing on [ ], and each January 1 thereafter, the term of this Agreement shall automatically be extended so as to terminate on the third 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; provided, however, if a change in control of the Company (as defined in Section 2 hereof) shall have occurred during the term of this Agreement, this Agreement shall continue in effect for a period of not less than twenty-four months beyond the month in which such change in control of the Company occurred. Notwithstanding any other provision of this Agreement, this Agreement shall terminate if, prior to the occurrence of a potential change in control of the Company, you cease to be an executive officer of the Company, such termination to be effective as of the date you so cease to be an executive officer of the Company.

2. Change in Control.

A. No benefits shall be payable hereunder unless there shall have been a change in control of the Company, as set forth below, and your employment with BCOP shall thereafter have been terminated in accordance with Section 3 below. A "change in control of the Company" shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(1) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% 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; or

(2) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose 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) whose appointment or election by the Board or nomination for election by the Company's

stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved (the "Continuing Directors"); or

(3) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (i) a merger or consolidation which would result in 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), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 66 2/3% 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 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 (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its subsidiaries other than in connection with the acquisition by the Company or its subsidiaries of a business) representing 20% 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; or

(4) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or 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, at least 66 2/3% 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.

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; 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 six months from the occurrence of the first such 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 such term 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, or (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.

3. Termination Following Change in Control. If any of the events described in Section 2 hereof constituting a change in control of the Company shall have occurred and be continuing, you shall be entitled to the benefits provided in Section 4 hereof upon the subsequent termination of your employment with BCOP during the term of this Agreement unless such termination is because of your death, by BCOP for Cause or Disability, or by you other than for Good Reason.

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

B. Cause. Termination by BCOP of your employment for "Cause" shall mean termination upon (1) the willful and continued failure by you to substantially perform your duties with BCOP (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure resulting from your termination for Good Reason), after a demand for substantial performance is delivered to you by the BCOP board of directors which specifically identifies the manner in which the BCOP board of directors believes that you have not substantially performed your duties, or (2) the willful engaging by you in conduct which is demonstrably and materially injurious to BCOP, monetarily or otherwise. For purposes of this Subsection, 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 action or omission was in the best interest of BCOP. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the BCOP board of directors 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 BCOP board of directors you were guilty of conduct set forth above in clauses (1) or (2) of the first sentence of this Subsection and specifying the particulars thereof in detail.

C. Good Reason. You shall be entitled to terminate your employment for Good Reason. For purposes of this Agreement, "Good Reason" shall, without your express written consent, mean:

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

(2) The disposition by the Company of its ownership interest in the business of BCOP pursuant to a partial or complete liquidation of the Company, a sale of assets (including stock of a subsidiary) of the Company, or otherwise, unless such disposition has been approved by the Board, two thirds of the members of which are Continuing Directors;

(3) A reduction by BCOP in your annual base salary as in effect on the date hereof or 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 BCOP and all executives of any Person in control of the Company;

(4) BCOP's requiring you to be based anywhere other than in the metropolitan area in which you were based immediately prior to a change in control of the Company, except for required travel on BCOP's business to an extent substantially consistent with your present business travel obligations;

(5) The failure by BCOP to continue in effect any compensation plan in which you were participating immediately prior to the change in control of the Company, including but not limited to your participation, if any, in the BCOP Key Executive Performance Plan for Executive Officers (the "KEPP"), the BCOP 1995 Executive Officer Deferred Compensation Plan (the "Deferred Compensation Plan"), the BCOP Key Executive Stock Option Plan (the "Stock Option Plan"), or any substitute or additional plans adopted prior to the change in control of the Company, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan in connection with the change in control of the Company, or unless the plan has expired in accordance with its terms in effect immediately prior to the change in control of the Company; or the failure by BCOP to continue your participation therein on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed immediately prior to the change in control of the Company;

(6) The failure by BCOP to continue to provide you with benefits substantially similar to those enjoyed by you under any of BCOP's pension, life insurance, medical, health and accident, or disability plans, including, without limitation, BCOP's Split-Dollar Life Insurance Plan ("Split-Dollar Plan"), and BCOP's Supplemental Early Retirement Plan for Executive Officers ("Early Retirement Plan"), the Pension Plan for Salaried Employees (the "Qualified Plan"), the Savings and Supplemental Retirement Plan (the "SSRP"), the Supplemental Retirement Programs (the "Excess Benefit Plans"), and any other nonqualified pension agreement between you and BCOP, in which you may have been participating at the time of a change in control of the Company, the taking of any action by BCOP which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by BCOP to provide you with the number of paid vacation days to which you are entitled on the basis of years of service with BCOP in accordance with BCOP's normal vacation policy in effect at the time of the change 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 7 hereof; or

(8) Any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Subsection D below (and, if applicable, Subsection B above). Furthermore, no such purported termination of your employment shall be effective for purposes of this Agreement.

Your right to terminate your employment pursuant to this Subsection shall not be affected by your incapacity due to physical or mental illness. 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 hereunder.

D. Notice of Termination. Any purported termination by BCOP or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

E. Date of Termination, Etc. "Date of Termination" shall mean (1) if your employment is terminated for Disability, thirty days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty-day period), and (2) if your employment is terminated pursuant to Subsection B or C above or for any other reason, the date specified in the Notice of Termination (which, in the case of a termination pursuant to Subsection B above shall not be less than thirty days, and in the case of a termination pursuant to Subsection C above shall not be more than sixty days, respectively, from the date such Notice of Termination is given); provided that if within thirty days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the termination, the Date of Termination shall be 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 therefrom having expired and no appeal having been perfected); and provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence.

4. Compensation Upon Termination.

A. If your employment shall be terminated by BCOP, following a Change in Control of the Company, other than for Cause or Disability, or by you for Good Reason, then you shall be entitled to the benefits provided below:

(1) The Company shall continue to pay such amounts as may be required to maintain any insurance you may have had in force pursuant to the Company's Split Dollar Life Insurance Plan until the later of your sixty-fifth birthday or ten years after the insurance policy is issued, after which the Company will release to you its interest in each such policy.

(2) The Company shall also pay to you all legal fees and expenses incurred by you as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this Agreement).

B. If your employment shall be terminated (1) by BCOP other than for Cause or Disability or (2) by you for Good Reason, then you shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 (except as otherwise provided in the immediately succeeding sentence) 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.

5. Protective Limitation.

A. Notwithstanding any provision hereof to the contrary, in the event you (1) would receive payments under this Agreement or under any other plan, program, or policy sponsored by the Company (the "Total Payments"); and (2) which Total Payments relate to a change in control of the Company and which are determined (as described below) by your legal counsel to be subject to excise tax under Section 4999 of the Code (the "Excise Tax"); then (3) 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 and employment taxes, and Excise Tax upon the Gross-up Payment, shall be equal to the Total Payments.

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 opinion of your legal counsel (who shall be reasonably acceptable to the Company), such 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 opinion of your legal counsel, such 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 such state and local taxes.

C. The payments provided in subsection 5(A) shall be made not later than the fifth day following the Date of Termination; provided, however, if the amount of such payment cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined in good faith by the Company of the minimum amount of such payments to which the Executive is clearly entitled and shall pay the remainder of such payments (together with interest on the unpaid remainder (or on all such payments to the extent the Company fails to make such payments when due) at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined but in no event later than the thirtieth (30th) day after the Date of Termination. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth (5th) business day after demand by the Company (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code). At the time that payments are made under this Agreement, the Company shall provide the Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice the Company has received from Tax Counsel, its auditor, or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement).

D. In the event that the Excise Tax is finally determined to be less than the amount taken into account hereunder in calculating the Gross-up Payment, you shall repay to the Company, within five (5) business days following the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-up Payment attributable to such 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) plus interest on the amount of such repayment at 120% of the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined, for any reason, to exceed the amount taken into account hereunder in calculating the Gross-up Payment, the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest, penalties, or additions payable by you with respect to such excess and such portion) within five (5) business days following the time that the amount of such excess is finally determined. You and the Company shall reasonable 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.

6. Deferred Compensation and Benefits Trust. The Company has established a Deferred Compensation and Benefits Trust, and shall comply with the terms of that Trust. Upon the occurrence of any potential change in control of the Company, the Company shall transfer to the Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the Trust, to pay the Company's obligations under this Agreement (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time, the Company shall make any and all additional transfers of cash, marketable securities, or other property acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Agreement. The determination of the amount required to be transferred by the Company to the Trust shall include any amounts that could in any circumstances be payable in the future under Section 4 hereof, calculated in accordance with the following rules: (A) Upon a potential change in control of the Company, the Company will calculate the amount required to be transferred to the Trust based on the assumption that your employment, if not previously terminated, will be terminated by BCOP other than for Cause or Disability on the second anniversary of the potential change in control of the Company; and (B) Upon any subsequent recalculation, your employment will be deemed to have been terminated by BCOP other than for Cause or Disability on the later of the date of actual termination or the date of such recalculation.

For this purpose, the term Deferred Compensation and Benefits Trust shall mean the irrevocable trust established by the Company with an independent trustee or trustees for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which nevertheless will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency and with respect to which the Company shall have received a ruling from the Internal Revenue Service that the trust is a "grantor trust" for federal income tax purposes.

The Deferred Compensation and Benefits Trust shall contain the following additional provisions:

(a) If a change in control of the Company does not occur within one year after the potential change in control of the Company, the Company may reclaim the assets transferred to the trustee or trustees subject to the requirement that it be again funded upon the occurrence of another potential change in control of the Company.

(b) Upon a change in control of the Company, the assets of the Deferred Compensation and Benefits Trust shall be used to pay benefits under this Agreement, except to the extent such benefits are paid by the Company, and the Company and any successor shall continue to be liable for the ultimate payment of those benefits.

(c) The Deferred Compensation and Benefits Trust will be terminated upon the exhaustion of the trust assets or upon payment of all the Company's obligations.

(d) The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the purposes sought to be accomplished by it. Prior to a change in control of the Company, the Deferred Compensation and Benefits Trust may be amended from time to time by the Company, but no such amendment may substantially alter any of the provisions set out in the preceding paragraphs.

7. 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 such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession 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 terminate your employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

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 hereunder if you had continued to live, all such amounts, unless otherwise provided herein, 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.

8. 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 herewith, except that notice of change of address shall be effective only upon receipt.

9. 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 such officer as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such 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 hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the state of Idaho (regardless of the law which may be applicable under principles of conflicts of law). All references to sections of the Exchange Act or the Code shall be deemed also to refer to any successor provisions to such sections. If the obligations of the Company under Section 4 arise prior to the expiration of the term of this Agreement, such obligations shall survive the expiration of the term.

10. 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.

11. 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.

12. No Guaranty of Employment. Neither this contract nor any action taken hereunder shall be construed as giving you a right to be retained as an employee or an executive officer of the Company or BCOP.

13. Governing Law. This Agreement shall be governed by and construed in accordance with Delaware law.

14. Other Benefits. Any payments due to you as provided herein 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.

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,

BOISE CASCADE CORPORATION

By___________________________

J. W. Holleran
Senior Vice President and General Counsel

Agreement to this [ ] day of [ ],

____
[Name of Officer]

Enclosure

EXHIBIT 10.21

BOISE CASCADE CORPORATION

1995 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

(As Amended Through December 10, 1998)

BOISE CASCADE CORPORATION
1995 EXECUTIVE OFFICER DEFERRED COMPENSATION PLAN

1. Purpose of the Plan. The purpose of the Boise Cascade Corporation 1995 Executive Officer Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing executive officers of the Company the opportunity to defer a portion of their compensation and thereby encourage their productive efforts on behalf of the Company. The Plan is also intended to provide Participants with an opportunity to supplement their retirement income through deferral of current compensation. The Plan is an unfunded plan providing deferred compensation to a select group of senior management or highly compensated employees of the Company.

2. Definitions.

2.1 Account Accumulation Rate. The rate of imputed interest which shall be applied to Participants' Deferred Accounts. This rate shall be equal to Moody's Times 130% during (i) the period of time the Participant is employed by the Company or any of its subsidiaries, and (ii) during the period following the Participant's Termination of Employment, provided that at the time of such Termination of Employment the Participant (i) satisfies the Rule of 70 or (ii) has attained age 55 and has ten or more Years of Service. With respect to any time period not included in the foregoing, the Account Accumulation Rate applicable to a Participant's Deferred Account shall be equal to Moody's.

2.2 Compensation. A Participant's salary, commission, bonus, and other payments for personal services rendered by a Participant to the Company during a calendar year, determined prior to giving effect to any deferral election under this Plan or any incentive compensation plan sponsored by the Company. Compensation shall not include any amounts paid by the Company to a Participant that are not strictly in consideration for personal services, such as expense reimbursement, cost-of-living allowance, education allowance, premium on excess group life insurance, or any Company contribution to the Pension Plan or any savings or 401(k) plan sponsored by the Company; the fact that an amount constitutes taxable income to the Participant shall not be controlling for this purpose. Compensation shall not include any taxable income realized by, or payments made to, an employee as a result of the grant or exercise of an option to acquire stock of the Company or as a result of the disposition of such stock, and shall not include compensation resulting from any stock option, stock bonus, restricted stock, phantom stock or similar long-term incentive plan.

2.3 Competitor. Any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Plan, in the manufacture, sale, or distribution of products, or in the providing of services, in competition with products manufactured, sold or distributed, or services provided, by the Company. The determination of whether an entity is a competitor of the Company shall be made by the Company's General Counsel, in his or her sole and absolute discretion.

2.4 Deferred Account. The record on the Company's books of the cumulative amount of (i) a Participant's compensation deferred pursuant to this Plan, plus either (ii) imputed interest on such deferred amounts accrued as provided in Section 5.1, or (iii) the gains or losses attributable to Stock Units credited to the Participant's account as provided in Section 5.1.

2.5 Deferred Compensation Agreement. A written agreement between a Participant and the Company, whereby a Participant agrees to defer a portion of his or her Compensation pursuant to the provisions of the Plan, and the Company agrees to make benefit payments in accordance with the provisions of the Plan.

2.6 Deferred Compensation and Benefits Trust. The irrevocable trust established by the Company with an independent trustee for the benefit of persons entitled to receive payments or benefits hereunder, the assets of which trust will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

The Deferred Compensation and Benefits Trust shall contain the following provisions:

a. If a Change in Control of the Company does not occur within one year after the Potential Change in Control, the Company may reclaim the assets transferred to the trustee subject to the requirement that it be again funded upon the occurrence of another Potential Change in Control.

b. Upon a Change in Control, the assets of the Deferred Compensation and Benefits Trust shall be used to pay benefits under this Plan, except to the extent such benefits are paid by the Company, and the Company and any successor shall continue to be liable for the ultimate payment of those benefits.

c. The Deferred Compensation and Benefits Trust will be terminated upon the exhaustion of the trust assets or upon payment of all the Company's obligations.

d. The Deferred Compensation and Benefits Trust shall contain other appropriate terms and conditions consistent with the purposes sought to be accomplished by it. Prior to a Change in Control, the Deferred Compensation and Benefits Trust may be amended from time to time by the Company, but no such amendment may substantially alter any of the provisions set out in the preceding paragraphs.

e. A "Potential Change in Control of the Company" shall be deemed to have occurred if (i) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (ii) 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; (iii) 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; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company for purposes of this Agreement has occurred.

f. A "Change in Control" shall mean a Change in Control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended ("Exchange Act"), or any successor provisions, whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if:

(i) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 20% 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; or

(ii) The following individuals cease for any reason to constitute at least 66 2/3% of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose 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) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election, or nomination for election was previously so approved (the "Continuing Directors"); or

(iii) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation or approve the issuance of voting securities of the Company in connection with a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) pursuant to applicable stock exchange requirements, other than (a) a merger or consolidation which would result in 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), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least 66 2/3% 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 (b) a merger or consolidation effected 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 (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its subsidiaries other than in connection with the acquisition by the Company or its subsidiaries of a business) representing 20% 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; or

(iv) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or 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, at least 66 2/3% 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.

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 if, in connection with the Transaction, a Participant participates as an equity investor in the acquiring entity or any of its affiliates (the "Acquiror"). For purposes of the preceding sentence, a Participant 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 a Participant 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.

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

For purposes of this section, "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 such term shall not include (i) the Company or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) 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.

2.7 Early Retirement Date. The date of a Participant's Termination of Employment for reasons other than death or Disability (as defined in the Pension Plan), prior to attainment of age 65 but subsequent to attaining age 55, and after completing ten Years of Service with the Company.

2.8 Executive Officer. Executive Officers of the Company required to be identified as such in the Company's Annual Report on Form 10-K as filed with the Securities Exchange Commission.

2.9 Moody's. An annualized rate of interest equal to Moody's Composite Average of Yields on Corporate Bonds as determined from Moody's Bond Record published by Moody's Investor's Service, Inc. (or any successor thereto) or, if such monthly report is no longer published, a substantially similar rate determined in a manner determined to be appropriate by the Company in its sole discretion. The rate to be applied for purposes of this Plan shall be based, for any given month, on the published rate for the immediately preceding calendar month.

2.10 Moody's Times 130%. An annualized rate of interest equal to 130% times Moody's Composite Average of Yields on Corporate Bonds as determined from Moody's Bond Record published by Moody's Investor's Service, Inc. (or any successor thereto), or, if such monthly report is no longer published, a substantially similar rate selected by the Company in its sole discretion. The rate to be applied for purposes of this Plan shall be based, for any given month, on such published rate for the immediately preceding calendar month.

2.11 Normal Retirement Date. The first day of the month coincident with or next following a Participant's 65th birthday.

2.12 Participant. An Executive Officer who has entered into a written Deferred Compensation Agreement with the Company in accordance with the provisions of the Plan.

2.13 Pension Plan. The Boise Cascade Corporation Pension Plan for Salaried Employees, as adopted by the Company and as amended from time to time.

2.14 Retirement. The termination of employment on or after attainment of age 55 with ten or more "years of service" as defined in the Company's Pension Plan for Salaried Employees, unless such termination of employment is for "Disciplinary Reasons" as that term is used for purposes of Corporate Policy 10.2.

2.15 Rule of 70. The attainment by a Participant of a number of Years of Service and age which, when added together, equal or exceed 70.

2.16 Stock Unit. The notional account unit equal in value to one share of the Company's common stock.

2.17 Year of Service. A Year of Service as accumulated under the Pension Plan.

2.18 Termination of Employment. The Participant's ceasing to be employed by the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, death or disability (as defined in the Pension Plan), provided that transfer from the Company to a subsidiary or parent of the Company shall not be deemed a Termination of Employment for purposes of this Plan.

3. Administration and Interpretation of the Plan. The Company, acting through the Executive Compensation Committee of the board of directors (the "Committee"), shall administer the Plan. The Committee has sole discretion to interpret the Plan and all questions that may arise under the Plan, including but not limited to questions of eligibility, benefit amount, and interpretation of definitions. The responsibilities of the Committee may be delegated to the extent permitted by law to the Company's management or to third parties. Interpretation of this Plan by the Committee shall be final and binding upon a Participant. The Committee may adopt rules and regulations relating to the Plan as it may deem necessary or advisable for the administration of the Plan. The Committee may also delegate administrative responsibilities to advisors or other persons who are not employees of the Company and may rely upon information or opinions of legal counsel or experts selected to render advice with respect to the Plan.

4. Participant Compensation Deferral.

4.1 Compensation Deferral. An Executive Officer who wishes to participate in the Plan during the period from January 1, 1996, through December 31, 2000, shall execute a written Deferred Compensation Agreement in substantially the form attached hereto as Exhibit A. The amount of annual Compensation to be deferred shall be in whole percentage increments as specified in the Deferred Compensation Agreement. The period during which Compensation is reduced shall be the calendar years specified in the Deferred Compensation Agreement. The amount deferred shall result in corresponding reductions in the Compensation payable to a Participant.

4.2 Alteration of Compensation Deferral. The amount of compensation to be deferred, once selected by a Participant, shall be irrevocable except upon written approval by the Company. A request to alter the amount of compensation deferred must be submitted by a Participant in writing to the Company prior to January 1 of the year for which such modification is requested and shall detail the reasons for the modification. If a modification of the deferral amount is granted by the Company, the modification shall affect only future years of participation; and all benefits under the Plan shall be adjusted to reflect the new deferred amount and also to reflect any costs incurred by the Company to effect the adjusted benefits payable to the Participant.

4.3 Company Contribution. The Company shall, at the election of a Participant, contribute to the Participant's Deferred Account an additional amount equal to 4.2% of the Participant's Compensation, to be used to provide benefits as specified in the Deferred Compensation Agreement. If a Participant elects to have such an amount contributed under the Deferred Compensation Agreement, the Company shall not make any matching contribution for such Participant under any savings or 401(k) plan sponsored or participated in by the Company.

5. Payment of Deferred Amounts.

5.1 Participant Account. The Company shall maintain, for each Participant, a record of the Participant's deferrals in accordance with elections made by the Participant. The Participant's Deferred Account will be credited with the amount of the Participant's deferred Compensation, plus the Company contribution pursuant to Section 4.3, if any. Deferred Accounts shall reflect either (1) the dollar amount of each Participant's deferred Compensation credited, in accordance with the Participant's election, with the applicable Account Accumulation Rate (an "Interest Account") or (2) in accordance with the Participant's election, the allocation of Stock Units equal in value to the deferred Compensation, in accordance with subsections (a) through (e) below.

(a) Participants may elect at any time, and from time to time, to have a Deferred Account either credited with the applicable Account Accumulation Rate or allocated Stock Units, with such elections effective for deferrals of Compensation earned beginning with the first pay period immediately following the Company's receipt of the Participant's valid written election. However, under no circumstances may such elections be made more frequently than once in any four month period. If a Participant timely elects to have his or her Deferred Account credited with Stock Units, the Participant's Deferred Account shall be credited with the number of Stock Units, on the date on which the Compensation would otherwise have been paid to the Participant, equal to (1) 100% of the amount of such deferred Compensation ("Participant Stock Units") plus (2) 25% of the amount of such deferred Compensation ("Company Matching Stock Units"), with each Stock Unit value based on the closing price of the Company's common stock on the New York Stock Exchange ("NYSE") on that date (or, if the common stock is not traded on the NYSE on such date, on the immediately preceding trading day). Each Stock Unit in a Participant's Deferred Account shall thereafter have a value equal to the market value of one share of the Company's common stock. Except as provided in subparagraphs (d) and (e) hereof, Stock Units must be held for a minimum period of six months from the date on which such Stock Units are first credited to the Participant's account. Stock Units may not be sold, transferred, assigned, alienated, or pledged by any Participant.

(b) On each dividend payment date for the common stock, additional Stock Units shall be credited to each Participant's Deferred Account ("Dividend Equivalent Stock Units"). Dividend Equivalent Stock Units shall (1) be equal in value to the imputed dividend on each Stock Unit credited to the Participant's account as of the record date for such dividend; (2) be allocated, as appropriate, to either the Participant Stock Units or the Company Matching Stock Units credited to the Participant's Deferred Account; and (3) vest in accordance with the vesting of the underlying Stock Units to which they are allocated.

(c) A Participant shall be fully vested in his or her Participant Stock Units, including allocated Dividend Equivalent Stock Units, at all times. Vesting in Company Matching Stock Units, including allocated Dividend Equivalent Stock Units, shall be as follows: (1) 100% upon the Participant's death, permanent and total disability, or Retirement; (2) 100% upon a Change in Control; (3) 100% upon the Participant's involuntary termination (other than a termination for "Disciplinary Reasons" as that term is used in Corporate Policy 10.2) or termination as a direct result of the sale or permanent closure of a facility, operating unit, or division of the Company; or (4) for termination of employment for all other reasons (including voluntary terminations), 20% (cumulative) on each anniversary of the date the Participant's account was first credited with Stock Units under this Plan.

(d) Upon the occurrence of a Change in Control, all Stock Units credited to a Participant's Deferred Account shall be (1) converted to Stock Units of equivalent value, at the highest trading price of the Company's common stock during the 20-day period immediately preceding the date of the Change in Control, payable in the common stock of the successor entity to the Company or, at the Committee's discretion, (2) converted to a dollar equivalent at the highest trading price of the Company's common stock during the 20-day period immediately preceding the date of the Change in Control and credited to an Interest Account in the Participant's Deferred Account and credited with the applicable Account Accumulation Rate until distributed.

(e) If the Participant's Deferred Account is credited with Stock Units and a Change in Control has not occurred prior to the date(s) of distribution of the Participant's Deferred Account, the Participant shall be paid the value of all vested Stock Units in his or her Deferred Account in accordance with the Participant's election under his or her Deferred Compensation Agreement and in the form of the Company's common stock. The common stock shall be valued, for this purpose, as of the date of such distribution(s) based upon the closing price of the common stock on the NYSE on the immediately preceding day (or, if the common stock is not traded on the NYSE on such date, on the immediately preceding trading day). Such payment shall be made in accordance with the Participant's Deferred Compensation Agreement. If a Participant's Deferred Account is credited with Stock Units and the Participant terminates employment and is eligible for a distribution prior to shareholder approval of issuance of common stock under this Plan, the Company may elect, in its sole discretion, to delay the distribution until such shareholder approval is received.

5.2 Plan Benefits Upon Termination of Employment (Nonretirement). Upon Termination of Employment for reasons other than death or disability prior to satisfying the Rule of 70 or attaining age 55 with ten or more Years of Service, the Account Accumulation Rate on such Participant's Deferred Account shall be adjusted, effective as of the Date of Termination of Employment, to a rate equal to Moody's. Such rate shall apply prospectively from the Date of Termination to all undistributed amounts of the Participant's Deferred Account.

If a Participant provides services for remuneration to a Competitor following Termination of Employment, the Company may, in its sole discretion, distribute the Participant's account balance in a lump sum in lieu of any other benefits provided under this Plan. The Company may, in its discretion, consent to a Participant's rendering services to a Competitor; and if it does so consent, it may place whatever limitations it considers appropriate on the consent. If the Participant breaches the terms of the consent, the Company may, in its sole discretion, distribute the Participant's account in a lump sum.

5.3 Plan Benefits Upon Retirement. Upon Termination of Employment, for reasons other than disability, after satisfying the Rule of 70 or attaining age 55 with ten or more Years of Service, a Participant shall be paid his or her Deferred Account in a lump sum or in equal monthly installments calculated to distribute his or her Deferred Account over a period of not more than 15 years. Payments shall commence on the date and shall be made in the manner elected by the Participant in the Deferred Compensation Agreement. Unpaid balances under the installment election continue to be credited with imputed interest at the applicable Account Accumulation Rate. If a Participant does not make an election, his or her account shall be paid out in monthly installments over 15 years beginning January 1 of the year following Termination of Employment.

5.4 Hardship Distribution. In the event of serious and unanticipated financial hardship, a Participant may request termination of his or her participation in the Plan and a lump-sum distribution of all or a portion of his or her account balance. The Participant making a hardship termination and distribution request under this section shall document, to the Company's satisfaction, that termination of participation and distribution of his or her account is necessary to satisfy an unanticipated, immediate, and serious financial need, and that the Participant does not have access to other funds, including proceeds of any loans, sufficient to satisfy the need. Upon receipt of a request under this section, the Company may, in its sole discretion, terminate the Participant's involvement in the Plan and distribute all or a portion of the Participant's account balance in a lump sum, to the extent such distribution is necessary to satisfy the financial need. The Participant shall sign all documentation requested by the Company relating to any such distribution, and any Participant whose participation in the Plan terminates under this paragraph may not resume participation for a minimum of 12 months following the date of any distribution.

5.5 Premature Distribution with Penalty. Notwithstanding any provision in this Plan to the contrary, a Participant or beneficiary may, at any time, request a single lump-sum payment of the amount credited to an account or accounts of the Participant under the Plan. The amount of the payment shall be equal to (i) the Participant's accumulated account balance under the Plan as of the payment date, reduced by (ii) an amount equal to 10% of such accumulated account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. This request must be made in writing to the Company. The lump-sum payment shall be made within 30 days of the date on which the Company received the request for the distribution. If a request is made under this provision, the Participant shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company, including this Plan, for a period of 12 months after such request is made. In addition, in this event, any deferred compensation agreement under any nonqualified deferred compensation plan of the Company shall not be effective with respect to Compensation payable to the Participant during this 12-month period.

5.6 Distribution Upon Extraordinary Events. In the event any Participant terminates employment with the Company as a direct result of the sale or divestiture of a facility, operating division, or reduction in force in connection with any reorganization of the Company's operations or staff, such Participant may request distribution of his or her entire account balance. Upon receipt of a request for distribution under this section, the Company may, in its sole discretion, elect whether to approve or deny the request. If the Company approves a request under this section, distribution of the Participant's account shall occur no later than the January 1 of the year following the year during which such Termination of Employment occurs.

5.7 Small Account Distributions. In the event a Participant terminates employment with the Company for any reason and the Participant's benefit under this Plan is less than either (1) $5,000 in lump sum present value, calculated in accordance with reasonable assumptions, or (2) the monthly payment under the benefit payment option selected by the Participant is less than $75 per month, such Participant may request distribution of his or her entire account balance. Upon receipt of a request for distribution under this section, the Company may, in its sole discretion, elect whether to approve or deny the request. If the request is approved, the Company shall close the Participant's account and distribute the Participant's entire account balance in a single lump sum. Any distribution under this paragraph shall be made no later than January 1 of the year following the year in which such Termination of Employment occurs.

5.8 Change of Election. A Participant may request a change in the payout election any time prior to January 1 of the year benefits are scheduled to be paid, provided that the request is received by the Company at least 30 days prior to the date benefits are scheduled to be paid. The changed payout election must be one of the payout options in the original deferral agreement. Such request must be in writing and shall be approved or denied at the sole discretion of the Company. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

5.9 Distributions Following Participant Death. If a Participant dies after his or her benefits have commenced and prior to the distribution of his or her entire Deferred Account, his or her beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement. If a Participant dies prior to the commencement of Plan distributions, the Company shall pay his or her designated beneficiary or beneficiaries the Participant's Deferred Account balance. Payments shall be made as specified in the Deferred Compensation Agreement. The Participant Account shall be updated with a monthly rate of interest equal to the Account Accumulation Rate.

5.10 Disability Benefit. If a Participate terminates employment with the Company prior to attaining age 65 due to a disability, the Participant may apply to the Company to have his or her account distributed in monthly installments over a 15 year period commencing on the first day of the month following the month in which the Company approves such request. The Company may, in its sole discretion, approve or deny any such request.

5.11 Recipients of Payments; Designation of Beneficiary. All payments to be made by the Company shall be made to the Participant, if living. In the event of a Participant's death prior to the receipt of all benefit payments, all subsequent payments to be made under the Plan shall be to the beneficiary or beneficiaries of the Participant. The Participant shall designate a beneficiary by filing a written notice of such designation with the Company in such form as the Company may prescribe. If no designation shall be in effect at the time when any benefits payable under this Plan shall become due, the beneficiary shall be the spouse of the Participant, or if no spouse is then living, the representatives of the Participant's estate.

6. Miscellaneous.

6.1 Assignability. A Participant's rights and interests under the Plan may not be assigned or transferred except, in the event of the Participant's death, to his or her designated beneficiary, or in the absence of a designation, by will or to his or her legal representative.

6.2 Employment Not Guaranteed by Plan. Neither this Plan nor any action taken hereunder shall be construed as giving a Participant the right to be retained as an Executive Officer or as an employee of the Company for any period.

6.3 Taxes. The Company shall deduct from all payments made hereunder all applicable federal or state taxes required by law to be withheld from such payments.

6.4 Construction. To the extent not preempted by federal law, the Plan shall be construed according to the laws of the state of Idaho.

6.5 Form of Communication. Any election, application, claim, notice, or other communication required or permitted to be made by a Participant to the Company shall be made in writing and in such form as the Company shall prescribe. Such communication shall be effective, upon receipt by the Company's Manager of Executive Compensation, 1111 West Jefferson Street, P.O. Box 50, Boise, Idaho 83728-0001.

7. No Reduction in Pension Benefit. To compensate a Participant for any reduction in pension benefits under the Pension Plan which may result from a Participant's deferring Compensation under this Plan, the Company shall pay to the Participant an amount equal to the reduction in pension benefits in accordance with the Company's Supplemental Pension Plan.

8. Amendment and Termination. The Company, acting through its board of directors or any committee thereof, may at any time amend the Plan, provided that the amendment shall not adversely affect any vested right or benefit of a Participant under the Plan without the prior consent of a Participant.

9. 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. Such 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 merely that of an unfunded and unsecured promise of the Company to pay money in the future.

10. Deferred Compensation and Benefits Trust. Upon the occurrence of any Potential Change in Control of the Company, the Company will transfer to the Deferred Compensation and Benefits Trust an amount of cash, marketable securities, or other property acceptable to the trustee(s) equal in value to 105 percent of the amount necessary to pay the Company's obligations with respect to Deferred Accounts under this Plan, calculated on an actuarial basis and in accordance with the terms of the Trust (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee(s) subject to and in accordance with the terms of the Trust. In addition, from time to time the Company will make any and all additional transfers of cash, marketable securities, or other property

acceptable to the trustee(s) as may be necessary in order to maintain the Funding Amount with respect to this Plan.

11. 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 Manager of Executive Compensation, who shall have absolute discretion to interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to such claim in the name and on behalf of the Company. Such written notice of a claim shall include a statement of all facts believed by the Participant to be relevant to the claim and shall include copies of all documents, materials, or other evidence that the Participant believes relevant to such claim. Written notice of the disposition of a claim shall be furnished the claimant within 90 days after the application is filed. This 90-day period may be extended an additional 90 days by the Company, in its sole discretion, by providing written notice of such extension to the claimant prior to the expiration of the original 90-day period. In the event the claim is denied, the specific reasons for such denial shall be set forth in writing, pertinent provisions of the Plan shall be cited and, where appropriate, an explanation as to how the claimant may perfect the claim or submit such claim for review will be provided.

12. 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 a review of his or her denied claim. Such request, together with a written statement of the claimant's position, shall be filed no later than 60 days after receipt of the written notification provided for in the above paragraph, and shall be filed with the Company's Manager of Executive Compensation, who shall promptly inform the Committee. The Committee shall make its decision, in writing, within 60 days after receipt of the claimant's request for review. The Committee's written decision shall state the facts and plan provisions upon which its decision is based. The Committee's decision shall be final and binding on all parties. This 60-day period may be extended an additional 60 days by the Committee, in its discretion, by providing written notice of such extension to the claimant prior to the expiration of the original 60-day period.

EXHIBIT 10.24

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN

I. 1998 PAYOUT CRITERIA

PAYOUT AS A PERCENT OF SALARY

Financial Improvement	CEO	SVP	VP
($152,336,667)	0.0%	0.0%	0.0%
($135,000,000)	2.3%	1.5%	1.2%
$127,500,000	107.3%	69.0%	53.7%
$215,000,000	119.0%	76.5%	59.5%
$418,055,000	146.1%	93.9%	73.0%
$418,055,001	157.7%	101.4%	78.9%
$518,055,000	171.1%	110.0%	85.5%

- For Financial Improvement in excess of $518.1 million, the payout increases proportionally to the increase from $418.1 million to $518.1 million.

- The payout is interpolated on a straight line for Financial Improvement not shown in the table.

- Financial Improvement is measured by calculating the company's economic value added.

Economic Value Added = Net Operating Profit Before Tax - Capital Charge

Net Operating Profit Before Tax (NOPBT)* = Income from operating assets
+ Imputed interest of capitalized lease obligations
+ Increase (decrease) in LIFO reserve
- Amortization of restructuring losses

* Unusual nonrecurring and nonoperating income or expense items do not affect NOPBT

Capital Charge = Capital x 16%

Capital** = Operating Capital
+ Imputed capital value of lease obligations
+ Total LIFO reserve account
- Gain from the sale of assets
+ Unamortized restructuring losses

** Nonrecurring and nonoperating losses do not affect Operating Capital. There may be adjustments to Operating Capital for strategic investments while they are under construction and up to two additional years subject to approval by the Executive Compensation Committee of the Board.

II. ALTERNATIVE PAYOUT

An Alternative Payout shall be calculated as follows: the actual percentage payouts earned for the 1998 plan year under the company's Pape Division Incentive Plan, Packaging Division Incentive Plan, Timber and Wood Products Division Incentive Plan, BMDD Incentive Plan, BCOP Incentive Plan, and Trucking Division Incentive Plan shall be averaged (weighted according to the total capital of each respective division). This average payout shall then be multiplied by the ratio each officer's target payout bears to the target payout of key executives in such plans (e.g., VP ratio = 35/24; SVP ratio = 45/24; CEO ratio = 70/24) to arrive at the Alternative Payout percentage. The Alternative Payout may be reduced by the Executive Compensation Committee, in its sole discretion, to any percentage amount (including zero).

Payout under the Plan will be the greater of (1) payout determined under criteria based on economic value added or (2) the Alternative Payout.

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN

I. 1999 PAYOUT CRITERIA

PAYOUT AS A PERCENT OF SALARY

Financial Improvement	CEO	SVP	VP
($163,208,889)	0.0%	0.0%	0.0%
($150,000,000)	1.5%	1.0%	0.8%
$150,000,000	106.5%	68.5%	53.3%
$324,054,000	126.8%	81.5%	63.4%
$324,054,001	138.5%	89.0%	69.3%
$424,054,000	150.2%	96.5%	75.1%

- For Financial Improvement in excess of $424.1 million, the payout increases proportionally to the increase from $324.1 million to $424.1 million.

- The payout is interpolated on a straight line for Financial Improvement not shown in the table.

- Financial Improvement is measured by calculating the company's economic value added.

  Economic Value Added = Net Operating Profit Before Tax - Capital Charge

  Net Operating Profit
Before Tax (NOPBT)* = Income from operating assets
+ Imputed interest of capitalized lease obligations
+ Increase (decrease) in LIFO reserve
- Amortization of restructuring losses

  * Unusual nonrecurring and nonoperating income or expense items do not affect NOPBT

  Capital Charge = Capital x 16%

  Capital** = Operating Capital
+ Imputed capital value of lease obligations
+ Total LIFO reserve account
- Gain from the sale of assets
+ Unamortized restructuring losses

  ** Nonrecurring and nonoperating losses do not affect Operating Capital. There may be adjustments to Operating Capital for strategic investments while they are under construction and up to two additional years subject to approval by the Executive Compensation Committee of the Board.

II. ALTERNATIVE PAYOUT

An Alternative Payout shall be calculated as follows: the actual percentage payouts earned for the 1999 plan year under the company's Paper Division Incentive Plan, Packaging Division Incentive Plan, Timber and Wood Products Division Incentive Plan, BMDD Incentive Plan, BCOP Incentive Plan, and Trucking Division Incentive Plan shall be averaged (weighted according to the total capital of each respective division). This average payout shall then be multiplied by the ratio each officer's target payout bears to the target payout of key executives in such plans (e.g., VP ratio = 35/24; SVP ratio = 45/24; CEO ratio = 70/24) to arrive at the Alternative Payout percentage. The Alternative Payout may be reduced by the Executive Compensation Committee, in its sole discretion, to any percentage amount (including zero).

Payout under the Plan will be the greater of (1) payout determined under criteria based on economic value added or (2) the Alternative Payout.

EXHIBIT 10.7

BOISE CASCADE CORPORATION

SUPPLEMENTAL PENSION PLAN

(As Amended Through February 11, 1999)

BOISE CASCADE CORPORATION
SUPPLEMENTAL PENSION PLAN

ARTICLE I

1. Purpose of the Plan. It is the policy of Boise Cascade Corporation (the "Company") to provide retirement benefits to eligible employees in accordance with the terms and conditions of the Company's retirement plans. Under certain circumstances the effect of federal and state tax laws may preclude payment of full benefits to which an employee is otherwise entitled out of the assets of the Company's retirement plans qualified under Section 401 of the Internal Revenue Code of 1986 (the "Code"). In addition, the election of certain employees to voluntarily defer receipt of otherwise taxable and pensionable compensation may have the effect of reducing the amount of retirement benefits which such employees would otherwise be entitled to receive out of the Company's tax-qualified retirement plans. In order to ensure that employees of the Company receive the full retirement benefits earned during the course of their employment with the Company, the Company will provide benefits as described in this Plan.

ARTICLE II

2. Definitions.

2.1 "Act" shall mean the Employee Retirement Income Security Act of 1974 ("ERISA") as amended from time to time.

2.2 "Pension Plan" shall mean the Boise Cascade Corporation Pension Plan for Salaried Employees as amended from time to time.

2.3 "Code" shall mean the Internal Revenue Code of 1986 as amended from time to time.

2.4 "Company" shall mean Boise Cascade Corporation and any of its subsidiaries or affiliated business entities participating in the Pension Plan.

2.5 "Compensation" shall mean a Participant's compensation as defined in the Pension Plan, but without regard to any limitations required by Section 401(a)(17) of the Code, and including amounts voluntarily deferred at the Participant's election under any of the nonqualified deferred compensation plans of the Company.

2.6 "Effective Date" shall mean January 1, 1994.

2.7 "Maximum Benefit" shall mean the monthly equivalent of the maximum benefit permitted by the Code to be paid to a participant in the Company's Pension Plan, taking into account all limitations required by the Code in order for the Pension Plan to retain its qualified status under Section 401 of the Code.

2.8 "Participant" shall mean any employee of the Company who is an active Participant in the Pension Plan on or after the Effective Date and whose pension benefits determined on the basis of the provisions of the Pension Plan, without regard to the limitations of the Code, would exceed the Maximum Benefits permitted under the Code.

2.9 "Plan" shall mean the Boise Cascade Corporation Supplemental Pension Plan, as amended from time to time, which shall be an unfunded plan providing benefits for a select group of senior management or highly compensated employees of the Company.

2.10 "Unrestricted Benefit" shall mean the maximum monthly normal, early, or deferred vested (or disability) retirement benefit, whichever is applicable, which a Participant has earned, calculated in accordance with the benefit formula under the Pension Plan and determined without regard to any limitations imposed by the Code, including but not limited to limitations under Code Sections 401(a)(17) and 415. The amount of the Unrestricted Benefit shall be based on a Participant's Compensation as defined in this Plan.

2.11 All capitalized terms used herein not otherwise defined shall have the meaning ascribed to such terms under the Pension Plan.

ARTICLE III

3. Benefits.

3.1 Normal Retirement Benefit. Upon the Normal Retirement of a Participant, as defined in the Pension Plan, a Participant shall be entitled to a monthly benefit under this Plan equal in amount to his or her Unrestricted Benefit minus the Maximum Benefit.

3.2 Early Retirement Benefit. Upon the early retirement of a Participant as provided under the Pension Plan, such Participant shall be entitled to a monthly benefit under this Plan equal to his or her Unrestricted Benefit minus the Maximum Benefit.

3.3 Deferred Vested Retirement Benefit. If a Participant terminates employment with the Company and is entitled to a deferred vested retirement benefit provided under the Pension Plan, such Participant shall be entitled to a monthly benefit under this Plan equal to his or her Unrestricted Benefit minus the Maximum Benefit.

3.4 Spousal Pension Benefit. Subject to Section 3.5 below, on the death of a Participant whose spouse is eligible for a pre- or post-retirement surviving spouse benefit under the Pension Plan, the Participant's surviving spouse shall be entitled to a monthly benefit equal to the surviving spouse benefit determined in accordance with the provisions of the Pension Plan without regard to the limitations under the Code, minus the Maximum Benefit.

3.5 Forms of Benefit Payment.

(a) If on the date of a Participant's termination of employment with the Company his or her accrued vested benefit under this Plan is less than $5,000 in present value (calculated in accordance with present value determinations under the Pension Plan), such benefit shall be distributed in a lump sum on or about February 1 of the calendar year following the year in which termination of employment occurred.

(b) If on the date of a Participant's termination of employment with the Company his or her accrued vested benefit under this Plan is equal to or greater than $5,000 in present value (calculated in accordance with present value determinations under the Pension Plan), such benefit shall be distributed in a lump sum on or about February 1 of the calendar year following the year in which termination of employment occurred, unless the Participant elects a form of benefit payment described in subsection (i) or (ii) below:

(i) A Participant described in paragraph (b) above may elect to have benefits payable under Sections 3.1, 3.2, 3.3, or 3.4 of this Article III paid in such form and at such time as benefits are paid to the Participant (or beneficiary, if applicable) under the Pension Plan; or

(ii) A Participant described in paragraph (b) above may elect to have his or her benefit paid in monthly installments over a period not to exceed 15 years, commencing no later than the first of the month following the Participant's 65th birthday. A Participant electing this form of distribution shall be eligible to receive, upon written request to the Company at any time after payment of benefits has commenced, to have the present value of his or her unpaid benefit distributed in a lump sum. Any such lump sum distribution, less a 10% penalty, shall be paid as soon as administratively feasible after the Company's receipt of such request.

3.6 Withholding of Taxes. All applicable taxes may be withheld by the Company or its agent from benefit payments made pursuant to this Plan.

ARTICLE IV

4. Plan Administration.

4.1 Administrator. The Plan shall be administered by the Company, acting through its Retirement Committee, which shall have complete and unrestricted authority to interpret the Plan and issue such administrative rules and procedures and it deems appropriate in its sole discretion. The administrator shall have the duty and responsibility of maintaining records, making the requisite calculations and disbursing the payments hereunder. The Plan administrator's interpretations, determinations, procedures, and calculations shall be final and binding on all persons and parties concerned.

4.2 Amendment and Termination. The Company may amend or terminate the Plan at any time, acting through the Executive Compensation Committee of the Company's board of directors, provided, however, that no such amendment or termination shall adversely affect a benefit to which a Participant or his or her beneficiary is entitled under Article III prior to the effective date of such amendment or termination unless such Participant or beneficiary becomes entitled to an amount equal to such benefit under another plan or policy adopted by the Company.

4.3 Payments. The Company will pay all benefits arising under this Plan and all costs, charges, and expenses relating hereto.

4.4 Nonassignability of Benefits. The benefits payable hereunder or the right to receive future benefits under the Plan may not be anticipated, alienated, pledged, encumbered, or subjected to any charge or legal process, and if any attempt is made to do so, or a person eligible for any benefit becomes bankrupt, the interest under the Plan of the person affected may be terminated by the administrator which, in its sole discretion, may cause the same to be held or applied for the benefit of one or more of the dependents of such person or make any other disposition of such benefits that it deems appropriate in its sole discretion.

4.5 Status of Plan. The benefits under this Plan shall not be funded but shall constitute liabilities by the Company payable when due.

4.6 Nonguarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between the Company and any Participant, or as a right of any Participant to be continued in employment of the Company, or as a limitation on the right of the Company to terminate the employment of any of its employees, with or without cause.

4.7 Applicable Law. All questions pertaining to the construction, validity, and effect of this Plan shall be determined in accordance with the laws of the United States and, to the extent not preempted by such laws, by the laws of the state of Idaho.

4.8 Deferred Compensation and Benefits Trust. Upon a potential change in control of the Company (as defined in the Company's deferred compensation and benefits trust) the Company shall calculate using reasonable assumptions, the present value of all amounts payable under this Plan (the "Funding Amount") and, thereupon, shall transfer to the trustee of the Deferred Compensation and Benefits Trust, an amount equal to 105% of the funding amount in cash or marketable securities, to be held by the trustee subject to and in accordance with the terms of the Deferred Compensation and Benefits Trust. For purposes of calculating the funding amount, any employee whose employment has not previously been terminated and who is entitled to benefits hereunder shall be deemed for this purpose to have terminated his or her employment with the Company upon the later of the second anniversary of the potential change in control or the date as of which that calculation is being made.

4.9 Appeals Procedure. Claims for benefits under this Plan shall be subject to determination and review by the Company. If any Participant disagrees with the Company's determination of benefits hereunder, the Participant shall have the right to appeal the Company's determination in accordance with procedures adopted by the Company applicable to appeals under the Pension Plan.

EXHIBIT 11

Boise Cascade Corporation
Computation of Per Share Earnings

	1998	1997	1996
	(expressed in thousands, except per share amounts)		
Net income (loss) as reported, before cumulative effect of accounting change	$ (28,392)	$ (30,410)	$ 9,050
Preferred dividends	(15,578)	(31,775)	(39,248)
Excess of Series F Preferred Stock redemption price over carrying value	(3,958)	-	-
Basic loss before cumulative effect of accounting change	(47,928)	(62,185)	(30,198)
Cumulative effect of accounting change	(8,590)	-	-
Basic loss	$ (56,518)	$ (62,185)	$ (30,198)
Average shares outstanding used to determine basic loss per common share	56,307	52,049	48,277
Net loss per common share			
Basic loss before cumulative affect of accounting change	$ (.85)	$ (1.19)	$ (.63)
Cumulative affect of accounting change	(.15)	-	-
Basic loss per common share (1)	$(1.00)	$ (1.19)	$ (.63)
Basic loss before cumulative effect of accounting change	$ (47,928)	$ (62,185)	$ (30,198)
Preferred dividends eliminated	14,133	20,965	28,438
Supplemental ESOP contribution	(12,079)	(12,114)	(12,659)
Diluted loss before cumulative effect of accounting change	(45,874)	(53,334)	(14,419)
Cumulative effect of accounting change	(8,590)	-	-
Diluted loss	$ (54,464)	$ (53,334)	$ (14,419)
Average shares outstanding used to determine basic loss per common share	56,307	52,049	48,277
Stock options, net	204	615	735
Series G conversion preferred stock	-	3,647	6,909
Series D convertible preferred stock	4,396	4,310	4,590
Average shares used to determine diluted loss per common share	60,907	60,621	60,511
Diluted loss before cumulative effect of accounting change	$ (.75)	$ (.88)	$ (.24)
Cumulative affect of accounting change	(.14)	-	-
Diluted loss per common share(1)	$ (.89)	$ (.88)	$ (.24)

(1) Because the computation of diluted loss per common share was antidilutive, the diluted loss per common share reported for the years ended December 31, 1998, 1997, and 1996 were the same as basic loss per common share.

EXHIBIT 12

BOISE CASCADE CORPORATION AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Year Ended December 31				
	1998	1997	1996	1995	1994
	(dollar amounts expressed in thousands)				
Interest costs	$ 174,541	$ 153,691	$ 146,234	$ 154,469	$ 169,170
Interest capitalized during the period	1,341	10,575	17,778	3,549	1,630
Interest factor related to noncapitalized leases(1)	11,308	11,931	12,982	8,600	9,161
Total fixed charges	$ 187,190	$ 176,197	$ 176,994	$ 166,618	$ 179,961
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	$ (21,278)	$ (28,930)	$ 31,340	$ 589,410	$ (64,750)
Undistributed (earnings) losses of less than 50% owned persons, net of distributions received	3,791	5,180	(1,290)	(36,861)	(1,110)
Total fixed charges	187,190	176,197	176,994	166,618	179,961
Less: Interest capitalized	(1,341)	(10,575)	(17,778)	(3,549)	(1,630)
Guarantee of interest on ESOP debt	(14,671)	(16,341)	(17,874)	(19,339)	(20,717)
Total earnings before fixed charges	$ 153,691	$ 125,531	$ 171,392	$ 696,279	$ 91,754
Ratio of earnings to fixed charges	-	-	-	4.18	-
Excess of fixed charges over earnings before fixed charges	$ 33,499	$ 50,666	$ 5,602	$ -	$ 88,207

(1) Interest expense for operating leases with terms of one year or longer is based on an imputed interest rate for each lease.

EXHIBIT 13.1

FINANCIAL HIGHLIGHTS

	1998	1997	1996
Sales	$6,162,123,000	$5,493,820,000	$5,108,220,000
Net income (loss)	$ (36,982,000)	$ (30,410,000)	$ 9,050,000
Net income (loss) before nonroutine items	$ 20,744,000	$ (30,410,000)	$ (5,450,000)
Net income (loss) per common share			
Basic	$(1.00)	$(1.19)	$(.63)
Diluted	$(1.00)	$(1.19)	$(.63)
Diluted before nonroutine items	$ .09	$(1.19)	$(.93)
Shareholders' equity per common share	$23.84	$25.39	$27.30
Capital expenditures	$313,660,000	$ 578,619,000	$ 832,167,000
Number of employees	23,039	22,514	19,976
Number of common shareholders	17,842	19,045	20,370
Number of shares of common stock outstanding	56,338,426	56,223,923	48,476,366

STATEMENTS OF INCOME (LOSS)
Boise Cascade Corporation and Subsidiaries

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Revenues			
Sales	$6,162,123	$5,493,820	$5,108,220
Costs and expenses			
Materials, labor, and other operating expenses	4,849,678	4,436,650	4,152,150
Depreciation, amortization, and cost of company timber harvested	282,737	256,570	255,000
Selling and distribution expenses	666,759	553,240	446,530
General and administrative expenses	150,455	139,060	119,860
Other (income) expense, net	71,843	710	(14,520)
	6,021,472	5,386,230	4,959,020
Equity in net income (loss) of affiliates	(3,791)	(5,180)	2,940
Income from operations	136,860	102,410	152,140
Interest expense	(159,870)	(137,350)	(128,360)
Interest income	2,274	6,000	3,430
Foreign exchange gain (loss)	(542)	10	(1,200)
Gain on subsidiary's issuance of stock	-	-	5,330
	(158,138)	(131,340)	(120,800)
Income (loss) before income taxes, minority interest, and cumulative effect of accounting change	(21,278)	(28,930)	31,340
Income tax (provision) benefit	2,659	9,260	(11,960)
Income (loss) before minority interest and cumulative effect of accounting change	(18,619)	(19,670)	19,380
Minority interest, net of income tax	(9,773)	(10,740)	(10,330)
Income (loss) before cumulative effect of accounting change	(28,392)	(30,410)	9,050
Cumulative effect of accounting change, net of income tax	(8,590)	-	-
Net income (loss)	$ (36,982)	$ (30,410)	$ 9,050
Net loss per common share			
Basic and diluted before cumulative effect of accounting change	$ (.85)	$(1.19)	$(.63)
Cumulative effect of accounting change	(.15)	-	-
Basic and diluted	$(1.00)	$(1.19)	$(.63)

The accompanying notes are an integral part of these Financial Statements.

BALANCE SHEETS
Boise Cascade Corporation and Subsidiaries

	December 31	
Assets	1998	1997
	(expressed in thousands)	
Current		
Cash	$ 66,469	$ 56,429
Cash equivalents	7,899	7,157
	74,368	63,586
Receivables, less allowances of $10,933,000 and $9,689,000	526,359	570,424
Inventories	625,218	633,290
Deferred income tax benefits	92,426	54,312
Other	50,035	32,061
	1,368,406	1,353,673
Property		
Property and equipment		
Land and land improvements	63,307	57,260
Buildings and improvements	575,509	554,712
Machinery and equipment	4,082,724	4,055,065
	4,721,540	4,667,037
Accumulated depreciation	(2,150,385)	(2,037,352)
	2,571,155	2,629,685
Timber, timberlands, and timber deposits	270,570	273,001
	2,841,725	2,902,686
Goodwill, net of amortization of $37,327,000 and $24,020,000	501,691	445,722
Investments in equity affiliates	27,162	32,848
Other assets	227,715	234,995
Total assets	$ 4,966,699	$ 4,969,924
Liabilities and Shareholders' Equity		
Current		
Short-term borrowings	$ 129,512	$ 94,800
Current portion of long-term debt	161,473	30,176
Income taxes payable	-	3,692
Accounts payable	499,489	470,445
Accrued liabilities		
Compensation and benefits	130,480	126,780
Interest payable	36,166	39,141
Other	172,980	128,714
	1,130,100	893,748
Debt		
Long-term debt, less current portion	1,578,136	1,725,865
Guarantee of ESOP debt	155,731	176,823
	1,733,867	1,902,688
Other		
Deferred income taxes	255,660	230,840
Other long-term liabilities	301,920	224,663
	557,580	455,503
Minority interest	116,753	105,445
Commitments and contingent liabilities		
Shareholders' equity		
Preferred stock - no par value; 10,000,000 shares authorized;		
Series D ESOP: $.01 stated value; 5,356,648 and 5,569,684 shares outstanding	241,049	250,636
Deferred ESOP benefit	(155,731)	(176,823)
Series F: $.01 stated value; 115,000 shares outstanding in 1997	-	111,043
Common stock - $2.50 par value; 200,000,000 shares authorized; 56,338,426 and 56,223,923 shares outstanding	140,846	140,560
Additional paid-in capital	420,890	416,691
Retained earnings	788,918	879,043
Accumulated other comprehensive income (loss)	(7,573)	(8,610)

Total shareholders' equity	1,428,399	1,612,540
Total liabilities and shareholders' equity	$ 4,966,699	$ 4,969,924
Shareholders' equity per common share	$23.84	$25.39

The accompanying notes are an integral part of these Financial Statements.

STATEMENTS OF CASH FLOWS
Boise Cascade Corporation and Subsidiaries

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Cash provided by (used for) operations			
Net income (loss)	$ (36,982)	$ (30,410)	$ 9,050
Cumulative effect of accounting change, net of income tax	8,590	-	-
Items in income (loss) not using (providing) cash			
Equity in net (income) loss of affiliates	3,791	5,180	(2,940)
Depreciation, amortization, and cost of company timber harvested	282,737	256,570	255,000
Deferred income tax provision (benefit)	(11,030)	(18,593)	(13,498)
Minority interest, net of income tax	9,773	10,740	10,330
Restructuring charges and write-down of assets	123,282	-	9,955
Other	(654)	1,265	3,322
Gain on sales of assets	-	-	(25,054)
Gain on subsidiary's issuance of stock	-	-	(5,330)
Receivables	44,331	(12,291)	(3,298)
Inventories	11,030	(66,060)	(15,914)
Accounts payable and accrued liabilities	48,029	(10,523)	6,045
Current and deferred income taxes	(5,480)	2,735	(37,394)
Other	(8,676)	(9,577)	3,229
Cash provided by operations	468,741	129,036	193,503
Cash provided by (used for) investment			
Expenditures for property and equipment	(229,305)	(279,557)	(595,253)
Expenditures for timber and timberlands	(7,420)	(6,232)	(5,510)
Investments in equity affiliates, net	(429)	(20,276)	(9,736)
Purchases of assets	(27,282)	(246,861)	(188,463)
Sales of assets	-	-	781,401
Other	(33,672)	(27,687)	(26,271)
Cash used for investment	(298,108)	(580,613)	(43,832)
Cash provided by (used for) financing			
Cash dividends paid			
Common stock	(33,775)	(30,176)	(28,909)
Preferred stock	(21,866)	(39,808)	(44,389)
	(55,641)	(69,984)	(73,298)
Short-term borrowings	34,712	58,100	19,700
Additions to long-term debt	170,122	417,989	611,158
Payments of long-term debt	(187,823)	(159,201)	(509,456)
Series F Preferred Stock redemption	(115,001)	-	-
Other	(6,220)	7,408	11,607
Cash provided by (used for) financing	(159,851)	254,312	59,711
Increase (decrease) in cash and cash equivalents	10,782	(197,265)	209,382
Balance at beginning of the year	63,586	260,851	51,469
Balance at end of the year	$ 74,368	$ 63,586	$ 260,851

The accompanying notes are an integral part of these Financial Statements.

STATEMENTS OF SHAREHOLDERS' EQUITY
Boise Cascade Corporation and Subsidiaries

For the Years Ended December 31, 1996, 1997, and 1998

Common Shares Outstanding		Total Share-holders' Equity	Preferred Stock	Deferred ESOP Benefit	Common Stock	Addi-tional Paid-In Capital	Retained Earnings	Accumu-lated Other Compre-hensive-Income (Loss)
		(expressed in thousands)						
47,759,946	Balance at December 31, 1995	$1,694,438	$ 562,747	$(213,934)	$119,400	$205,107	$1,029,547	$(8,429)
	Comprehensive income (loss)							
	Net income	9,050	-	-	-	-	9,050	-
	Other comprehensive income, net of tax							
	Cumulative foreign currency translation adjustment	1,520	-	-	-	-	-	1,520
	Minimum pension liability adjustment	5,563	-	-	-	-	-	5,563
	Other comprehensive income	7,083	-	-	-	-	-	7,083
	Comprehensive income	$ 16,133						
	Cash dividends declared							
	Common stock	(29,050)	-	-	-	-	(29,050)	-
	Preferred stock	(44,389)	-	-	-	-	(44,389)	-
894,981	Stock options exercised	28,531	-	-	2,237	26,294	-	-
(178,561)	Treasury stock cancellations	(16,339)	(9,585)	-	(446)	(805)	(5,503)	-
	Other	31,167	-	17,818	-	132	13,217	-
48,476,366	Balance at December 31, 1996	1,680,491	553,162	(196,116)	121,191	230,728	972,872	(1,346)
	Comprehensive income (loss)							
	Net loss	(30,410)	-	-	-	-	(30,410)	-
	Other comprehensive income (loss), net of tax							
	Cumulative foreign currency translation adjustment	(8,135)	-	-	-	-	-	(8,135)
	Minimum pension liability adjustment	871	-	-	-	-	-	871
	Other comprehensive loss	(7,264)	-	-	-	-	-	(7,264)
	Comprehensive loss	$ (37,674)						
	Cash dividends declared							
	Common stock	(31,415)	-	-	-	-	(31,415)	-
	Preferred stock	(36,402)	-	-	-	-	(36,402)	-
6,907,440	Conversion of Series G Preferred Stock	-	(176,404)	-	17,269	159,135	-	-
842,153	Stock options exercised	28,092	-	-	2,105	25,987	-	-
(3,092)	Treasury stock cancellations	(15,193)	(15,079)	-	(8)	(18)	(88)	-
1,056	Other	24,641	-	19,293	3	859	4,486	-
56,223,923	Balance at December 31, 1997	1,612,540	361,679	(176,823)	140,560	416,691	879,043	(8,610)
	Comprehensive income (loss)							
	Net loss	(36,982)	-	-	-	-	(36,982)	-
	Other comprehensive income (loss), net of tax							
	Cumulative foreign currency translation adjustment	2,181	-	-	-	-	-	2,181
	Minimum pension liability adjustment	(1,144)	-	-	-	-	-	(1,144)
	Other comprehensive income	1,037	-	-	-	-	-	1,037
	Comprehensive loss	$ (35,945)						
	Cash dividends declared							
	Common stock	(33,792)	-	-	-	-	(33,792)	-
	Preferred stock	(19,161)	-	-	-	-	(19,161)	-
	Redemption of Series F Preferred Stock	(115,001)	(111,043)	-	-	-	(3,958)	-
110,839	Stock options exercised	3,489	-	-	277	3,212	-	-
(1,433)	Treasury stock cancellations	(9,637)	(9,587)	-	(4)	(11)	(35)	-
5,097	Other	25,906	-	21,092	13	998	3,803	-
56,338,426	Balance at December 31, 1998	$1,428,399	$ 241,049	$(155,731)	$140,846	$420,890	$ 788,918	$(7,573)

The accompanying notes are an integral part of these Financial Statements.

NOTES TO FINANCIAL STATEMENTS
Boise Cascade Corporation and Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION AND USE OF ESTIMATES. The financial statements include the accounts of the company and all subsidiaries after elimination of intercompany balances and transactions. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

OTHER (INCOME) EXPENSE, NET. "Other (income) expense, net" includes gains and losses on the sale and disposition of property and other miscellaneous income and expense items. Late in the fourth quarter of 1998, we announced companywide cost-reduction initiatives and the restructuring of certain operations. Also, Boise Cascade Office Products (BCOP), our 81.2%-held subsidiary, is restructuring certain of its European operations. On September 6, 1998, our Medford, Oregon, plywood plant was severely damaged by fire. In the third quarter of 1998, we recorded a net gain in the building products segment and a loss in corporate and other related to an insurance settlement for this fire. Late in the second quarter of 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing four facilities. Also in the second quarter of 1998, our paper and paper products segment recorded a charge for the revaluation of certain paper-related assets (see Note 8).

In the fourth quarter of 1996, we completed the sale of our coated publication paper business, consisting primarily of our pulp and paper mill in Rumford, Maine, and 667,000 acres of timberland, to The Mead Corporation. Also in 1996, we wrote down certain paper assets.

The components of "Other (income) expense, net" in the Statements of Income (Loss) are as follows:

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Fourth-quarter restructuring charges	$ 41,422	$ -	$ -
Medford fire gain	(45,000)	-	-
Second-quarter restructuring charges	80,900	-	-
Asset write-down	-	-	9,955
Rumford sale	-	-	(25,054)
Other, net	(5,479)	710	579
	$ 71,843	$ 710	$(14,520)

NET INCOME (LOSS) PER COMMON SHARE. Net income (loss) per common share was determined by dividing net income (loss), as adjusted, by applicable shares outstanding. For all years, 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		
	1998	1997	1996
	(expressed in thousands)		
Net income (loss) as reported before cumulative effect of accounting change	$(28,392)	$(30,410)	$ 9,050
Preferred dividends(1)	(15,578)	(31,775)	(39,248)
Excess of Series F preferred stock redemption price over carrying value(2)	(3,958)	-	-
Basic and diluted loss before cumulative effect of accounting change	(47,928)	(62,185)	(30,198)
Cumulative effect of accounting change, net of income tax	(8,590)	-	-
Basic and diluted loss(3)	$(56,518)	$(62,185)	$(30,198)
Average shares outstanding used to determine basic and diluted loss per common share	56,307	52,049	48,277

(1) The dividend attributable to our Series D convertible preferred stock held by the company's ESOP (employee stock ownership plan) is net of a tax benefit.

(2) 1998 included a negative 7 cents related to the redemption of the Series F preferred stock. The loss used in the calculation of loss per share was increased by the excess of the amount paid to redeem the preferred stock over its carrying value.

(3) Adjustments reducing the net loss to arrive at diluted loss totaling $2,054,000, $8,851,000, and $15,779,000 in 1998, 1997, and 1996 were excluded because the calculation of diluted loss per share was antidilutive. Also in 1998, 1997, and 1996, common shares of 4,601,000, 8,572,000, and 12,234,000 were excluded from average shares because they were antidilutive.

In 1997, we adopted SFAS No. 128, "Earnings per Share," effective December 15, 1997. The accounting change had no effect on any previously reported 1996 loss-per-share amounts.

By July 15, 1997, 8,625,000 depositary shares of our Series G preferred stock were converted or redeemed for 6,907,440 shares of common stock (see Note 7). Had the conversion occurred on January 1, 1997, the reported basic and diluted net loss per common share for the year ended December 31, 1997, would have decreased 20 cents to 99 cents.

FOREIGN CURRENCY TRANSLATION. Local currencies are considered the functional currencies for most of the company's 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 income (loss)." The 1998, 1997, and 1996 foreign exchange gain and losses reported on the Statements of Income (Loss) arose primarily from translation adjustments where the U.S. dollar is the functional currency.

REVENUE RECOGNITION. We recognize revenue when title to the goods sold passes to the buyer, which is generally at the time of shipment.

CASH AND CASH EQUIVALENTS. Cash equivalents consist of short-term investments that had a maturity of three months or less at the date of purchase. At December 31, 1998, $18,795,000 of cash, cash equivalents, and certain receivables of a wholly owned insurance subsidiary were committed for use in maintaining statutory liquidity requirements of that subsidiary.

RECEIVABLES. In late September 1998, we sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 1998, $79,000,000 of sold accounts receivable were excluded from receivables in the accompanying balance sheet and represented an increase in cash provided by operations. This program represents a revolving 364-day sale of receivables and may be renewed. The costs of this program compare favorably with our alternative costs of incremental borrowing. Costs related to the program are included in "Other (income) expense, net" in the Statements of Income (Loss). Under the accounts receivable sale agreement, the maximum amount available from time to time is subject to change based on the level of eligible receivables, restrictions on concentrations of receivables, and the historical performance of the receivables we sell.

INVENTORY VALUATION. The company uses the last-in, first-out (LIFO) method of inventory valuation for raw materials and finished goods inventories at substantially all of our domestic wood products and paper manufacturing facilities. In 1998, our building products segment reduced certain inventory quantities that were valued at lower LIFO costs prevailing in prior years. The effect of this reduction was to increase operating income by approximately $6,100,000. All other inventories are valued at the lower of cost or market, with cost based on the average or first-in, first-out (FIFO) valuation method. Manufactured inventories include costs for materials, labor, and factory overhead.

Inventories include the following:

	December 31	
	1998	1997
	(expressed in thousands)	
Finished goods and work in process	$456,577	$453,268
Logs	87,688	107,625
Other raw materials and supplies	145,319	149,870
LIFO reserve	(64,366)	(77,473)
	$625,218	$633,290

PROPERTY. 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 $1,341,000 in 1998, $10,575,000 in 1997, and $17,778,000 in 1996. Substantially all of our paper and wood products manufacturing facilities determine depreciation by the units-of-production method, and other operations use the straight-line method. Gains and losses from sales and retirements are included in income as they occur except at certain pulp and paper mills that use composite depreciation methods. At those facilities, gains and losses are included in accumulated depreciation. Beginning in 1999, we will discontinue the use of composite depreciation. This change is not expected to have a material impact on our results of operations or financial position. Depreciation is computed over the following estimated useful lives:

Buildings and improvements	5 to 40 years
Furniture and fixtures	5 to 10 years
Machinery, equipment, and delivery trucks	3 to 20 years
Leasehold improvements	5 to 10 years

Cost of company timber harvested and amortization of logging roads are determined on the basis of the annual amount of timber cut in relation to the total amount of recoverable timber. Timber and timberlands are stated at cost, less the accumulated cost of timber previously harvested.

A portion of our wood requirements are acquired from public and private sources. Except for deposits required pursuant to wood supply contracts, no amounts are recorded until such time as we become liable to purchase the timber. At December 31, 1998, based on average prices at the time, the unrecorded amount of those contracts was estimated to be approximately $82,000,000.

In recent years, the amount of government timber available for commercial harvest has declined because of environmental litigation, changes in government policy, and other factors. More constraints on available timber supply may be imposed. As a result, the company cannot accurately predict future log supply. Curtailments or closures of certain wood products manufacturing facilities are possible.

GOODWILL. Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible assets of businesses acquired. Goodwill is amortized on a straight-line basis over 40 years. Periodically, the company reviews the recoverability of goodwill. The measurement of possible impairment is based primarily on the ability to recover the balance of the goodwill from expected future operating cash flows on an undiscounted basis. In management's opinion, no material impairment existed at December 31, 1998. Amortization expense was $12,893,000 in 1998, $11,037,000 in 1997, and $6,830,000 in 1996.

INVESTMENTS IN EQUITY AFFILIATES. As of December 31, 1998, our principal investment in affiliates accounted for using the equity method was a 47% interest in Voyageur Panel, which built an oriented strand board plant in Barwick, Ontario, Canada. We have an agreement with Voyageur Panel under which we operate the plant and market its product. The debt of this affiliate has been issued without recourse to the company.

DEFERRED SOFTWARE COSTS. We defer certain software costs that benefit future years. These costs are amortized on the straight-line method over a maximum of five years or the expected life of the software, whichever is less. "Other assets" in the Balance Sheets includes deferred software costs of $47,128,000 and $31,137,000 at December 31, 1998 and 1997. Amortization of deferred software costs totaled $9,624,000, $4,499,000, and $3,693,000 in 1998, 1997, and 1996. AICPA Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," is effective beginning in 1999. We currently account for software costs in accordance with this statement.

ENVIRONMENTAL REMEDIATION AND COMPLIANCE. Environmental expenditures resulting in additions to property, plant, and equipment that increase useful lives are capitalized, while other environmental expenditures are charged to expense. Liabilities are recorded when assessments and/or remedial efforts are probable and the cost can be reasonably estimated. For further information, see "Financial Review - Timber Supply and Environmental Issues."

RESEARCH AND DEVELOPMENT COSTS. Research and development costs are expensed as incurred. During 1998, research and development expenses were $11,769,000, compared with $10,482,000 in 1997 and $11,403,000 in 1996.

SUBSIDIARY'S ISSUANCE OF STOCK. Changes in the company's proportionate interest in its subsidiaries from the subsidiaries' issuance of stock to third parties are recorded in income at the time the stock is issued by the subsidiaries. Because we anticipated purchasing shares of a subsidiary's stock, the change in our proportionate interest was included in "Additional paid-in capital" in 1998 and 1997.

CUMULATIVE EFFECT OF ACCOUNTING CHANGE. As of January 1, 1998, we adopted the provisions of a new accounting standard, AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities," which required the write-off of previously capitalized preoperating costs. Adoption of this standard resulted in a charge for the cumulative effect of accounting change, net of tax, of $8,590,000, or 15 cents per basic and diluted loss per share, for the year ended December 31, 1998.

FINANCIAL INSTRUMENTS. At December 31, 1998, the estimated current market value of the company's debt, based on then current interest rates for similar obligations with like maturities, was approximately $25,000,000 greater than the amount of debt reported on the Balance Sheet. At December 31, 1998, we had two interest rate swaps. The liquidation value of the swaps, based on interest rates available for instruments with similar characteristics, would have been approximately $776,000. The estimated fair values of our other financial instruments, cash and cash equivalents, 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. We have only limited involvement with derivative financial instruments and do not use them for trading purposes. Financial instruments such as interest rate swaps, rate hedge agreements, and forward exchange contracts are used periodically to manage well-defined risks. Interest rate swaps and rate hedge agreements are used to hedge underlying debt obligations or anticipated transactions. 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 deferred and recognized in income or as adjustments of carrying amounts when the hedged transaction occurs. All other forward exchange contracts are marked-to-market, and unrealized gains and losses are included in current period net income. At December 31, 1998, we had no material exposure to losses from derivative financial instruments (see Note 4).

NEW ACCOUNTING STANDARDS. In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." We plan to adopt this statement in the first quarter of 2000. We are in the process of reviewing this new standard. Adoption of this statement is not expected to have a significant impact on our results of operations or financial position.

2. INCOME TAXES

The income tax (provision) benefit shown on the Statements of Income (Loss) includes the following:

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Current income tax (provision) benefit			
Federal	$ -	$ -	$(10,807)
State	-	-	(11,510)
Foreign	(8,371)	(9,333)	(3,141)
	(8,371)	(9,333)	(25,458)
Deferred income tax(provision) benefit			
Federal	1,846	12,597	4,189
State	1,894	2,292	10,430
Foreign	7,290	3,704	(1,121)
	11,030	18,593	13,498
Total income tax (provision) benefit	$ 2,659	$ 9,260	$(11,960)

During 1998, we made cash payments net of refunds received of $13,033,000. In 1997, we received income tax refunds net of cash payments of $1,332,000. In 1996, we made cash payments net of refunds received of $55,368,000.

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

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Statutory tax (provision) benefit	$ 7,447	$ 10,128	$(10,969)
Changes resulting from:			
State taxes	683	1,490	(702)
Foreign tax provision different than theoretical rate	(3,166)	(4,599)	(2,364)
Effect of nontaxable gain on BCOP's issuance of stock	-	-	1,866
Other, net	(2,305)	2,241	209
Reported tax (provision) benefit	$ 2,659	$ 9,260	$(11,960)

At December 31, 1998, we had U.S. federal loss carryforwards of $168,752,000 expiring in 2012 and 2018. We believe that the loss carryforwards will be fully realized based on future reversals of existing temporary differences in taxable income. We also had $138,649,000 of alternative minimum tax credits, which may be carried forward indefinitely.

The components of the net deferred tax liability on the Balance Sheets are as follows:

	December 31			
	1998		1997	
	(expressed in thousands)			
	Assets	Liabil-ities	Assets	Liabil-ities
Employee benefits	$ 90,671	$ 22,974	$ 92,139	$ 25,250
Property and equipment and timber and timberlands	33,299	511,528	63,875	459,982
Net operating losses	63,268	-	50,419	-
Alternative minimum tax	138,649	-	144,687	-
Reserves	60,704	8,288	21,421	909
Inventories	13,555	-	12,266	274
State income taxes	23,490	36,883	26,596	38,677
Deferred charges	6,584	6,174	404	2,776
Differences in bases of investments	3,365	959	8,382	55,574
Other	17,500	27,513	9,561	22,836
	$ 451,085	$ 614,319	$ 429,750	$ 606,278

Pretax income (loss) from domestic and foreign sources is as follows:

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Domestic	$ (2,052)	$ (26,189)	$ 32,452
Foreign	(19,226)	(2,741)	(1,112)
Pretax income (loss)	$ (21,278)	$ (28,930)	$ 31,340

At December 31, 1998, our foreign subsidiaries had $6,561,000 of undistributed earnings which have been indefinitely reinvested. It is not practical to make a determination of the additional U.S. income taxes, if any, that would be due upon remittance of these earnings until the remittance occurs.

Our federal income tax returns have been examined through 1993. Federal income tax returns for 1994 and 1995 are presently under examination. Certain deficiencies have been proposed, but we believe that we have adequately provided for any such deficiencies and that settlements will not have a material adverse effect on our financial condition or results of operations.

3. LEASES

Lease obligations for which we assume substantially all property rights and risks of ownership are capitalized. All other leases are treated as operating leases. Rental expenses for operating leases, net of sublease rentals, were $61,709,000 in 1998, $61,422,000 in 1997, and $52,090,000 in 1996. For operating leases with remaining terms of more than one year, the minimum lease payment requirements, net of sublease rentals, are $32,637,000 for 1999, $25,885,000 for 2000, $21,273,000 for 2001, $15,827,000 for 2002, and $13,248,000 for 2003, with total payments thereafter of $160,794,000.

Substantially all lease agreements have fixed payment terms based upon the passage of time. Some lease agreements provide us with the option to purchase the leased property. Additionally, certain agreements contain renewal options averaging seven years, with fixed payment terms similar to those in the original lease agreements.

4. DEBT

At December 31, 1998, we had a revolving credit agreement with a group of banks. The agreement allows us to borrow as much as $600,000,000 at variable interest rates based on customary indices and expires in June 2002. The revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratio, and ceiling ratio of debt to capitalization. Under this agreement, the payment of dividends by the company is dependent upon the amount of net worth in excess of the defined minimum. Our net worth at December 31, 1998, exceeded the defined minimum by $118,012,000. At December 31, 1998, there was $115,000,000 outstanding under this agreement.

BCOP has a revolving credit agreement with a group of banks that allows them to borrow as much as $450,000,000 at variable interest rates based on customary indices and expires in June 2001. The BCOP revolving credit facility contains customary restrictive financial and other covenants, including a negative pledge and covenants specifying a minimum fixed charge coverage ratio and a maximum leverage ratio. BCOP may, subject to the covenants contained in the credit agreement and to market conditions, raise additional funds through the agreement and through other external debt or equity financings in the future. Borrowings under BCOP's agreement were $200,000,000 at December 31, 1998.

In October 1998, we entered into an interest rate swap with a notional amount of $75,000,000 and an effective fixed interest rate of 5.1% with respect to $75,000,000 of our revolving credit agreement borrowings. BCOP also entered into an interest rate swap with a notional amount of $25,000,000 and an effective fixed interest rate of 5.0% with respect to $25,000,000 of their revolving credit agreement borrowings. Both swaps expire in 2000. We are exposed to credit-related gains or losses in the event of nonperformance by counterparties to these swaps; however, we do not expect any counterparties to fail to meet their obligations.

At December 31, 1998 and 1997, we had $57,412,000 and $71,500,000 of short-term borrowings outstanding, and BCOP had $72,100,000 and $23,300,000 of short-term borrowings outstanding. The maximum amounts of short-term borrowings outstanding during the years ended December 31, 1998 and 1997, were $279,900,000 and $164,400,000. The average amount of short-term borrowings outstanding during the years ended December 31, 1998 and 1997, were $190,715,000 and $52,554,000. For 1998 and 1997, the average interest rates for these borrowings were 5.8% and 5.9%.

In May 1998, BCOP issued $150,000,000 of 7.05% notes due in May 2005.

In February 1999, we will redeem $100,000,000 of our 9.875% notes that were due in 2001.

At December 31, 1998, we had $489,400,000 and BCOP had $150,000,000 of unused borrowing capacity registered with the Securities and Exchange Commission for additional debt securities.

The scheduled payments of long-term debt are $161,473,000 in 1999, $116,982,000 in 2000, $240,574,000 in 2001, $240,609,000 in 2002, and $125,270,000 in 2003. Of the total amount shown in 2001, $200,000,000 represents the amount outstanding under BCOP's revolving credit agreement. Of the total amount shown in 2002, $115,000,000 represents the amount outstanding under our revolving credit agreement.

Cash payments for interest, net of interest capitalized, were $162,844,000 in 1998, $129,794,000 in 1997, and $124,317,000 in 1996.

We have guaranteed the debt used to fund an employee stock ownership plan that is part of the Savings and Supplemental Retirement Plan for the company's U.S. salaried employees (see Note 5). We have recorded the debt on our Balance Sheets, along with an offset in the shareholders' equity section that is titled "Deferred ESOP benefit." We have guaranteed certain tax indemnities on the ESOP debt, and the interest rate on the guaranteed debt is subject to adjustment for events described in the loan agreement.

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

	December 31	
	1998(1)	1997
	(expressed in thousands)	
9.9% notes, due in 2000, net of unamortized discount of $66,000	$ 99,934	$ 99,879
9.875% notes, due in 2001, redeemed 1999	100,000	100,000
9.85% notes, due in 2002	125,000	125,000
7.05% notes, due in 2005, net of unamortized discount of $299,000	149,701	-
9.45% debentures, due in 2009, net of unamortized discount of $244,000	149,756	149,734
7.35% debentures, due in 2016, net of unamortized discount of $91,000	124,909	124,903
Medium-term notes, Series A, with interest rates averaging 8.1% and 8.2%, due in varying amounts through 2013	383,100	415,405
Revenue bonds and other indebtedness, with interest rates averaging 6.7% and 6.9%, due in varying amounts annually through 2027, net of unamortized discount of $669,000	271,357	285,301
American & Foreign Power Company Inc. 5% debentures, due in 2030, net of unamortized discount of $1,020,000	20,852	20,819
Revolving credit borrowings, with interest rates averaging 5.6% and 6.3%	315,000	435,000
	1,739,609	1,756,041
Less current portion	161,473	30,176
	1,578,136	1,725,865
Guarantee of ESOP debt, due in installments through 2004	155,731	176,823
	$1,733,867	$1,902,688

(1) The amount of net unamortized discount disclosed applies to long-term debt outstanding at December 31, 1998.

5. RETIREMENT AND BENEFIT PLANS

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." This statement standardizes the disclosure requirements for pensions and other postretirement benefits. We adopted this standard at December 31, 1998.

Substantially all of our employees are covered by noncontributory defined benefit pension plans. The pension benefit for salaried employees is based primarily on the employees' years of service and highest five-year average compensation. The benefit for hourly employees is 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 in each year. The assets of the pension plans are invested primarily in common stocks, fixed-income securities, and cash and cash equivalents.

We also sponsor contributory savings and supplemental retirement plans for most of our salaried and hourly employees. The program for salaried employees includes an employee stock ownership plan. Under that plan, our Series D ESOP convertible preferred stock (see Note 7) is being allocated to eligible participants through 2004, as principal and interest payments are made on the ESOP debt guaranteed by the company. Total expense for these plans was $22,197,000 in 1998, compared with $20,910,000 in 1997 and 20,128,000 in 1996.

The type of retiree health care benefits provided and the extent of coverage vary based on employee classification, date of retirement, location, and other factors. The portion of the cost of coverage we pay for salaried employees retiring in each year since 1986 has decreased. Beginning in 1998, new retirees pay 100% of the cost of their health care coverage premium. All of our postretirement health care plans are unfunded. We explicitly reserve the right to amend or terminate our retiree medical plans at any time, subject only to constraints, if any, imposed by the terms of collective bargaining agreements. Accrual of costs pursuant to accounting standards does not affect, or reflect, our ability to amend or terminate these plans. Amendment or termination may significantly impact the amount of expense incurred.

The following table, which includes only company-sponsored plans, reconciles the beginning and ending balances of our benefit obligation:

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
	(expressed in millions)			
Change in benefit obligation				
Benefit obligation at beginning of year	$1,179	$1,089	$ 83	$ 84
Service cost	29	26	1	1
Interest cost	83	79	5	6
Amendments	10	1	-	-
Actuarial (gain) loss	32	49	(1)	2
Closures and curtailments	16(1)	-	-	-
Benefits paid	(68)	(65)	(10)	(10)
Benefit obligation at end of year	$1,281	$1,179	$ 78	$ 83

(1) See Note 8.

The following table reconciles the beginning and ending balances of the fair value of plan assets:

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
	(expressed in millions)			
Change in plan assets				
Fair value of plan assets at beginning of year	$1,227	$1,103	$ -	$ -
Actual return on plan assets	128	177	-	-
Employer contribution	3	10	-	-
Benefits paid	(65)	(63)	-	-
Fair value of plan assets at end of year	$1,293	$1,227	$ -	$ -

The following table shows the funded status of our pension plans, including amounts not recognized and recognized in our Statements of Income (Loss). Our other benefit plans are unfunded.

	Pension Benefits	
	1998	1997
	(expressed in millions)	
Funded status	$ 12	$ 48
Unrecognized actuarial (gain) loss	(16)	(30)
Unrecognized prior service cost	27	21
Unrecognized net initial asset	-	(1)
Net amount recognized	$ 23	$ 38

The following table shows the amounts recognized in our Balance Sheets:

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
	(expressed in millions)			
(Accrued)/prepaid benefit cost	$ 54	$ 69	$ (92)	$ (99)
Accrued benefit liability	(48)	(41)	-	-
Intangible asset	11	6	-	-
Accumulated other comprehensive income	6	4	-	-
Net amount recognized	$ 23	$ 38	$ (92)	$ (99)

The assumptions used by our actuaries in the accounting for our plans are estimates of factors that will determine among other things, the amount and timing of future benefit payments. We also accrue postretirement benefit costs.

The following table presents the assumptions used:

	Pension Benefits			Other Benefits		
	1998	1997	1996	1998	1997	1996
Weighted average assumptions as of December 31						
Discount rate	7.00%	7.25%	7.50%	7.00%	7.25%	7.50%
Expected return on plan assets	9.75%	9.75%	9.75%	-	-	-
Rate of compensation increase	4.50%	5.00%	5.00%	-	-	-

For measurement purposes, a 7.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 1998. The initial 1992 trend rate for medical care costs was 8.5%, which was assumed to decrease ratably over the subsequent ten years to 6%. A 1% increase in the trend rate for medical care costs would have increased the December 31, 1998, benefit obligation by $1,705,000 and postretirement health care expense for the year ended December 31, 1998, by $146,000. A 1% decrease in the trend rate for medical care costs would have decreased the December 31, 1998, benefit obligation by $1,666,000 and postretirement health care expense for the year ended December 31, 1998, by $140,000.

The components of net periodic benefit cost are as follows:

	Pension Benefits			Other Benefits		
	Year Ended December 31			Year Ended December 31		
	1998	1997	1996	1998	1997	1996
	(expressed in thousands)			(expressed in thousands)		
Service cost	$ 28,876	$ 25,845	$ 25,843	$ 790	$ 730	$ 920
Interest cost	82,972	79,279	76,168	5,380	5,930	6,350
Expected return on plan assets	(110,587)	(98,739)	(91,712)	-	-	-
Recognized net initial asset	(611)	(2,571)	(2,119)	-	-	-
Recognized actuarial loss (gain)	531	179	568	(310)	(310)	(280)
Amortization of prior service costs	3,607	3,726	4,085	(2,320)	(2,320)	(2,820)
Company-sponsored plans	4,788	7,719	12,833	3,540	4,030	4,170
Multiemployer pension plans	544	592	593	-	-	-
Net periodic benefit cost	$ 5,332	$ 8,311	$ 13,426	$ 3,540	$ 4,030	$ 4,170

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 $354,000,000, $338,000,000, and $290,000,000 as of December 31, 1998 and $325,000,000, $316,000,000, and $279,000,000 as of December 31, 1997.

6. BOISE CASCADE OFFICE PRODUCTS CORPORATION

On September 25, 1997, BCOP issued 2,250,000 shares of unregistered common stock, all of which was purchased by Boise Cascade. The transaction was completed at a price of $21.5495 per share, for a total of $48,486,375. At December 31, 1998, we owned 53,398,724 shares, or 81.2% of BCOP's outstanding common stock.

In 1998, 1997, and 1996, BCOP made various acquisitions, all of which were accounted for under the purchase method of accounting. Accordingly, the purchase prices were allocated to the assets acquired and liabilities assumed based upon their estimated fair values. The initial purchase price allocations may be adjusted within one year of the date of purchase for changes in estimates of the fair value of assets and liabilities. Such adjustments are not expected to be significant to our results of operations or financial position. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill and is being amortized over 40 years. The results of operations of the acquired businesses are included in our operations subsequent to the dates of acquisitions.

BCOP acquired six businesses during 1998, eight businesses during 1997, and 19 businesses during 1996. Amounts paid, acquisition liabilities recorded, debt assumed, and stock issued for these acquisitions were as follows:

	1998	1997	1996
	(expressed in thousands, except share amounts)		
Cash paid	$ 27,282	$254,025	$180,139
Acquisition liabilities recorded	$ 49,062	$ 12,674	$ 35,346
Debt assumed	$ 162	$ 10,137	$ -
Stock issued			
Shares	-	135,842	321,652
Value	$ -	$ 2,882	$ 6,886

On January 12, 1998, BCOP acquired the direct-marketing business of Fidelity Direct, based in Minneapolis, Minnesota. On February 28, 1998, BCOP acquired the direct-marketing business of Sistemas Kalamazoo, based in Spain. On August 14, 1998, BCOP acquired the contract stationer business of Wilson's, based in Canada. On October 1, 1998, they acquired the contract stationer business of Atlas Office Supplies, based in Indianapolis, Indiana. On November 2, 1998, they acquired the contract stationer business of Midesha Enterprises, based in Memphis, Tennessee. On November 27, 1998, they acquired the computer consumables business of Canadisc, based in Canada. These transactions were completed for cash of $19,897,000, debt assumed of $162,000, and the recording of $8,062,000 of acquisition liabilities.

The 1997 amounts include the acquisition of 100% of the shares of Jean-Paul Guisset S.A. (JPG) for approximately FF850,000,000 (US$144,000,000) plus a price supplement payable in the year 2000, if certain earnings and sales growth targets are reached. The maximum amount of the price supplement is FF300,000,000 or approximately US$51,000,000. At the time of purchase, no liability was recorded for the price supplement, as the amount of payment, if any, was not assured beyond a reasonable doubt. In 1998, a payment of US$4,430,000 was made and a payable of US$41,000,000 was recorded based on results in 1998 and 1997. Approximately FF128,500,000 (US$20,500,000) was repatriated to BCOP from JPG during the third quarter of 1997. In 1997, in addition to the cash paid, BCOP recorded approximately US$5,800,000 of acquisition liabilities and assumed US$10,137,000 of long-term debt. JPG is a direct marketer of office products in France.

In January 1997, BCOP formed a joint venture with Otto Versand (Otto) to begin direct marketing office products in Europe, initially in Germany. In December 1997, Otto purchased a 10% interest in JPG for approximately FF72,200,000 (US$13,000,000). In December 1998, BCOP and Otto dissolved the joint venture. Otto acquired BCOP's 50% interest in the joint venture. In addition, BCOP repurchased Otto's 10% interest in JPG for $2,955,000, plus the repayment of a loan and accrued interest from Otto of approximately $13,700,000. JPG is now 100% owned by BCOP.

Also in 1997, BCOP acquired the assets of the promotional products business of OstermanAPI, Inc. (Osterman), based in Maumee, Ohio, for cash of $56,000,000 and the recording of $882,000 of liabilities. In conjunction with the acquisition of Osterman, BCOP formed a majority-owned subsidiary, Boise Marketing Services, Inc. (BMSI), of which BCOP owns 88%. BCOP's previously acquired promotional products company, OWNCO, also became part of BMSI.

The 1996 amounts include the acquisition of 100% of the shares of Grand & Toy Limited (Grand & Toy) from Cara Operations Limited (Toronto) for approximately C$140,000,000 (US$102,084,000). In addition, BCOP recorded acquisition liabilities of approximately US$9,907,000. Grand & Toy owns and operates office products distribution centers and approximately 70 retail stores across Canada.

Unaudited pro forma results of operations reflecting the acquisitions, net of the impact of the minority interest, are as follows. If the 1998 acquisitions had occurred January 1, 1998, sales for the year ended December 31, 1998, would have increased $39,000,000, net loss would have decreased $490,000, and basic and diluted loss per share would have decreased 1 cent. If the 1998 and 1997 acquisitions had occurred January 1, 1997, sales for the year ended December 31, 1997, would have increased $217,000,000, and net loss and basic and diluted loss per share would have been unchanged. If the 1997 and 1996 acquisitions had occurred January 1, 1996, sales for the year ended December 31, 1996, would have increased $417,000,000, net income would have increased $1,158,000, and basic and diluted loss per share would have decreased 2 cents. This unaudited pro forma financial information does not necessarily represent the actual results of operations that would have resulted if the acquisitions had occurred on the dates assumed.

As a result of BCOP's acquisition activity, short-term acquisition liabilities of $5,710,000 and $14,642,000 at December 31, 1998 and 1997, were included in "Other current liabilities." Additionally, long-term acquisition liabilities of $51,621,000, primarily for the JPG price supplement, and $15,869,000 at December 31, 1998 and 1997, were included in "Other long-term liabilities."

7. SHAREHOLDERS' EQUITY

PREFERRED STOCK. At December 31, 1998, 5,356,648 shares of 7.375% Series D ESOP convertible preferred stock were outstanding. The stock is shown on the Balance Sheets at its liquidation preference of $45 per share. The stock was sold in 1989 to the trustee of our Savings and Supplemental Retirement Plan for salaried employees (see Note 5). 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.

In February 1998, we redeemed 115,000 shares of our Series F preferred stock at a price of $1,000 per preferred share ($25 per depositary share) plus accrued but unpaid dividends.

By July 15, 1997, 8,625,000 of our depositary shares of Series G preferred stock were converted or redeemed for 6,907,440 shares of our common stock.

COMMON STOCK. We are authorized to issue 200,000,000 shares of common stock, of which 56,338,426 shares were issued and outstanding at December 31, 1998. Of the unissued shares, a total of 10,022,604 shares were reserved for the following:

Conversion of Series D ESOP preferred stock	4,304,441
Issuance under Key Executive Stock Option Plan	5,529,278
Issuance under Director Stock Compensation Plan	88,885
Issuance under Director Stock Option Plan	100,000

We have a shareholder rights plan which was adopted in December 1988, amended in September 1990, and renewed in September 1997. The renewed rights plan became effective in December 1998. Details are set forth in the Renewed Rights Agreement filed with the Securities and Exchange Commission on November 12, 1997.

ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS). At December 31, 1998, the balance shown on the Statements of Shareholders' Equity for "Accumulated other comprehensive income (loss)," consisted of a minimum pension liability adjustment of $3,138,000 and a cumulative foreign currency translation adjustment of $4,435,000. These amounts are net of income taxes calculated at a rate of approximately 39%.

STOCK OPTIONS. We have three stock option plans, the BCC Key Executive Stock Option Plan (KESOP), the BCC Director Stock Compensation Plan (DSCP), and the BCC Director Stock Option Plan (DSOP). In addition, BCOP has two stock option plans, the BCOP Key Executive Stock Option Plan (KESOP) and the BCOP Director Stock Option Plan (DSOP). Both the company and BCOP account for these plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees." Under this opinion, the only compensation cost recognized is for grants under the BCC DSCP and for grants under terms of which the number of options exercisable is based on future performance. Compensation costs recognized in 1998, 1997, and 1996 were $244,000, $227,000, and $810,000.

Had compensation costs for these five plans been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," our 1998 net loss would have been increased pro forma by $7,661,000, and basic and diluted loss per share would have increased pro forma by 14 cents. The pro forma increase to net loss in 1997 would have been $7,222,000, and basic and diluted loss per share would have increased 14 cents. The pro forma reductions in 1996 would have decreased net income $7,574,000, and basic and diluted loss per share would have increased 16 cents. The pro forma compensation cost may not be representative of that to be expected in future years.

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

The 4,321,756 options outstanding at December 31, 1998, have exercise prices between $18.125 and $43.75 and a weighted average remaining contractual life of 6.6 years.

The fair value of each BCC option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1998, 1997, and 1996: risk-free interest rates of 5.4%, 6.0%, and 6.6%; expected dividends of 60 cents for each year; expected lives of 4.2 years for each year, and expected stock price volatility of 30% for each year.

A summary of the status of the BCC KESOP at December 31, 1998, 1997, and 1996, and the changes during the years then ended is presented in the table below:

	1998		1997		1996	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of year	3,649,966	$33.19	4,228,736	$32.55	4,340,033	$31.28
Options granted	841,890	28.88	751,100	36.88	804,900	31.38
Options exercised	(109,000)	25.30	(839,333)	28.25	(894,981)	25.02
Options expired	(61,100)	39.14	(490,537)	41.80	(21,216)	44.11
Balance at end of year	4,321,756	32.47	3,649,966	33.19	4,228,736	32.55
Exercisable at end of year	3,479,866	33.33	2,898,866	32.24	3,423,836	32.83
Weighted average fair value of options granted (Black-Scholes)	$7.89		$10.88		$9.30	

The BCC DSOP, available only to nonemployee directors, provides for annual grants of options. The exercise price of these options is equal to the fair market value of our common stock on the date the options are granted. The options expire the earlier of three years after the director ceases to be a director or ten years after the grant date. Total shares subject to options at December 31, 1998, 1997, and 1996, were 70,500, 49,500, and 30,000, with weighted average exercise prices of $34.07, $36.57, and $36.25.

The BCC 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 DSCP options and the market value of the common stock subject to the options is intended to offset the cash compensation that participating directors have elected not to receive. Options expire three years after the holder ceases to be a director. Total shares subject to options at December 31, 1998, 1997, and 1996, were 43,172, 34,542, and 30,245.

The BCOP KESOP provides for the grant of options to purchase shares of BCOP's common stock to key employees of BCOP. The exercise price is equal to the fair market value of BCOP's common stock on the date the options are granted. One-third of the options become exercisable in each of the three years following the grant date and expire, at the latest, ten years following the grant date.

The 2,021,105 options outstanding at December 31, 1998, have exercise prices between $12.50 and $26.625 and a weighted average remaining contractual life of nine years.

The fair value of each BCOP option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1998, 1997, and 1996: risk-free interest rates of 5.5%, 6.1%, and 5.2%; no expected dividends; expected lives of 4.2 years for each year; and expected stock price volatility of 35% for each year.

A summary of the status of the BCOP KESOP at December 31, 1998, 1997, and 1996, and the changes during the years then ended is presented in the table below:

	1998		1997		1996	
	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price	Shares	Wtd. Avg. Ex. Price
Balance at beginning of the year	1,490,139	$20.10	1,059,442	$18.66	647,400	$12.57
Options granted	782,200	18.22	495,700	23.08	501,200	25.54
Options exercised	(152,334)	12.50	(24,468)	12.50	(75,225)	12.50
Options expired	(98,900)	21.92	(40,535)	22.38	(13,933)	19.78
Balance at end of the year	2,021,105	19.86	1,490,139	20.10	1,059,442	18.66
Exercisable at end of the year	826,305	19.13	483,039	16.72	140,569	12.60
Weighted average fair value of options granted (Black-Scholes)	$6.78		$8.61		$9.14	

The BCOP DSOP, available only to nonemployee directors, provides for annual grants of options. The exercise price of options under this plan is equal to the fair market value of BCOP's common stock on the date the options are granted. Options expire the earlier of three years after the director ceases to be a director or ten years after the grant date. Total shares outstanding at December 31, 1998, 1997, and 1996, were 64,000, 39,000, and 24,000, with weighted average exercise prices of $16.99, $18.58, and $17.50.

Under each of the plans, options may not, except under unusual circumstances, be exercised until one year following the grant date.

8. RESTRUCTURING ACTIVITIES

Late in the second quarter of 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing four facilities, including sawmills in Elgin, Oregon; Horseshoe Bend, Idaho; and Fisher, Louisiana; and a plywood plant in Yakima, Washington. These closures are due to poor financial results and a decrease in wood supply. The Horseshoe Bend and Fisher sawmills have closed, and the Elgin sawmill and Yakima plywood plant will close in 1999. Employment for 494 workers at these locations will be affected by these closures. These facilities had sales of $76,700,000, $98,800,000, and $107,200,000 for the years ended December 31, 1998, 1997, and 1996, and operating losses of $3,400,000, $9,700,000, and $7,100,000 for the years ended December 31, 1998, 1997, and 1996.

The assets still to be shut down have been written down to zero, their estimated net realizable value at the date of closure. Had we continued to depreciate these assets, 1998 operating expense would have increased approximately $2,000,000.

Also in the second quarter of 1998, our paper and paper products segment recorded a pretax charge related to the revaluation of certain paper-related assets. Included in the revaluation is an $8,000,000 write-down of a 60%-owned joint venture in China that produced carbonless paper.

In the fourth quarter of 1998, we announced a companywide cost-reduction initiative and the restructuring of certain operations. Specific actions include the elimination of approximately 400 job positions, primarily in our manufacturing businesses and Boise headquarters, through a combination of early retirements, layoffs, and attrition. Our paper research and development facility in Portland, Oregon, will close in 1999. BCOP will close eight facilities in the United Kingdom and integrate selected functions of the operations with their other United Kingdom operations. These BCOP closures are expected to be completed during the first half of 1999 and will result in work force reductions of approximately 140 employees. BCOP also dissolved an unprofitable joint venture in Germany.

We recorded pretax charges in 1998 as shown in the following table. Except for $960,000 of inventory write-downs recorded in "Material, labor, and other operating expenses," these charges were recorded in "Other (income) expense, net."

	1998 Restructuring Charges			
	Asset Write-Downs	Employee-Related Costs	Other Exit Costs	Total
	(expressed in thousands)			
Second Quarter				
Building products	$ 27,200	$ 14,000	$ 20,700	$ 61,900
Paper and paper products	18,800	200	-	19,000
Fourth Quarter				
Office products	300	1,400	9,400	11,100
Building products	-	2,800	-	2,800
Paper and paper products	7,200	11,300	-	18,500
Corporate and other	-	9,600	400	10,000
	$ 53,500	$ 39,300	$ 30,500	$123,300

Asset write-downs were for plant and equipment and investment in joint ventures. No intangible assets were written down. Employee-related costs are primarily for severance payments and the present value of unrecorded early retirement benefits. Approximately $16,000,000 of the employee-related costs will be paid by our retirement plans and will require no cash expenditures. We estimate that 978 people will terminate or take early retirement. Through December 31, 1998, 229 had left the company. Other exit costs include tear-down and environmental clean up costs related to the closing facilities, operating lease costs after operations cease, and a payment to dissolve the BCOP joint venture.

Restructuring liabilities are included in "Accrued liabilities, other" in the accompanying Balance Sheets. An analysis of restructuring reserve activity is as follows:

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Balance at beginning of year	$ 1,400	$ 2,300	$ 18,400
Current-year reserves			
Charged to income	55,500	1,000	200
Reclassed from other accounts	-	-	-
Charges against reserves	(10,700)	(1,700)	(16,300)
Reserves credited to income	-	(200)	-
Balance at end of year	$ 46,200	$ 1,400	$ 2,300

The activity in 1996 and 1997 primarily relates to the reconfiguration of our Vancouver mill which began in 1995.

9. SEGMENT INFORMATION

In 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." We adopted this statement at December 31, 1998. Adoption of the standard had no impact on our net income. Previously reported segment information has been restated to conform to the new standard.

We operate our business using four reportable segments. The segments include office products, building products, paper and paper products, and corporate and other. These segments represent distinct businesses that are managed separately because of the differing products and services. Each of these businesses requires distinct operating and marketing strategies. Management reviews the performance of the company based on these operating segments.

The office products segment (BCOP) is engaged in the marketing and selling of office supplies, computer consumables, office furniture, paper products, and promotional products. All of the products sold by this segment are purchased from manufacturers or from industry wholesalers, except office papers, which are sourced primarily from our paper operations. This segment has operations in the United States, Australia, Canada, France, Spain, and the United Kingdom.

The building products segment manufactures, markets, and distributes various products that are used for construction. These products include lumber, structural panels, particleboard, and engineered wood products. Most of these products are sold to independent wholesalers and dealers and through our own wholesale building materials distribution outlets.

The paper and paper products segment manufactures, markets, and distributes various paper products, including uncoated free sheet, packaging papers, newsprint, corrugated containers, and market pulp. These products are sold to distributors and industrial customers primarily by our own sales personnel.

The corporate and other segment includes corporate support staff services and related assets and liabilities.

The segments are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items, and cumulative effect of accounting changes. Certain expenses are allocated to the operating segments. For some of these allocated expenses, the related assets and liabilities remain in the corporate and other segment. The segments follow the same accounting principles described in the Summary of Significant Accounting Policies. Sales between the segments are recorded primarily at market prices.

No single customer accounts for 10% or more of consolidated trade sales.

Boise Cascade's export sales to foreign unaffiliated customers were $163,005,000 in 1998, $177,071,000 in 1997, and $182,889,000 in 1996.

During 1998, BCOP had foreign operations in Australia, Canada, France, Germany, Spain, and the United Kingdom. During 1997, BCOP had foreign operations in Australia, Canada, France, Germany, and the United Kingdom. During 1996, BCOP had operations in Australia, Canada, and the United Kingdom. For the years ended December 31, 1998, 1997, and 1996, BCOP's foreign operations had sales of $695,688,000, $517,202,000, and $296,396,000. Revenues are attributed to geographic regions based on the location of the business. At December 31, 1998, 1997, and 1996, long-lived assets of BCOP's foreign operations were $344,099,000, $290,966,000, and $130,963,000.

An analysis of segment sales by product line is as follows:

	Year Ended December 31		
	1998	1997	1996
	(expressed in thousands)		
Office products			
Office supplies	$1,875.4	$1,723.1	$1,353.1
Office papers	394.7	334.4	286.0
Computer consumables	313.5	180.9	126.5
Office furniture	378.3	284.2	215.1
Promotional products	105.4	74.1	4.8
	3,067.3	2,596.7	1,985.5
Building products			
Structural panels	620.3	539.6	454.8
Lumber	513.5	608.8	538.4
Building supplies	218.1	185.8	261.2
Engineered wood products	210.1	161.6	120.8
Particleboard	58.6	61.1	64.0
Other	101.9	88.3	117.9
	1,722.5	1,645.2	1,557.1
Paper and paper products			
Uncoated free sheet	1,024.9	933.5	928.9
Containerboard and corrugated containers	339.2	285.1	304.3
Newsprint	201.8	193.3	205.6
Market pulp	47.0	81.5	111.2
Other	138.7	111.2	323.2
	1,751.6	1,604.6	1,873.2
Corporate and other	79.8	76.3	74.7
Intersegment eliminations	(459.1)	(429.0)	(382.3)
Total	$6,162.1	$5,493.8	$5,108.2

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(1)	Income (Loss) Before Taxes, Minority Interest, and Non-routine Items(2)	Equity in Net Income (Loss) of Affil-iates	Depreci-ation, Amorti-zation, and Cost of Company Timber Har-vested	Capital Expendi-tures(3)	Assets	Invest-ment in Equity Affil-iates
	(expressed in millions)									
YEAR ENDED DECEMBER 31, 1998										
Office products	$3,066.2	$ 1.1	$3,067.3	$ 121.5	$ 132.6	$(4.2)	$ 51.2	$142.5	$1,461.3	$ -
Building products	1,682.5	40.0	1,722.5	57.7	75.9	1.9	41.3	45.7	611.6	27.2
Paper and paper products	1,389.3	362.3	1,751.6	10.0	47.5	(1.5)	181.1	119.7	2,646.7	-
Corporate and other	24.1	55.7	79.8	(50.6)	(39.1)	-	9.1	5.8	401.4	-
Total	6,162.1	459.1	6,621.2	138.6	216.9	(3.8)	282.7	313.7	5,121.0	27.2
Intersegment eliminations	-	(459.1)	(459.1)	-	-	-	-	-	(154.3)	-
Interest expense	-	-	-	(159.9)	(159.9)	-	-	-	-	-
Consolidated totals	$6,162.1	$ -	$6,162.1	$ (21.3)	$ 57.0	$(3.8)	$282.7	$313.7	$4,966.7	$27.2
YEAR ENDED DECEMBER 31, 1997										
Office products	$2,595.1	$ 1.6	$2,596.7	$ 119.8	$ 119.8	$(2.5)	$ 41.1	$346.6	$1,291.5	$ 4.3

Building products	1,603.6	41.6	1,645.2	45.0	45.0	(2.7)	42.0	53.2	653.7	23.6
Paper and paper products	1,275.2	329.4	1,604.6	(11.6)	(11.6)	-	166.2	173.0	2,760.0	4.9
Corporate and other	19.9	56.4	76.3	(44.8)	(44.8)	-	7.3	5.8	330.0	-
Total	5,493.8	429.0	5,922.8	108.4	108.4	(5.2)	256.6	578.6	5,035.2	32.8
Intersegment eliminations	-	(429.0)	(429.0)	-	-	-	-	-	(65.3)	-
Interest expense	-	-	-	(137.3)	(137.3)	-	-	-	-	-
Consolidated totals	$5,493.8	$ -	$5,493.8	$ (28.9)	$ (28.9)	$(5.2)	$256.6	$578.6	$4,969.9	$32.8
YEAR ENDED DECEMBER 31, 1996										
Office products	$1,983.5	$ 2.0	$1,985.5	$ 101.5	$ 101.5	$ -	$ 27.2	$265.1	$ 905.3	$ -
Building products	1,505.5	51.6	1,557.1	36.0	36.0	-	40.4	88.4	661.9	13.6
Paper and paper products	1,601.6	271.6	1,873.2	77.9	47.5	2.9	179.6	472.7	2,648.9	5.8
Corporate and other	17.6	57.1	74.7	(55.7)	(45.7)	-	7.8	6.0	540.1	-
Total	5,108.2	382.3	5,490.5	159.7	139.3	2.9	255.0	832.2	4,756.2	19.4
Intersegment eliminations	-	(382.3)	(382.3)	-	-	-	-	-	(45.5)	-
Interest expense	-	-	-	(128.4)	(128.4)	-	-	-	-	-
Consolidated totals	$5,108.2	$ -	$5,108.2	$ 31.3	$ 10.9	$ 2.9	$255.0	$832.2	$4,710.7	$19.4

(1) Interest income has been allocated to our segments in the amounts of $2,274,000 for 1998, $6,000,000 for 1997, and $3,430,000 for 1996.

(2) See Note 1 "Other (income) expense, net" and Note 8 "Restructuring activities" for an explanation of the nonroutine items. Significant noncash items are discussed in Note 8.

(3) Capital expenditures include acquisitions made by BCOP through the issuance of common stock, assumption of debt, and recording of liabilities.

10. LITIGATION AND LEGAL MATTERS

We are involved in litigation and administrative proceedings primarily arising in the normal course of our business. In the opinion of management, our recovery, if any, or our liability, if any, under any pending litigation or administrative proceeding would not materially affect our financial condition or operations.

11. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	1998				1997			
	Fourth (1)	Third (2)	Second (3)	First (4)	Fourth	Third	Second	First
	(expressed in millions, except per-share and stock price information)							
Net sales	$1,536	$1,598	$1,538	$1,490	$1,445	$1,442	$1,333	$1,274
Gross profit(6)	276	260	248	246	244	217	174	166
Net income (loss) before cumulative effect of accounting change	(11)	47	(64)	-	7	(6)	(16)	(15)
Cumulative effect of accounting change, net of tax	-	-	-	(9)	-	-	-	-
Net income (loss)	(11)	47	(64)	(9)	7	(6)	(16)	(15)
Net income before nonroutine items(7)	8	12	1	-	N/A	N/A	N/A	N/A
Net income (loss) per share before cumulative effect of accounting change								
Basic	(.25)	.77	(1.20)	(.17)(5)	.02	(.23)	(.53)	(.51)
Diluted	(.25)	.72	(1.20)	(.17)(5)	.02	(.23)	(.53)	(.51)
Cumulative effect of accounting change, net of tax	-	-	-	(.15)	-	-	-	-
Net income (loss) per share								
Basic	(.25)	.77	(1.20)	(.32)(5)	.02	(.23)	(.53)	(.51)
Diluted	(.25)	.72	(1.20)	(.32)(5)	.02	(.23)	(.53)	(.51)
Net income (loss)(7) per diluted share before nonroutine items	.08	.14	(.04)	(.10)	N/A	N/A	N/A	N/A
Common stock dividends paid per share	.15	.15	.15	.15	.15	.15	.15	.15
Common stock prices(8)								
High	32-3/4	33-5/8	40-3/8	37-1/8	45-9/16	43-1/4	38-3/4	38-1/8
Low	22-1/4	23-1/8	30-7/8	27-13/16	27-3/4	34-7/8	28-3/8	30-3/8

(1) Includes a pretax charge of $42,382,000 for a companywide cost-reduction initiative and the restructuring of certain operations (see Note 8).

(2) Includes a pretax gain of $45,000,000 related to an insurance settlement for our Medford, Oregon, plywood plant, which was severely damaged by fire (see Note 1).

(3) Includes a pretax charge of $61,900,000 for the restructuring of our wood products manufacturing business and a pretax charge of $19,000,000 for the revaluation of certain paper-related assets (see Note 8).

(4) Includes a net of tax charge of $8,590,000 for the adoption of AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities" (see Note 1).

(5) Includes a negative 7 cents related to the redemption of the Series F preferred stock.

(6) Gross profit equals "Sales" less "Materials, labor, and other operating expenses" and "Depreciation, amortization, and cost of company timber harvested."

(7) 1998 net income before nonroutine items and net income (loss) per diluted share before nonroutine items excludes the after-tax impact of the nonroutine items discussed in notes (1) through (5) above.

(8) Our common stock is traded principally on the New York Stock Exchange.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of Boise Cascade Corporation:

We have audited the accompanying balance sheets of Boise Cascade Corporation (a Delaware corporation) and subsidiaries as of December 31, 1998 and 1997, and the related statements of income (loss), cash flows, and shareholders' equity for the years ended December 31, 1998, 1997, and 1996. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the financial position of Boise Cascade Corporation and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Arthur Andersen LLP
Boise, Idaho
January 29, 1999

REPORT OF MANAGEMENT

The management of Boise Cascade Corporation is primarily responsible for the information and representations contained in this annual report. The financial statements and related notes were prepared in conformity with generally accepted accounting principles appropriate in the circumstances. In preparing the financial statements, management has, when necessary, made judgments and estimates based on currently available information.

Management maintains a comprehensive system of internal controls based on written policies and procedures and the careful selection and training of employees. The system is designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that transactions are executed in accordance with management's authorization. The concept of reasonable assurance is based on recognition that the cost of a particular accounting control should not exceed the benefit expected to be derived.

Our Internal Audit staff monitors our financial reporting system and the related internal accounting controls, which are also selectively tested by Arthur Andersen LLP, Boise Cascade's independent public accountants, for purposes of planning and performing their audit of our financial statements.

The Audit Committee of the board of directors, which is composed solely of nonemployee directors, meets periodically with management, representatives of our Internal Audit Department, and Arthur Andersen LLP representatives to assure that each group is carrying out its responsibilities. The Internal Audit staff and the independent public accountants have access to the Audit Committee, without the presence of management, to discuss the results of their audits, recommendations concerning the system of internal accounting controls, and the quality of financial reporting.

FINANCIAL REVIEW

Results of Operations

	1998	1997	1996
Sales	$ 6.2 billion	$ 5.5 billion	$ 5.1 billion
Net income (loss)	$(37.0) million	$(30.4) million	$ 9.1 million
Net income (loss) per diluted share	$(1.00)	$(1.19)	$(0.63)
Net income (loss) before nonroutine items	$ 20.7 million	$(30.4) million	$(5.4) million
Net income (loss) per diluted share before nonroutine items	$0.09	$(1.19)	$(0.93)

The net loss in 1998 included a pretax charge of $42.4 million for the restructuring of certain operations and for companywide cost-reduction initiatives announced in the fourth quarter. Additionally, 1998 results include a pretax gain of $45.0 million related to an insurance settlement for the company's plywood plant in Medford, Oregon, which was severely damaged by fire on September 6, 1998. The net loss also includes a pretax charge of $80.9 million for the restructuring of our wood products manufacturing business and the revaluation of certain paper-related assets under a plan adopted in the second quarter. These nonroutine items are included in "Other (income) expense, net" in the Statement of Income (Loss). As of January 1, 1998, we adopted the provisions of a new accounting standard, AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities." This statement required the write-off of previously capitalized preoperating costs, which resulted in an after-tax charge of $8.6 million, or 15 cents per diluted share. Also included in 1998 earnings per share is a negative 7 cents per diluted share related to the redemption of our Series F preferred stock. The after-tax and after-minority-interest effect of these nonroutine items negatively affected 1998 net income $57.7 million, or $1.09 per diluted share. See Note 8 in the Notes to Financial Statements for additional information on our 1998 restructuring charges.

Earnings in 1996 included a net pretax gain of approximately $25.1 million from the sale of our coated publication paper business based in Rumford, Maine. Also included in 1996 earnings was a pretax write-down of $10.0 million for certain paper assets and gains of $5.3 million from a subsidiary's issuance of stock. These items resulted in an after-tax gain of $14.5 million, or 30 cents per diluted share.

Interest expense was $159.9 million in 1998, $137.4 million in 1997, and $128.4 million in 1996. Part of the increase in interest expense was due to lower capitalized interest. Capitalized interest was $1.3 million in 1998, $10.6 million in 1997, and $17.8 million in 1996. The amount of interest capitalized has decreased significantly since the expansion of the Jackson, Alabama, pulp and paper mill in April 1997. The balance of the increase in interest expense was due primarily to higher debt levels.

Our 1998 tax benefit rate was 12.5%. Excluding the nonroutine items described above, the tax provision rate would have been 44%. Our 1997 tax benefit rate was 32%. We had a tax provision rate of 46% in 1996 excluding nonroutine items. The changes in our tax rates were due primarily to the sensitivity of the rate to lower income levels and the mix of income sources.

We continue to improve the competitive position of our businesses. For a discussion of the progress we've made in achieving our business strategies, see "Strategic Progress . . . In a Difficult Business Environment."

Office Products Distribution

	1998	1997	1996
Sales	$ 3.1 billion	$ 2.6 billion	$ 2.0 billion
Segment income	$121.5 million	$119.8 million	$101.5 million
Segment income before nonroutine items	$132.6 million	$119.8 million	$101.5 million
		(percentage of sales)	
Gross profit	25.7%	25.2%	26.1%
Operating expenses	21.7%	20.6%	21.0%
Operating expenses before nonroutine items	21.4%	20.6%	21.0%
Operating profit	4.0%	4.6%	5.1%
Operating profit before nonroutine items	4.3%	4.6%	5.1%

In the fourth quarter of 1998, Boise Cascade Office Products (BCOP) entered into a plan for restructuring their operations in the United Kingdom. The restructuring involves closing seven small contract stationer facilities and an administrative office and integrating selected functions with their other United Kingdom operations. These closures are expected to be completed during the first half of 1999.

Also during December 1998, BCOP terminated their joint venture with Otto Versand (Otto). As a result of the dissolution of the joint venture, Otto acquired BCOP's 50% interest in the joint venture. In addition, BCOP repurchased Otto's 10% ownership interest in its French direct-marketing subsidiary, Jean Paul Guisset S.A. (JPG). Now, JPG is 100% owned by BCOP.

As a result of the restructuring and joint-venture dissolution, BCOP recorded charges of $11.1 million in the fourth quarter.

BCOP's business strategy over the past three years has included aggressive sales growth. This has been accomplished principally by increasing sales in existing operations and completing acquisitions. Same-location sales grew 11% in 1998, compared with 1997, and 14% in 1997, compared with 1996. Both paper price changes and foreign currency fluctuations impact same-location sales growth. Holding paper prices constant and excluding the impact of foreign currency changes, BCOP's same-location sales growth would have been 12% in 1998 and 17% in 1997. BCOP completed six acquisitions in 1998, eight acquisitions in 1997, and 19 acquisitions in 1996. In 1998, sales of the businesses acquired during 1997 grew about $189 million. In 1997, sales of the businesses acquired during 1996 increased approximately $192 million.

The 1998 increase in gross profit as a percent of net sales, compared with 1997, was due in part to having a full calendar year of results for JPG. JPG has higher gross margins and higher operating expenses than BCOP's other operations. The 1998 increase was also due to lower procurement costs and to leveraging fixed occupancy costs over higher sales volume.

The 1997 decrease in gross profit as a percent of net sales, compared with 1996, resulted in part from competitive pressures on gross margins. Additionally, in the first half of 1996, paper costs to BCOP were declining rapidly from the peak reached late in 1995, which raised BCOP's gross profit in the first half of 1996. In 1997, paper costs were more stable but significantly lower, constraining 1997 margins.

The 1998 increase in operating expenses as a percent of sales, compared with 1997, was partly due to having a full year of operating expenses for JPG. The increase was also due to higher operating cost structures, relative to revenues, for several other European operations; additional costs associated with the move into a new Toronto warehouse; and costs for customer prospecting as part of BCOP's entry into Belgium. In addition, operating expenses were negatively impacted by the European restructuring charge and dissolution of the joint venture.

The 1997 decrease in operating expenses as a percent of sales, compared with

1996, resulted in part from leveraging expenses across a larger revenue base and from specific initiatives to increase efficiency, for example, by increasing central procurement and integrating distribution programs. The decrease also resulted from efficiencies gained from centralized customer service centers and centralization of the inventory rebuying function.

In January 1999, BCOP acquired the contract stationer business of Wallace Computer Services with annualized sales of about $40 million at the time of announcement.

In 1998, BCOP acquired six businesses, including one in Spain and two in Canada. The annualized sales of the acquisitions completed in 1998 were approximately $62 million at the time of announcement.

In 1997, BCOP acquired eight businesses, including two companies in France and one in the United Kingdom and entered into a joint venture. The annualized sales of the acquisitions completed in 1997 were $340 million at the time of announcement.

In 1996, BCOP acquired 19 businesses, including four companies in Canada and three in Australia. The annualized sales of the acquisitions completed in 1996 were $460 million at the time of announcement. Additional information about BCOP acquisitions is in Note 6 accompanying the financial statements.

Boise Cascade holds 81.2% of BCOP's common stock.

Building Products

	1998	1997	1996
Sales	$ 1.7 billion	$ 1.6 billion	$ 1.5 billion
Segment income	$57.7 million	$45.0 million	$36.0 million
Segment income before nonroutine items	$75.9 million	$45.0 million	$36.0 million

In the fourth quarter of 1998, the building products segment recorded a pretax charge of $2.8 million, primarily for the elimination of job positions through early retirements and layoffs.

On September 6, 1998, our Medford, Oregon, plywood plant was severely damaged by fire. The Medford plant fire temporarily reduced our plywood capacity by 20%. The building products segment realized a $46.5 million pretax gain as the result of an insurance settlement for the loss. We are also insured for business interruption losses while the plant is being rebuilt. The rebuild of the plant with 200 million square feet of capacity should be completed by the end of 1999.

Late in the second quarter of 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing sawmills in Elgin, Oregon; Horseshoe Bend, Idaho; and Fisher, Louisiana; and a plywood plant in Yakima, Washington. The building products segment recorded a pretax charge of $61.9 million related to these closures. At year-end, the sawmills in Fisher and Horseshoe Bend had been closed. We will close the Elgin sawmill and the Yakima plywood plant in 1999. The effect of these closures will be to reduce our plywood capacity by about 11% and our lumber capacity by about 28%. These facilities had sales of $76.7 million in 1998, $98.8 million in 1997, and $107.2 million in 1996. Operating losses for these facilities were $3.4 million in 1998, $9.7 million in 1997, and $7.1 million in 1996.

Sales increased in 1998, relative to the prior years, primarily because of growth in building materials distribution. Building materials distribution sales were $861 million in 1998, $732 million in 1997, and $690 million in 1996. The sales growth increase resulted partly from the addition of three facilities in 1996 and one in 1997, as well as increasing sales at existing locations. Sales growth in engineered wood products and structural panels also contributed to the increase. Price declines of 8% in lumber and 2% in plywood, along with a 13% decline in lumber sales volume, partially offset the overall increase in sales in 1998, compared with 1997. In 1997, prices for lumber were up 10%, and prices for plywood were up 3% over those of 1996, while sales volumes for plywood and lumber were down slightly, compared with 1996.

Excluding nonroutine items, the increase in operating income in 1998 over 1997 was due to lower net wood costs and positive LIFO reserve adjustments arising primarily from lower log inventory levels. Increased contributions from our growing engineered wood products and building materials distribution businesses and oriented strand board (OSB) joint venture also contributed to the improved performance. However, decreasing sales prices in 1998, compared with 1997, as discussed on page 35, partially offset these favorable variances.

The improvement in 1997 segment income, compared with 1996, was primarily due to higher average annual prices for lumber and plywood. These favorable price variances were partially offset by unfavorable net wood and conversion costs and less favorable LIFO reserve adjustments.

Late in 1996, we started up an engineered wood products facility in Alexandria, Louisiana, with the capacity to produce 4.4 million cubic feet of laminated veneer lumber and wood I-joists annually. In 1998, the facility ran at 41% of capacity, and in 1997, the facility ran at 27% of capacity. In 1998, we added 3.6 million cubic feet of capacity, for a total of 8.0 million cubic feet.

In May 1997, our joint venture, Voyageur Panel, started up an OSB plant in Barwick, Ontario, Canada. At year-end 1998, the plant was operating at full capacity. The plant has the capacity to produce 400 million square feet of OSB panels annually. Boise Cascade holds 47% of the equity, operates the plant, and markets the product. We account for the joint venture on the equity method. Accordingly, its sales are not included in the building products segment sales. Segment results do include $1.9 million of equity in earnings in 1998 and $2.7 million of equity in losses in 1997 from this joint venture.

Paper and Paper Products

	1998	1997	1996
Sales	$ 1.8 billion	$ 1.6 billion	$ 1.9 billion
Segment income (loss)	$10.0 million	$(11.6) million	$77.9 million
Segment income (loss) before nonroutine items	$47.5 million	$(11.6) million	$47.5 million

In the fourth quarter of 1998, the paper and paper products segment recorded a pretax charge of $18.5 million for the restructuring of the paper manufacturing business, primarily by eliminating positions through a combination of early retirements and layoffs, and the closure of our paper research and development facility in Portland, Oregon, in 1999.

In the second quarter of 1998, the paper and paper products segment recorded a pretax charge of $19.0 million for the revaluation of certain paper-related assets. Included in the revaluation was an $8.0 million write-down of a joint venture in China that produced carbonless paper. Boise Cascade owned 60% of the joint venture.

In 1996, this segment recorded a nonroutine gain of approximately $40.4 million from the sale of our coated publication paper business in Rumford, Maine, on November 1, 1996, offset by a $10.0 million write-down of certain other paper assets. In 1996, Rumford contributed $21.1 million of operating income.

Segment sales increased 9% in 1998. Contributing to this increase was a 3% increase in weighted average product prices, along with nearly a 3% increase in overall sales volume. The increase in volume in 1998 was due primarily to operating our new Jackson, Alabama, paper machine at close to full capacity, offset in part by 84,000 tons of market- and weather-related production curtailments taken during the year. Sales volume from the new Jackson machine totaled 308,000 tons in 1998. In 1998, a significant amount of our uncoated free sheet sales volume from our smaller paper machines -- 21%, or 298,000 tons - -- was from value-added grades, a 7% increase over 1997. Value-added grades generally have higher unit costs than commodities but also higher net sales prices and profit margins. Overall, the net selling price of the 302,000 tons of value-added grades we sold in 1998 was $257 per ton higher than the net selling price of our commodities. The spread in 1997 was $287 per ton, and in 1996, excluding Rumford, $268 per ton.

Sales declined 14% in 1997, compared with 1996, primarily because of the sale of our Rumford facility. In 1996, the Rumford facility contributed $308.8 million of sales. Also in 1997, weighted average product prices were down 10%, and unit sales volumes were down 4%. The decrease in unit sales volume from 1996 to 1997 was the result of the sale of Rumford, which contributed 365,000 tons of sales volume in 1996, offset in part by increased production from our existing machines and the start-up of the new Jackson machine in April 1997. Sales volume from the new Jackson machine totaled 174,000 tons of uncoated free sheet paper in 1997.

Excluding nonroutine items, operating income increased in 1998 because of higher average paper prices and a modest increase in unit sales volume. The decrease between adjusted operating income in 1996 and the loss reported in 1997 was due primarily to lower paper prices, modestly lower sales volumes, and the 1996 contribution from the Rumford mill. Offsetting price and volume declines in 1997 was a 5% decrease in unit manufacturing costs, excluding costs at Rumford.

Financial Condition and Liquidity

Operating Activities. Cash provided by operations was $468.7 million in 1998, $129.0 million in 1997, and $193.5 million in 1996. The increase in 1998 was due, in part, to improved operating results, including the Medford fire insurance settlement gain and changes in working capital. In late September 1998, we sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 1998, $79,000,000 of the sold accounts receivable were excluded from receivables in the balance sheet and represent an increase in cash provided by operations. The lower amounts in 1997 and 1996 were primarily due to lower income levels, after adjusting for noncash items, and higher inventory and receivable balances. Our working capital ratio was 1.21:1 in 1998, compared with 1.51:1 in 1997.

Investing Activities. Total capital investment in 1998 was $313.7 million, compared with total capital investments of $578.6 million in 1997 and $832.2 million in 1996. Amounts include acquisitions made by BCOP through the issuance of its common stock, assumption of debt, and recording of liabilities. Capital investment in 1999 is expected to be approximately $300 million, excluding acquisitions, and will be allocated to cost-saving, modernization, expansion, replacement, maintenance, and environmental and safety projects. Cash used for investment was $298.1 million in 1998, $580.6 million in 1997, and $43.8 million in 1996. Cash expenditures for property and equipment, timber and timberlands, and investments in equity affiliates totaled $237.2 million in 1998, $306.1 million in 1997, and $610.5 million in 1996. The decreasing amounts are primarily due to the completion of the Jackson pulp and paper mill expansion in 1997. Cash purchases of assets, primarily due to BCOP's expansion program, totaled $27.3 million in 1998, $246.9 million in 1997, and $188.5 million in 1996. Sources of cash in 1996 include cash proceeds totaling $781.4 million from sales of assets, primarily Rumford.

Financing Activities. Cash used for financing was $159.9 million in 1998. Cash provided by financing was $254.3 million in 1997 and $59.7 million in 1996. Dividend payments totaled $55.6 million in 1998, compared with $70.0 million and $73.3 million in 1997 and 1996. The decrease is due to the conversion of our Series G preferred stock into 6.9 million shares of common stock in 1997 and the redemption of our Series F preferred stock for $115 million in cash in early 1998. In all three years, our quarterly cash dividend was 15 cents per common share. In 1998, short-term borrowings, primarily notes payable, increased $34.7 million, compared with increases of $58.1 million and $19.7 million in

1997 and 1996. At December 31, 1998, we had $57.4 million of short-term borrowings outstanding, and BCOP had $72.1 million of short-term borrowings outstanding. At December 31, 1997, we had $71.5 million of short-term borrowings outstanding, while BCOP had $23.3 million outstanding. Long-term debt decreased $17.7 million in 1998 and increased $258.8 million and $101.7 million in 1997 and 1996. The increases in 1997 and 1996 were primarily due to our expansion at the Jackson mill and BCOP's acquisition program.

At December 31, 1998 and 1997, we had $2.0 billion of debt outstanding. Our debt-to-equity ratio was 1.42:1 and 1.26:1 at December 31, 1998 and 1997.

Our debt and debt-to-equity ratio include the guarantee by the company of the remaining $155.7 million of debt incurred by the trustee of our leveraged Employee Stock Ownership Plan. While that guarantee has a negative impact on our debt-to-equity ratio, it has virtually no effect on our cash coverage ratios or on other measures of our financial strength.

We have a revolving credit agreement with a group of banks that permits us to borrow as much as $600 million based on customary indices. As of December 31, 1998, borrowings under the agreement totaled $115 million. When the agreement expires in June 2002, any amount outstanding will be due and payable. In October 1998, we entered into an interest rate swap with a notional amount of $75 million that expires in 2000. This swap results in an effective fixed interest rate with respect to $75 million of our revolving credit agreement borrowings. The payment of dividends is dependent on the existence of and the amount of net worth in excess of the defined minimum under the agreement. As of December 31, 1998, we were in compliance with our debt covenants, and our net worth exceeded the defined minimum by $118 million.

At December 31, 1998, we had $489.4 million of borrowing capacity for additional debt securities registered with the Securities and Exchange Commission.

BCOP has a $450 million revolving credit agreement with a group of banks that expires in June 2001 and provides variable interest rates based on customary indices. In October 1998, BCOP entered into an interest rate swap with a notional amount of $25 million that expires in 2000. This swap results in an effective fixed interest rate with respect to $25 million of BCOP's revolving credit agreement borrowings. As of December 31, 1998, BCOP had outstanding borrowings of $200 million under this agreement and was in compliance with its debt covenants.

1998 Capital Investment by Business

	Expansion	Quality/ Efficiency(1)	Timber and Timberlands	Replacement, Environmental, and Other	Total
	(expressed in millions)				
Office products(2)	$ 82	$ 56	$-	$ 5	$143
Building products	12	14	4	16	46
Paper and paper products	18	25	3	73	119
Corporate and other	-	-	-	6	6
Total	$112	$ 95	$ 7	$100	$314

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

(2) Capital expenditures include acquisitions made by BCOP through the issuance of common stock, assumption of debt, and recording of liabilities.

In April 1998, BCOP registered $300 million of shelf capacity with the Securities and Exchange Commission. On May 12, 1998, BCOP issued $150 million of 7.05% notes under this registration statement. The notes are due May 15, 2005. Proceeds from the issuance were used to repay borrowings under BCOP's revolving credit agreement. BCOP has $150 million of borrowing capacity remaining under this registration statement.

Additional information about our credit agreements and debt is in Note 4 accompanying the financial statements.

In February 1998, we redeemed 115,000 shares of our Series F preferred stock at a price of $1,000 per preferred share ($25 per depositary share) plus accrued but unpaid dividends. By July 15, 1997, we converted or redeemed 8.625 million depositary shares of our Series G conversion preferred stock for 6.907 million shares of common stock.

In February 1999, we redeemed $100 million of our 9.875% notes that were due in 2001. In addition we estimate that the restructuring programs announced in 1998 will require cash outlays of approximately $23 million in 1999. These and our other cash requirements will be funded through a combination of cash flows from operations, borrowings under our existing credit facilities, and issuance of new debt or equity securities.

We believe inflation has not 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 in the future. Our sales overall are not subject to significant seasonal variations.

Disclosures of Certain Financial Market Risks

Changes in interest rates and currency rates expose the company to financial market risk. Our debt is predominantly fixed-rate. We experience only modest changes in interest expense when market interest rates change. Most foreign currency transactions have been conducted in the local currencies, limiting our exposure to changes in currency rates. Consequently, our market risk-sensitive instruments do not subject us to material market risk exposure. Changes in our debt and our continued international expansion could increase these risks. To manage volatility relating to these exposures, we may enter into various derivative transactions such as interest rate swaps, rate hedge agreements, and forward exchange contracts. We had no material exposure to losses from derivative financial instruments held at December 31, 1998. We do not use derivative financial instruments for trading purposes.

The following table provides information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including interest rate swaps and debt obligations. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For interest rate swaps, the table presents notional amounts and weighted average interest rates by expected (contractual) maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. For obligations with variable interest rates, the table sets forth payout amounts based on current rates and does not attempt to project future interest rates. We have other instruments that are subject to market risk, such as obligations for pension plans and other postretirement benefits, that are not reflected in the table.

							December 31			
							1998		1997	
	1999	2000	2001	2002	2003	There-after	Total	Fair Value	Total	Fair Value
					(in millions)					
Debt (excludes ESOP debt guarantee)										
Short-term borrowings	$129.5	-	-	-	-	-	$ 129.5	$ 129.5	$ 94.8	$ 94.8
Average interest rates	6.1%	-	-	-	-	-	6.1%	-	7.0%	-
Long-term debt										
Fixed-rate debt	$160.7	$116.2	$ 64.8	$199.8	$124.9	$854.6	$1,521.0	$1,544.9	$1,305.1	$1,424.6
Average interest rates	9.0%	9.8%	7.0%	8.1%	9.0%	7.4%	8.0%	-	8.3%	-
Variable-rate debt	$ 0.8	$ 0.8	$175.8	$ 40.8	$ 0.4	-	$ 218.6	$ 218.6	$ 450.9	$ 450.9
Average interest rates	3.7%	3.7%	5.8%	5.9%	3.6%	-	5.8%	-	6.1%	-
Interest rate swaps										
Notional principal amount of interest rate exchange agreements (variable to fixed)	-	$100.0	-	-	-	-	$ 100.0	$ 0.8	-	-
Average pay rate	-	4.7%	-	-	-	-	4.7%	-	-	-
Average receive rate	-	5.1%	-	-	-	-	5.1%	-	-	-

Timber Supply and Environmental Issues

In recent years, the amount of timber available for commercial harvest in the United States has declined due to environmental litigation, changes in government policy, and other factors. More constraints on available timber supply may be imposed. As a result, we cannot accurately predict future log supply. In 1998, we closed sawmills in Fisher, Louisiana, and Horseshoe Bend, Idaho, largely because of reductions in timber supply and consequent increases in timber costs. We announced closures of a sawmill in Elgin, Oregon, and a plywood plant in Yakima, Washington, in part for the same reasons. In 1997, we reduced the number of work shifts at two wood products manufacturing facilities, partly because of limited log supply. Additional curtailments or closures of our wood products manufacturing facilities are possible.

With less federal timber available than in years past, we meet an important share of our raw material needs with our approximately 2.4 million acres of owned or controlled timberland. Our Northwest pulp and paper mills receive approximately 83% of their softwood chips either directly from or through trades with our wood products and whole-log chipping operations. We have also taken steps to reduce our need for externally purchased softwood chips. In 1997, we began harvesting fast-growing hybrid cottonwood trees at our fiber farm near Wallula, Washington. Roughly 25% of the pulp used by our Wallula white paper machine during 1998 was made from this cottonwood fiber.

We invest substantial capital to comply with federal, state, and local environmental laws and regulations. During 1998, expenditures for our ongoing environmental compliance program amounted to $16 million. We expect to spend approximately $35 million in 1999 for this purpose. Failure to comply with pollution control standards could result in interruption or suspension of our operations at affected facilities or could require additional expenditures. We expect that our operating procedures and expenditures for ongoing pollution prevention will allow us to continue to meet applicable environmental standards.

The Environmental Protection Agency issued rules in 1997 that further regulate air and water emissions from pulp and paper mills. These rules, among other things, set standards for the discharge of chlorinated organics. We estimate that the capital investment needed to meet the rule requirements will be approximately $120 million over the next four years. We have begun to substitute chlorine dioxide for elemental chlorine in the pulp-bleaching process. Chlorine dioxide is a chemical with a name similar to that of elemental chlorine but with very different chemical and physical properties. Over time, we will continue to reduce elemental chlorine in our pulp-bleaching processes.

As of December 31, 1998, we had open issues with respect to 33 sites where 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 where we have received a demand or claim by a private party regarding hazardous substances or other contaminants. In most cases, Boise Cascade is 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. However, 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, have a material adverse effect on our financial condition or the results of operations.

Year 2000 Computer Issue

Over the last two years, we have been replacing many of our business computer systems to realize cost savings and process improvements. These replacements, all of which are year 2000-compliant, will be completed before the year 2000. Many of the costs associated with these replacements have been and will be deferred and amortized over approximately five years. (See Note 1 in the Notes to Financial Statements.) A year 2000 compliance assessment was completed in 1998. Many of the existing systems were found to be compliant. We have begun appropriate modifications of the noncompliant systems. We expect to complete all necessary changes before year-end 1999.

We are currently surveying our critical suppliers and customers to determine whether critical processes may be impacted by a lack of year 2000 compliance. Most of our critical suppliers and customers have confirmed that they are or have plans to be compliant by year-end 1999.

Incremental costs to make our systems compliant are expected to range from $10 million to $13 million. These costs are being expensed as incurred. Approximately $5.7 million had been spent through December 31, 1998.

The most reasonably likely worst-case scenario of failure by us or our suppliers or customers to be year 2000-compliant would be a temporary slowdown of manufacturing operations at one or more of our locations and a temporary inability to process orders and billings in a timely manner and to deliver products to our customers in a timely manner. We are currently developing contingency options in the event that critical systems or suppliers encounter unforeseen year 2000 problems. Those contingency options will be completed by mid-1999.

Our discussion of the year 2000 computer issue contains forward-looking information. We believe that our critical computer systems will be year 2000-compliant and that the costs to achieve compliance will not materially affect our financial condition, operating results, or cash flows. Nevertheless, factors that could cause actual results to differ from our expectations include the successful implementation of year 2000 initiatives by our customers and suppliers, changes in the availability and costs of resources to implement year 2000 changes, and our ability to successfully identify and correct all systems affected by the year 2000 issue.

Euro Conversion

In Europe, the conversion to the Euro required certain changes to BCOP's information technology and other systems to accommodate Euro-denominated transactions. The cost of these changes was not material. All of BCOP's European operations affected were Euro-compliant by the end of 1998.

While the competitive impact of the Euro conversion remains uncertain, BCOP does not anticipate a negative effect on its European operations. Rather, the conversion to the Euro may provide additional marketing opportunities for BCOP's European operations.

New Accounting Standards

New accounting standards are discussed under the caption New Accounting Standards in Note 1 of the Notes to Financial Statements.

Outlook

BCOP expects to post significant growth in the year ahead, as they continue their efforts to increase sales to their existing customers and expand their customer base through expanded prospecting efforts. BCOP continues to evaluate acquisition candidates in the United States and internationally. BCOP's margins will be affected by the competitive environment in which they operate, as well as by their continued efforts to lower costs.

The performance of our building products business will continue to improve, as we shift our product mix to more engineered wood products and continue to grow our distribution business at a healthy rate.

We expect continued weakness in pulp and paper markets early in 1999, with supply and demand gradually coming back into balance during the course of the year. The rate of pulp and paper capacity additions in North America is at its lowest level in 40 years. Additions in Europe are almost as modest, and the longer global economic turmoil persists, the more difficult it will be to realize planned capacity additions in other parts of the world.

As we implement our restructuring initiatives, we anticipate annualized pretax cost savings of approximately $70 million by 2000.

Forward-Looking Statements

Certain statements in the Financial Review and elsewhere in our Annual Report to Shareholders may constitute forward-looking statements. Because these forward-looking statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by the statements. Factors that could cause actual results to differ include, among other things, changes in domestic or foreign competition; the severity and longevity of global economic turmoil; increases in capacity through construction of new manufacturing facilities or conversion of older facilities to produce competitive products; changes in production capacity across paper and wood products markets; variations in demand for our products; changes in our cost for or the availability of raw materials, particularly market pulp and wood; the cost of compliance with new environmental laws and regulations; the pace and the success of acquisitions; changes in same-location sales; cost-structure improvements; the success and integration of new initiatives and acquisitions; the successful integration of systems; the success of computer-based system enhancements; and general economic conditions.

STRATEGIC PROGRESS . . . IN A DIFFICULT BUSINESS ENVIRONMENT

As Boise Cascade makes progress toward accomplishing our business strategies, we are also making progress toward reaching our financial objectives: to be consistently profitable and to earn our cost of capital over the course of the business cycle. In 1998, we continued the fundamental shift in our business mix and in the mix of our products and services and made substantial progress toward improving the competitive position of each of our businesses.

Our orientation toward distribution continued to increase, and we expect our growth in distribution to continue to outpace our growth in manufacturing. In addition, both our manufacturing and distribution operations added more value-added products and services, which complement, and in some cases replace, commodity production.

BOISE CASCADE OFFICE PRODUCTS (BCOP)

BCOP sells office supplies, computer consumables, paper, office furniture, and promotional products. Sales occur primarily through the contract stationer channel, which includes midsize and large offices and national accounts, and the direct-marketing channel, which includes small and medium-sized offices. BCOP's growth was 18% in 1998.

BCOP's active acquisition program has helped its segment sales more than double in the last three years, from $1.3 billion in 1995 to $3.1 billion in 1998. Since the beginning of 1995, BCOP has made 43 acquisitions with total annualized revenues of over $1.1 billion at the time of acquisition. The pace of acquisitions slowed in 1998, as BCOP purchased six companies with annualized sales of approximately $62.0 million. Although most of our European acquisitions performed well in 1998, the underperformance of some caused BCOP to dissolve a German joint venture and announce the restructuring of operations in the United Kingdom. However, BCOP continues to look for acquisitions that will strengthen its market position.

During 1998, BCOP acquired a direct-marketing office products business in Spain, the largest regional computer supply company in Toronto, and a small office furniture business in Canada. BCOP's direct-marketing subsidiary, The Reliable Corporation, also expanded its domestic product offerings with the purchase of a mail-order business that sells packing, shipping, and graphic arts products. BCOP realized double-digit growth in direct-marketing sales in 1998 on the strength of improving domestic sales and growth in JPG in France.

Sales to U.S. national accounts -- large multisite customers -- increased 25% to over $1 billion in 1998. BCOP continues to stand out as the premier business-to-business distributor of office products today that can provide truly consistent national service for multisite operations. National accounts will continue to be a major component of our business.

Boise Marketing Services, Inc. (BMSI), a BCOP subsidiary that sells customized clothing, gifts, and other promotional merchandise, is one of the top U.S. companies in this industry. BMSI is working with BCOP's national accounts to promote and develop business. BMSI's revenues increased to $105 million in 1998.

BCOP continues to become more competitive and to expand its value-added services, such as comprehensive usage reporting and electronic commerce. The number of orders received electronically grew over 30% in 1998 and now represents 20% of BCOP's total orders. BCOP is also expanding its approach to the midsize market -- businesses of 25 to 100 employees -- with a custom-designed sales effort that includes specialized catalogs and an Internet-based ordering system.

BUILDING PRODUCTS

Our wholesale building materials distribution business sells a full line of building supplies to traditional building materials centers, consumer-oriented home centers, and industrial customers. Our distribution facilities sell about 40% of our laminated veneer lumber and wood I-joists and are a major channel for our traditional wood products as well. This business has grown significantly since 1995, expanding into the South and Midwest. In January 1999, we started up a distribution facility in the Chicago area, bringing the number of distribution facilities to 16. Sales volume grew 18% to $861 million in 1998.

We manufacture structural panels, lumber, and engineered wood products such as laminated veneer lumber (LVL) and wood I-joists. Increasingly, we are shifting our product mix in this business to engineered wood products. Sales of engineered wood products grew 32% in 1998, following a 17% increase in 1997. During 1998, we increased annual LVL capacity 35% to about 14 million cubic feet. And our joint-venture oriented strand board plant in Barwick, Ontario, Canada, which started up in May 1997, operated near full capacity during 1998.

In 1998, we closed sawmills in Fisher, Louisiana, and Horseshoe Bend, Idaho. We also announced that a sawmill in Elgin, Oregon, and a plywood plant in Yakima, Washington, will be closed in 1999. These facilities were unable to generate acceptable financial returns. The closures will reduce our lumber capacity by 28% and plywood capacity by 11%. In addition, our Medford, Oregon, plywood plant was severely damaged by fire in September 1998, reducing our plywood capacity an additional 20%. We plan to rebuild a portion of the plant with a smaller operation, which will supply raw material to our engineered wood products operations in nearby White City. The new plant should be completed in 1999.

Finally, as timber in North America becomes increasingly unavailable for harvest, we are taking steps to access foreign wood baskets. We began construction of a joint-venture lumber operation in Chile and recently received approval of our environmental impact statement for an OSB project there with the same partner. We have also signed an agreement to develop a joint-venture lumber operation in Brazil.

PAPER AND PAPER PRODUCTS

Boise Cascade manufactures uncoated free sheet papers (which include office papers, printing grades, forms bond, envelope papers, and value-added papers), packaging papers, corrugated containers, and newsprint. Our uncoated free sheet paper machine in Jackson, Alabama, which started up in 1997, would have operated at full capacity in 1998 but for market- and weather-related curtailments. As a result, our sales volume of uncoated free sheet paper increased 7% to 1.4 million tons. In addition, our corrugated container sales volume increased 17% to 4.2 billion square feet.

We continued to shift production on our smaller paper machines from commodity papers to value-added grades. We sold 302,000 tons of value-added papers in 1998, 298,000 of which were produced on our smaller machines, an increase of 7% over 1997 levels. Sales prices for our value-added grades averaged about $257 a ton more than for our commodity papers. Late in 1998, we installed an additional printing press at our paper converting facility in Vancouver, Washington, which will increase the plant's annual production capacity for value-added security grades by 3,500 tons.

The increased emphasis on uncoated free sheet paper and the shift to value-added grades on our smaller machines has helped to improve the competitive position of our business. Part of that improvement can be seen in the relative machine size of our uncoated free sheet system. In 1995, we had 17 uncoated free sheet machines with an average of 79,000 tons of capacity per machine. Ten other major North American producers had more capacity per machine. In 1998, we had ten uncoated free sheet machines with 153,000 tons of capacity per machine, the third-highest capacity per machine in the North American industry. When we've completed our switch to value-added grades on our smaller machines, most of our commodity uncoated free sheet will be produced on world-class machines.

Our employees' efforts to increase efficiency have also had an important impact on improving our competitive position. In 1998, after adjusting for market- and weather-related curtailments, our cash manufacturing costs were nearly 5% less than they were in 1995.

Integration also makes Boise Cascade a more efficient company. Boise Cascade Office Products is the single largest customer of our paper business. In 1998, BCOP bought 361,000 tons of our office papers, a 13% increase over the amount purchased in 1997. Our packaging plants used 52% of the containerboard we made, moving us closer to our goal of 55% integration with our existing container plants and our ultimate goal of 80% integration.

We also continue to work to improve our fiber base. Our paper mill in Wallula, Washington, is using more of the cottonwood fiber from our 18,000-acre fiber farm. And the growth rates on the fiber farm are higher than we thought they would be. We have established fiber farm assessment projects in Alabama, Louisiana, and Minnesota. In addition, we're increasing the amount of hardwood fiber used at our paper mill in St. Helens, Oregon. And our Louisiana foresters have adopted improved silvicultural methods that will increase the fiber yield from our forests there.

EXHIBIT 13.2

STATEMENTS OF INCOME (LOSS) (Unaudited)
Boise Cascade Corporation and Subsidiaries

	Three Months Ended December 31		Year Ended December 31	
	1998	1997	1998	1997
	(expressed in thousands)			
Revenues				
Sales	$1,536,183	$1,444,860	$6,162,123	$5,493,820
Costs and expenses				
Materials, labor, and other operating expenses	1,188,608	1,129,610	4,849,678	4,436,650
Depreciation, amortization, and cost of company timber harvested	71,417	70,780	282,737	256,570
Selling and distribution expenses	179,969	148,600	666,759	553,240
General and administrative expenses	38,935	36,800	150,455	139,060
Other (income) expense, net	42,193	(110)	71,843	710
	1,521,122	1,385,680	6,021,472	5,386,230
Equity in net loss of affiliates	(71)	(1,820)	(3,791)	(5,180)
Income from operations	14,990	57,360	136,860	102,410
Interest expense	(37,940)	(39,160)	(159,870)	(137,350)
Interest income	484	640	2,274	6,000
Foreign exchange gain (loss)	(242)	130	(542)	10
	(37,698)	(38,390)	(158,138)	(131,340)
Loss before income taxes, minority interest, and cumulative effect of accounting change	(22,708)	18,970	(21,278)	(28,930)
Income tax (provision) benefit	13,709	(8,460)	2,659	9,260
Income (loss) before minority interest and cumulative effect of accounting change	(8,999)	10,510	(18,619)	(19,670)
Minority interest, net of income tax	(2,043)	(3,280)	(9,773)	(10,740)
Income (loss) before cumulative effect of accounting change	(11,042)	7,230	(28,392)	(30,410)
Cumulative effect of accounting change, net of income taxes	-	-	(8,590)	-
Net income (loss)	$ (11,042)	$ 7,230	$ (36,982)	$ (30,410)
Net income (loss) per common share				
Diluted before cumulative effect of accounting change	$ (0.25)	$ .02	$ (.85)	$ (1.19)
Cumulative effect of accounting change	-	-	(.15)	-
Diluted income (loss)	$ (0.25)	$ .02	$ (1.00)	$ (1.19)
Segment Information				
Segment sales				
Office products	$ 814,218	$ 718,514	$3,067,326	$2,596,732
Building products	410,215	382,404	1,722,496	1,645,236
Paper products	402,255	442,484	1,751,574	1,604,600
Intersegment eliminations and other	(90,505)	(98,542)	(379,273)	(352,748)
	$1,536,183	$1,444,860	$6,162,123	$5,493,820
Segment income (loss)				
Office products	$ 26,626	$ 38,501	$ 121,459	$ 119,802
Building products	27,197	4,814	57,720	45,009
Paper products	(17,193)	25,060	10,005	(11,551)
Corporate and other	(21,398)	(10,245)	(50,592)	(44,840)

Total	15,232	58,130	138,592	108,420
Interest expense	(37,940)	(39,160)	(159,870)	(137,350)
Loss before income taxes, minority interest, and cumulative effect of accounting change	$ (22,708)	$ 18,970	$ (21,278)	$ (28,930)

NOTES TO QUARTERLY FINANCIAL STATEMENTS
Boise Cascade Corporation and Subsidiaries

FINANCIAL INFORMATION. The Statements of Income (Loss) and Segment Information are unaudited statements that do not include all Notes to Financial Statements and should be read in conjunction with the 1998 Annual Report of the company. The annual report will be available in March 1999. Net income (loss) for the three months and year ended December 31, 1998 and 1997, involved estimates and accruals.

In December 1998, we announced a companywide cost-reduction initiative and the restructuring of certain operations as a result of the ongoing global financial crisis and the weak business environment. These initiatives include restructuring work, streamlining processes, and consolidating functions that will eliminate approximately 400 job positions, primarily in our manufacturing businesses and at our Boise headquarters. Staff reductions will occur through early retirements, layoffs, and attrition. Our paper research and development facility in Portland, Oregon, will close. Additionally, selected portions of our timberlands associated with facilities to be closed will be sold. Boise Cascade Office Products (BCOP), our 81%-held subsidiary, announced that they would restructure certain of their European operations. Related to these initiatives, we recorded a pretax loss in the fourth quarter of 1998 of approximately $42.4 million. Of this charge, all but $1.0 million for inventory write-offs is recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss).

The impact of the above items and related tax effects increased net loss $18.6 million, or 33 cents per basic and diluted share, for the three months ended December 31, 1998. Segment results decreased as follows: office products, $11.1 million; building products, $2.8 million; paper and paper products, $18.5 million; and corporate and other, $10.0 million.

On September 6, 1998, our Medford, Oregon, plywood plant was severely damaged by fire. In the third quarter of 1998, we recorded a net pretax gain of $46.5 million in the building products segment and a loss in corporate and other of $1.5 million related to an insurance settlement for this fire. This gain is recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss).

Late in the second quarter of 1998, we adopted a plan to restructure our wood products manufacturing business by permanently closing four facilities, including sawmills in Elgin, Oregon; Horseshoe Bend, Idaho; and Fisher, Louisiana; and a plywood plant in Yakima, Washington. At year-end, the sawmills in Fisher and Horseshoe Bend had been closed. We will close the Elgin sawmill and Yakima plywood plant in 1999. Related to these closures, our building products segment recorded a pretax loss in the second quarter of 1998 of approximately $61.9 million. This charge is recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss).

Also in the second quarter of 1998, our paper and paper products segment recorded a pretax charge of $19.0 million for the revaluation of certain paper-related assets. Included in the revaluation is an $8.0 million write-down of a 60%-owned joint venture in China that produced carbonless paper. This charge is also recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss).

As of January 1, 1998, we adopted the provisions of a new accounting standard, AICPA Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities," which required the write-off of previously capitalized preoperating costs. Adoption of this standard resulted in a charge for the cumulative effect of accounting change, net of tax, of $8.6 million, or 15 cents per basic and diluted loss per share, for the year ended December 31, 1998. Also in the first quarter of 1998 we redeemed our Series F Preferred Stock. While this redemption had no impact on net loss, it increased net loss per share 7 cents.

The impact of the nonroutine items described above, together with the related impact on our 1998 taxes, increased net loss $57.7 million, or $1.09 per basic and diluted share, for the year ended December 31, 1998.

In 1998, our actual annual tax benefit rate was 12.5%. Excluding the nonroutine items, the tax provision rate would have been 44%. In 1997, we used an actual annual tax benefit rate of 32%. The tax rate percentage is subject to fluctuations due primarily to the sensitivity of the rate to low income levels, the impact of the nonroutine items described above, and the mix of income sources.

In 1997, the Financial Accounting Standards Board issued SFAS NO. 131, "Disclosures About Segments of an Enterprise and Related Information." We adopted this statement at December 31, 1998. Previously reported segment information has been restated to conform to the new standard.

NET INCOME (LOSS) PER COMMON SHARE. Net income (loss) per common share was determined by dividing net income (loss), as adjusted, by applicable shares outstanding. For the three months and year ended December 31, 1998, and for the three months and year ended December 31, 1997, the computation of diluted net income (loss) per share was antidilutive; therefore, amounts reported for basic and diluted loss were the same.

	Three Months Ended December 31		Year Ended December 31	
	1998	1997	1998	1997
	(expressed in thousands)			
BASIC AND DILUTED				
Net income (loss) as reported before cumulative effect of accounting change	$(11,042)	$ 7,230	$(28,392)	$(30,410)
Preferred dividends(1)	(3,484)	(6,229)	(15,578)	(31,775)
Excess of Series F Preferred Stock redemption price over carrying value(2)	-	-	(3,958)	-
Basic and diluted income (loss) before cumulative effect of accounting change	(14,526)	1,001	(47,928)	(62,185)
Cumulative effect of accounting change, net of income tax	-	-	(8,590)	-
Basic and diluted income (loss)	$(14,526)	$ 1,001	$(56,518)	$(62,185)
Average shares outstanding used to determine basic and diluted income (loss) per common share	56,335	56,191	56,307	52,049

(1) 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.

(2) Year ended December 31, 1998, included a negative 7 cents related to the redemption of the Series F Preferred Stock. The loss used in the calculation of loss per share was increased by the excess of the amount paid to redeem the preferred stock over its carrying value.

EXHIBIT 21

The significant subsidiaries of the Company are as follows:

	State or Other Jurisdiction of Incorporation or Organization
Boise Cascade Office Products Corporation	Delaware
Boise Southern Company	Louisiana
Minidoka Paper Company	Delaware

EXHIBIT 27

The data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at December 31, 1998, and from its Statement of Loss for the year ended December 31, 1998. The information presented is qualified in its entirety by reference to such financial statements.

12-MOS
DEC-31-1998
DEC-31-1998
66,469
7,899
526,359
10,933
625,218
1,368,406
4,992,110
2,150,385
4,966,699
1,130,100
1,733,867
0
241,049
140,846
1,046,504
4,966,699
6,162,123
6,162,123
5,132,415
6,021,472
0
0
159,870
(21,278)
2,659
(28,392)
0
0
(8,590)
(36,982)
(1.00)
(1.00)