**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

**FORM 10-K**

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

For the fiscal year ended December 31, 2000

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

For the transition period from ________________ to __________________

Commission File Number: 1-5057

BOISE CASCADE CORPORATION
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 82-0100960 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1111 West Jefferson Street<br>P.O. Box 50<br>Boise, Idaho | 83728-0001 |
| (Address of principal executive officers) | (Zip Code) |

(208) 384-6161

(Registrant's telephone number, including area code)

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

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, $2.50 par value | New York Stock Exchange |
| American & Foreign Power Company Inc. Debentures, 5% Series due 2030 | New York Stock Exchange |
| Common Stock Purchase Rights | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of 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 28, 2001: $1,839,482,117.

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

| Class | Shares Outstanding as of February 28, 2001 |
|---|---|
| Common Stock, $2.50 par value | 57,340,465 |

Documents incorporated by reference

1. The registrant's annual report for the fiscal year ended December 31, 2000, is included in Exhibit 13.1 to the Form 10-K, portions of which are incorporated by reference into Parts I, II, and IV of this Form 10-K, and

2. Portions of the registrant's proxy statement relating to its 2001 annual meeting of shareholders to be held on April 19, 2001 ("Boise Cascade's proxy statement") are incorporated by reference into Part III of this Form 10-K, and

3. The registrant's Statement of Income from the fourth quarter fact book for the three months ended December 31, 2000, is included in Exhibit 13.2 to the Form 10-K and is incorporated by reference into Parts II and IV of this Form 10-K.

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**PART I**

## 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 2000, 1999, and 1998 is presented in Note 10, "Segment Information," of the Notes to Financial Statements in our 2000 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 and building products operations are also affected by supply and 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, some operating costs may increase at facilities affected by cold weather. Seasonal influences, however, are generally not significant.

We have no unusual working capital practices. We believe the management practices followed by Boise Cascade with respect to working capital conform to 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, 8, and 9 of the Notes to Financial Statements in our 2000 Annual Report. This information is incorporated by reference.)

OFFICE PRODUCTS

Boise Cascade Office Products (BCOP), our wholly owned subsidiary, distributes a broad line of items for the office, including office supplies and paper, computer supplies, and office furniture. All of the products sold by this segment are purchased from other manufacturers or from industry wholesalers, except office papers which are sourced primarily from our paper operations. BCOP sells these office products directly to corporate, government, and small- and medium-sized offices in the United States, Canada, Australia, and New Zealand.

Customers with more than one location are often served under the terms of one contract (national contract). These national contracts provide consistent pricing and product offerings to multiple locations. If the customer desires, we also provide summary billings, usage reporting, and other special services. At February 28, 2001, BCOP operated 63 distribution centers, 2 outbound tele-sales centers, and 4 customer service centers. BCOP also operates over 100 retail stores in Canada, Hawaii, Australia, and New Zealand.

BCOP sales for 2000, 1999, 1998, 1997, and 1996 were $3,697 million, $3,397 million, $3,081 million, $2,607 million, and $1,993 million, respectively.

In April 1995, BCOP completed an initial public offering. Immediately after the offering, Boise Cascade owned 82.7% of BCOP's outstanding common stock. In December 1999, we announced a proposal to acquire the 18.9% of BCOP's then outstanding common stock owned by other shareholders. In March 2000, with the recommendation of BCOP's board of directors, we commenced a tender offer for these shares of $16.50 per share in cash. The tender offer was completed on April 19, 2000. Effective April 20, 2000, BCOP once again became a wholly owned subsidiary of Boise Cascade Corporation. (See Note 6 of the Notes to Financial Statements in our 2000 Annual Report. This information is incorporated by reference.)

In September 2000, BCOP sold its European operations to Guilbert S.A. of France. BCOP also formed a joint venture with Guilbert to provide service for both companies' multinational customers. Through the joint venture, BCOP serves Guilbert customers in North America, Australia, and New Zealand, and Guilbert serves BCOP customers in Europe and the Middle East. In October 2000, BCOP acquired the Blue Star Business Supplies Group of US Office Products, a distributor of office and educational supplies in Australia and New Zealand. In October 2000, BCOP merged Boise Marketing Services, Inc. (BMSI), its majority-owned promotional products subsidiary, with American Identity, a division of IdentityNow. As a result of the merger, BCOP holds approximately 22% of the equity in IdentityNow and accounts for the investment under the equity method of accounting.

BUILDING PRODUCTS

Boise Cascade is a major producer of structural panels, lumber, 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 on a segment basis for 2000, 1999, 1998, 1997, and 1996 were $882 million, $958 million, $913 million, $958 million, and $913 million, respectively.

The following table sets forth annual practical capacities of our wood products facilities as of December 31, 2000, and 2000 production:

| | Number of Mills | Capacity at December 31, 2000 (a) | Production |
|---|---|---|---|
| | | (millions) | |
| Plywood and veneer (sq. ft.) (3/8" basis) (b) | 12 | 1,895 | 1,891 |
| Oriented strand board (sq. ft.) (c) | 1 | 400 | 383 |
| Lumber (board feet) | 8 | 515 | 451 |
| Particleboard (sq. ft.) (3/4" basis) | 1 | 200 | 195 |
| Engineered wood products (d) | 3 | | |
| Laminated veneer lumber (cubic feet) | | 18 | 10.5 |
| I-joists (equivalent lineal feet) | | | 140 |

(a) Capacity is production assuming normal operating shift configurations.

(b) Production and operating rate applicable to plywood only.

(c) 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.

(d) In June 2000, the company purchased a plant in New Brunswick, Canada, that manufactures I-joists with solid-sawn lumber flanges. A portion of laminated veneer lumber production is used to manufacture I-joists at the other two engineered wood products plants. Capacity is based on laminated veneer lumber production only.

In February 2001, we announced the permanent closure of our plywood mill and lumber operations in Emmett, Idaho, and our sawmill in Cascade, Idaho. We are closing the facilities because of the permanent decline in the sale of federal timber. Operations will cease by mid-year 2001. About 375 positions will be eliminated as a result of the closures. Our annual plywood capacity will be reduced by 190 million square feet, and our lumber capacity will be reduced by 90 million board feet.

We have secured a site for construction of a manufacturing plant in Satsop, Washington, to produce a new family of wood-plastic composite products. The plant is expected to begin operation in 2002. The raw material for these products will come from plastic waste, such as warehouse, grocery, nursery, and building materials film and wrap, and urban wood waste from the western United States. Our initial launch into the marketplace will be a siding product called Marathon™ that is intended for residential construction in the Northwest. We are also developing trim, fascia, molding, fencing, and other nonstructural products.

We formed a wholly owned subsidiary, Boise Cascade do Brasil, to build and operate a veneer and plywood mill in the city of Guaiba, Rio Grande do Sul, Brazil. The mill, which will use plantation eucalyptus, will be able to produce 150 million square feet of 3/8" veneer a year. About 70% of the veneer will be used to produce LVL at our plant in Alexandria, Louisiana. The rest will be processed into hardwood plywood at the mill in Guaiba for use in the furniture industry. We began construction in first quarter 2001. Start-up of the plant is slated for fourth quarter 2001. To supply the mill, Boise Cascade do Brasil will acquire about 35,000 acres of existing eucalyptus plantation land. We plan to sell eucalyptus residuals to a pulp and paper mill in Guaiba operated by Riocell, a Brazilian paper company.

Boise Cascade operates 28 wholesale building materials distribution facilities. These operations market a wide range of building materials, including lumber, plywood, oriented strand board, particleboard, engineered wood products, decking, paneling, drywall, builders' hardware, and metal products. These products are distributed to retail lumber dealers, home centers specializing in the do-it-yourself market, and industrial customers. A portion (approximately 21% in 2000) of the lumber, structural panels, and engineered 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 our building materials distribution business for the years indicated:

| | 2000 | 1999 | 1998 | 1997 | 1996 |
|---|---|---|---|---|---|
| | | | (millions) | | |
| Plywood (square feet -- 3/8" basis) | 1,880 | 1,529 | 1,815 | 1,836 | 1,873 |
| Oriented strand board (square feet -- 3/8" basis) (a) | 397 | 374 | 347 | 151 | - |
| Lumber (board feet) | 448 | 517 | 572 | 657 | 692 |

| | | | | | |
|---|---|---|---|---|---|
| Laminated veneer lumber (cubic feet) | 6.3 | 5.5 | 3.8 | 2.7 | 2.2 |
| I-joists (eq. lineal feet) | 142 | 135 | 106 | 82 | 74 |
| Particleboard (square feet -- 3/4" basis) | 193 | 187 | 190 | 195 | 195 |
| Building materials distribution (sales dollars) | $ 1,601 | $ 1,289 | $ 873 | $ 742 | $ 699 |

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

TIMBER RESOURCES

Boise Cascade owns or controls approximately 2.3 million acres of timberland in the U.S. 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. 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 2000, 41% of our timber needs were met from internal sources, 47% were provided from private sources and 12% were met from government sources. During 1999, these percentages were 40%, 50%, and 10% and in 1998 were 39%, 50%, and 11%. Over the past several years, the amount of timber from federal public lands available for commercial harvest in the United States has declined significantly due to environmental litigation and changes in government policy. Most recently, the federal government imposed new rules prohibiting the building of roads on millions of acres of public timberlands. These rules particularly impact our operations in the intermountain West. In February 2001, because of the continual and permanent decline in the sale of federal timber, we announced the permanent closure of our plywood mill and lumber operations in Emmett, Idaho, and our sawmill in Cascade, Idaho. Operations will cease by mid-year 2001. Additional curtailments or closures of our wood products manufacturing facilities are possible.

Long-term leases of private lands 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 205,000 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, fertilization, thinning, and logging techniques are being improved through a variety of methods, including genetic research and computerization. During 2000, our mills processed approximately 0.9 billion board feet of sawtimber (timber used to make lumber and veneer) and 1.6 million cords of pulpwood (timber used in papermaking); 40% of the sawtimber and 45% of the pulpwood were harvested from our owned or controlled timber resources, and the balance was acquired from various private and government sources. Approximately 62% of the 1.1 million bone-dry units (a bone-dry unit is 2,400 dry pounds) of hardwood and softwood chips consumed by our Northwest pulp and paper mills in 2000 were provided from our whole-log chipping facility, our cottonwood fiber farm, and our Northwest wood products manufacturing facilities as residuals from the processing of solid wood products. Assuming that the closure of the Idaho mills had taken place on January 1, 2000, our Northwest chip self-sufficiency would have been reduced by about 5%. Of the 504,000 bone-dry units of residual chips used in the South, 41% were provided by our Southern wood products manufacturing facilities.

At December 31, 2000, 1999, and 1998, 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 (a) | | | Midwest (b) | | | South (c) | | | Total (d) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| | (thousands of acres) | | | | | | | | | | | |
| Fee | 1,279 | 1,277 | 1,333 | 308 | 308 | 308 | 419 | 418 | 418 | 2,006 | 2,003 | 2,059 |
| Leases and contracts | 30 | 30 | 44 | - | - | - | 286 | 287 | 285 | 316 | 317 | 329 |
| | 1,309 | 1,307 | 1,377 | 308 | 308 | 308 | 705 | 705 | 703 | 2,322 | 2,320 | 2,388 |
| Approximate % of total fiber requirements available from: (e) Owned and controlled timber resources | 30 % | 29 % | 29 % | 21 % | 23 % | 23 % | 39 % | 37 % | 39 % | 32 % | 31 % | 32 % |
| Residuals from processed purchased logs | 12 | 11 | 11 | - - | - - | - - | 5 | 4 | 4 | 8 | 8 | 7 |
| Total | 42 % | 40 % | 40 % | 21 % | 23 % | 23 % | 44 % | 41 % | 43 % | 40 % | 39 % | 39 % |

(a) Principally sawtimber.

(b) Principally pulpwood.

(c) Sawtimber and pulpwood.

(d) On December 31, 2000, our inventory of merchantable sawtimber was approximately 6.8 billion board feet, and our inventory of pulpwood was approximately 11.2 million cords. At December 31, 1999, these inventories were approximately 6.8 billion board feet and approximately 11.1 million cords, and at December 31, 1998, these inventories were approximately 7.7 billion board feet and approximately 8.0 million cords.

(e) 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.

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 in our 2000 Annual Report. This information is incorporated by reference.

PAPER AND PAPER PRODUCTS

Boise Cascade manufactures and sells uncoated free sheet papers (office papers, printing grades, forms bond, envelope and specialty papers), containerboard, corrugated containers, newsprint, and market pulp.

Our primary focus in this business segment is uncoated free sheet and containerboard/corrugated containers. Uncoated free sheet represented 55% of segment revenues in 2000 and containerboard/corrugated containers accounted for 23%. Newsprint and market pulp account for the remaining 22% of revenue.

In terms of company integration, one-third of our uncoated free sheet is sold through our office products business and the equivalent of 57% of our containerboard production is consumed by our corrugated container plants.

Our paper and containerboard is manufactured at five mills located in the United States. These mills had an annual capacity of 2.9 million tons at December 31, 2000. Our products are sold to distributors and industrial customers primarily by our own sales personnel. Corrugated containers are manufactured at seven plants, which have an annual capacity of approximately 6.0 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.

Our paper mills are supplied with pulp primarily from our own integrated pulp mills. Pulp mills in the Northwest manufacture chemical pulp from wood residuals produced as a byproduct of solid wood products manufacturing plants. Pulp mills in the Midwest and South manufacture chemical, thermomechanical, and groundwood pulp primarily from pulpwood logs and, to a lesser extent, from wood residuals from solid wood products facilities. We also manufacture most of the recycled fiber used in our paper and containerboard products.

Wood residuals are provided by our own sawmills and panel plants in the Northwest and, to a lesser extent, in the South, and the remainder is purchased from outside sources.

The following table sets forth annual practical capacities of our paper manufacturing locations as of December 31, 2000, and 2000 production:

| | Number of Machines | Capacity at December 31, 2000 (a) | Production |
|---|---|---|---|
| | | (tons) | |
| PULP AND PAPER MILLS | | | |
| Jackson, Alabama | | | |
| Uncoated free sheet | 2 | 505,000 | 457,172 |
| DeRidder, Louisiana | | | |
| Containerboard | 1 | 560,000 | 556,209 |
| Newsprint | 2 | 440,000 | 424,447 |
| International Falls, Minnesota | | | |
| Uncoated free sheet | 4 | 550,000 | 487,274 |
| St. Helens, Oregon | | | |
| Uncoated free sheet | 3 | 270,000 | 255,577 |
| Market pulp | - | 115,000 | 80,574 |
| Wallula, Washington | | | |
| Uncoated free sheet | 1 | 235,000 | 226,939 |
| Market pulp | 1 | 125,000 | 124,751 |
| Containerboard | 1 | 130,000 | 127,885 |
| Total | 15 | 2,930,000 | 2,740,828 |
| | =========== | ======== | ========= |
| ANNUAL CAPACITY BY PRODUCT | | | |
| Uncoated free sheet | | 1,560,000 | |
| Containerboard | | 690,000 | |
| Newsprint | | 440,000 | |
| Market pulp | | 240,000 | |
| Total | | 2,930,000 | |
| | | ======== | |

(a) Capacity assumes 24-hour days, 365 days per year, except for days allotted for planned maintenance.

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

| | 2000 | 1999 | 1998 | 1997 | 1996 |
|---|---|---|---|---|---|
| | | | (thousands of tons) | | |
| Uncoated free sheet | 1,393 | 1,426 | 1,403 | 1,314 | 1,167 |
| Containerboard | 680 | 655 | 624 | 604 | 563 |
| Newsprint | 423 | 422 | 431 | 440 | 411 |
| Market pulp | 150 | 149 | 129 | 161 | 230 |
| Discontinued grades | - | - | - | - | 260 (a) |

| | | | | | |
|---|---|---|---|---|---|
| | 2,646 | 2,652 | 2,587 | 2,519 | 2,631 |
| | (millions of square feet) | | | | |
| Corrugated containers | 4,968 | 4,681 | 4,182 | 3,568 | 3,201 |

(a) 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.

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 in our 2000 Annual Report. This information is included in Exhibit 13.1 to the Form 10-K and 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, 2000, we had 25,257 employees, 6,680 of whom were covered under collective bargaining agreements. In 2000, we obtained a labor contract extension effective until 2004 covering our Northwest wood products manufacturing locations in Cascade, Idaho; Elgin, Oregon; Emmett, Idaho; Independence, Oregon; Kettle Falls, Washington; La Grande, Oregon; St. Helens, Oregon; and Woodinville, Washington. In July 2001, contracts covering approximately 690 workers in our Louisiana wood products manufacturing facilities 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 "Investment Activities" and in the table titled "2000 Capital Investment by Business" of the Financial Review in our 2000 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 57% of total 2000 energy requirements, compared with 58% in 1999 and 59% in 1998. The energy requirements fulfilled by purchased sources in 2000 were as follows: natural gas, 68%; electricity, 27%; residual fuel oil, 4%; and other sources, 1%. Costs for energy purchased in 2000 were $52 million higher than they were in 1999. Most of the increase occurred in the second half of the year. In the near term, we expect the energy situation to remain volatile, which will continue to negatively impact our costs and could impact our ability to operate some facilities.

**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 our properties. Our properties are in good operating condition and are suitable and adequate for the operations for which they are used. We own substantially all equipment used in our facilities. Information concerning production capacity and the utilization of our manufacturing facilities is presented in Item 1 of this Form 10-K.

Following is a list of our facilities by segment as of February 28, 2001. In addition, our corporate headquarters is located in Boise, Idaho, and the office products headquarters is located in Itasca, Illinois. Information concerning timber resources is presented in Item 1 of this Form 10-K.

OFFICE PRODUCTS

63 distribution centers located in Arizona, California (2), Colorado, Connecticut, Delaware, District of Columbia, Florida (2), Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri (2), Nevada (2), New Mexico, New York (2), North Carolina, Ohio (2), Oklahoma, Oregon, Pennsylvania (2), Tennessee (2), Texas (2), Utah, Vermont, Virginia, Washington (2), Wisconsin, Australia (7), Canada (7), and New Zealand (6).

2 outbound tele-sales centers located in Illinois and Oklahoma.

4 customer service centers located in Illinois (2), Virginia, and Wyoming.

116 retail outlets located in Canada (70), Hawaii (3), Australia (7), and New Zealand (36).

BUILDING PRODUCTS

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

12 plywood and veneer plants located in Idaho, Louisiana (2), Oregon (7), and Washington (2).

1 particleboard plant located in Oregon.

3 laminated veneer lumber/wood I-joists plants located in Louisiana, Oregon, and New Brunswick, Canada.

1 wood beam plant located in Idaho.

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

28 wholesale building materials units located in Arizona, Colorado (2), Florida, Georgia, Idaho (2), Illinois, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, Oklahoma, Tennessee, Texas (3), Utah, and Washington (4).

PAPER AND PAPER PRODUCTS

5 pulp and paper mills located in Alabama, Louisiana, Minnesota, Oregon, and Washington.

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

2 converting facilities located in Oregon and Washington.

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 17 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. 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 results of operations.

In March 2000, EPA Regions VI and X issued Boise Cascade a combined Notice of Violation (NOV). The NOV alleges various violations of air permits at seven plywood plants and one particleboard plant for the period 1979 through 1998. The EPA has neither proposed any penalties nor filed any administrative, civil, or criminal actions. The NOV, however, sets forth EPA's authority to seek, among other things, penalties of up to $27,500 per day for each violation. We believe federal statutes of limitation would limit any penalties assessed to a five-year period. We are negotiating with the EPA to resolve these allegations. The effect of this NOV on our results of operations or financial position is unknown at this time.

Several potential class action lawsuits have been filed against the company arising out of its former manufacture and sale of hardboard siding products. The company discontinued the manufacturing of these products in 1984. These lawsuits allege that siding manufactured by the company was inherently defective when used as exterior cladding for homes and other buildings. The plaintiffs have sought to hold the company financially responsible for the repair and replacement of siding, to make restitution to the class members, and to award each class member compensatory and enhanced damages. To date, no court has granted class certification in any of these actions, and several of the cases have been dismissed in their entirety. Three lawsuits remain. One of those cases, pending in the U.S. District Court for the Eastern District of Texas, was dismissed in its entirety in November 2000, and class certification was denied. The plaintiffs have appealed these rulings to the U.S. Court of Appeals for the Fifth Circuit. In a case filed in the Circuit Court of Champaign County, Illinois, the court dismissed the claims of all but one plaintiff in January 2001. The dismissed plaintiffs have appealed this ruling to the Fourth District Appellate Court in Illinois. The remaining lawsuit is filed in the District Court of Jefferson County, Texas, and is still pending. We believe there are valid factual and legal defenses to these cases and will continue to resist certification of any class and vigorously defend all claims by the plaintiffs.

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

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITIES 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 Stock Exchange. In June 2000, we voluntarily delisted our common stock from the Chicago Stock 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, are included in Note 12, "Quarterly Results of Operations," of the Notes to Financial Statements in our 2000 Annual Report. Additional information concerning dividends on common stock is presented under the caption "Financing Activities" of the Financial Review in our 2000 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 2000 Annual Report. The information under these captions is incorporated by reference. The approximate number of common shareholders, based upon actual record holders at February 28, 2001, was 15,461.

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. The rights 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 Items 7 and 8 of this Form 10-K:

| | 2000 (a) | 1999 (b) | 1998 (c) | 1997 | 1996 (d) |
|---|---|---|---|---|---|
| | (millions, except per-common-share amounts) | | | | |
| Assets | | | | | |
| Current assets | $ 1,577 | $ 1,531 | $ 1,368 | $ 1,354 | $ 1,355 |
| Property and equipment, net | 2,582 | 2,557 | 2,571 | 2,630 | 2,554 |
| Other | 1,108 | 1,050 | 1,032 | 986 | 802 |
| | $ 5,267 | $ 5,138 | $ 4,971 | $ 4,970 | $ 4,711 |
| Liabilities and Shareholders' Equity | | | | | |
| Current liabilities | $ 1,014 | $ 1,125 | $ 1,130 | $ 894 | $ 933 |
| Long-term debt, less current portion | 1,715 | 1,585 | 1,578 | 1,726 | 1,330 |
| Guarantee of ESOP debt | 108 | 133 | 156 | 177 | 196 |
| Minority interest | 9 | 131 | 117 | 105 | 82 |
| Other | 664 | 550 | 559 | 455 | 490 |

| | | | | | |
|---|---|---|---|---|---|
| Shareholders' equity | 1,757 | 1,614 | 1,431 | 1,613 | 1,680 |
| | $ 5,267 | $ 5,138 | $ 4,971 | $ 4,970 | $ 4,711 |
| Net sales (e) | $ 7,807 | $ 7,148 | $ 6,355 | $ 5,669 | $ 5,262 |
| Net income (loss) before cumulative effect of accounting change | $ 179 | $ 200 | $ (26) | $ (30) | $ 9 |
| Cumulative effect of accounting change, net | - | - | (8) | - | - |
| Net income (loss) | $ 179 | $ 200 | $ (34) | $ (30) | $ 9 |
| Net income (loss) per common share | | | | | |
| Basic before cumulative effect of accounting change | $ 2.89 | $ 3.27 | $ (.81) | $ (1.19) | $ (.63) |
| Cumulative effect of accounting change | - | - | (.15) | - | - |
| Basic (f) | $ 2.89 | $ 3.27 | $ (.96) | $ (1.19) | $ (.63) |
| Net income (loss) per common share | | | | | |
| Diluted before cumulative effect of accounting change | $ 2.73 | $ 3.06 | $ (.81) | $ (1.19) | $ (.63) |
| Cumulative effect of accounting change | - | - | (.15) | - | - |
| Diluted (f) | $ 2.73 | $ 3.06 | $ (.96) | $ (1.19) | $ (.63) |
| Cash dividends declared per common share | $ .60 | $ .60 | $ .60 | $ .60 | $ .60 |

(a) 2000 includes a pretax gain of $98,618,000 on the sale of BCOP's European operations.

(b) 1999 includes a pretax gain of $47,000,000 for the sale of 56,000 acres of timberland in central Washington.

1999 includes pretax gains of $35,500,000, $4,000,000, $2,300,000, and $400,000 for the reversal of previously recorded restructuring charges in our building products, office products, paper and paper products, and corporate and other segments.

1999 includes a pretax loss of $4,400,000 related to early retirements in our corporate and other segment.

(c) 1998 includes a pretax charge of $37,982,000 for a companywide 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 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 7 cents related to the redemption of our Series F Preferred Stock.

(d) 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 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.

(e) In September 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board issued a consensus on Issue 00-10, Accounting for Shipping and Handling Fees and Costs. This consensus, which became effective and was adopted by us in the fourth quarter, requires that amounts billed to customers for shipping be included as a revenue and that amounts paid by us for shipping be included as a cost. To comply with this consensus, reclassifications were made to increase both "Sales" and "Materials, labor, and other operating expenses" by $195,678,000, $192,983,000, $174,876,000, and $154,195,000 for the years ended December 31, 1999, 1998, 1997, and 1996.

(f) The computation of diluted net loss per common share was antidilutive in the years 1998, 1997, and 1996; therefore, the amounts reported for basic and diluted loss per share are the same.

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

Management's discussion and analysis of financial condition and results of operations are presented under the caption "Financial Review" in our 2000 Annual Report. This information is included in Exhibit 13.1 to the Form 10-K and is 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 Financial Market Risks," in the Financial Review in our 2000 Annual Report. This information is included in Exhibit 13.1 to the Form 10-K and is incorporated by reference.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements and related notes, together with the report of independent public accountants, are presented in our 2000 Annual Report. This information is included in Exhibit 13.1 to the Form 10-K and is incorporated by reference.

The consolidated Statement of Income for the three months ended December 31, 2000, is presented in our Fact Book for the fourth quarter of 2000. This information is included in Exhibit 13.2 to the Form 10-K and is incorporated by reference.

The 9.85% notes issued in June 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 28, 2001:

| Name | Age | Position or Office | Date First Elected as an Officer |
|---|---|---|---|
| George J. Harad * | 56 | Chairman of the Board and Chief Executive Officer | 05/11/82 |
| Stanley R. Bell | 54 | Senior Vice President | 09/25/90 |
| John C. Bender * | 61 | Senior Vice President | 02/13/90 |
| Theodore Crumley * | 55 | Senior Vice President and Chief Financial Officer | 05/10/90 |
| A. Ben Groce * | 59 | Senior Vice President | 02/08/91 |
| John W. Holleran * | 46 | Senior Vice President and General Counsel | 07/30/91 |
| Christopher C. Milliken * | 55 | Senior Vice President | 02/03/95 |
| A. James Balkins III | 48 | Vice President | 09/05/91 |
| Charles D. Blencke | 57 | Vice President | 12/11/92 |
| Thomas E. Carlile * | 49 | Vice President and Controller | 02/04/94 |
| Graham L. Covington | 58 | Vice President | 09/24/98 |
| Kenneth W. Cupp | 54 | Vice President | 04/20/00 |
| Robert W. Egan | 41 | Vice President | 12/08/00 |
| David A. Goudge | 53 | Vice President | 04/20/00 |
| Karen E. Gowland | 42 | Vice President and Corporate Secretary | 09/25/97 |
| Vincent T. Hannity | 56 | Vice President | 07/26/96 |
| Miles A. Hewitt | 42 | Vice President | 04/20/00 |
| Guy G. Hurlbutt | 58 | Vice President | 07/31/98 |
| Judith M. Lassa | 42 | Vice President | 07/28/00 |
| Irving Littman | 60 | Vice President and Treasurer | 11/01/84 |

| | | | |
|---|---|---|---|
| Thomas A. Lovlien | 45 | Vice President | 04/20/00 |
| Richard W. Merson | 58 | Vice President | 12/12/97 |
| Carol B. Moerdyk | 50 | Vice President | 05/10/90 |
| David A. New | 50 | Vice President | 04/30/97 |

* Executive officer under Section 16 of the Securities and Exchange Act of 1934. Some of these officers have established trading plans under SEC Rule 10b-5.

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. From 1995-1997, Mr. New was the technical manager of the Forestry, Pulp, and Paper, Southeast Asia Group for Fletcher Challenge Ltd.

N. David Spence, senior vice president, passed away on October 23, 2000.

**ITEM 11. EXECUTIVE COMPENSATION**

Information concerning compensation of Boise Cascade's executive officers for the year ended December 31, 2000, 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, 2000, 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, 2000, 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 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 2000 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 Statement of Income for the three months ended December 31, 2000, is incorporated by reference from Boise Cascade's Fact Book for the fourth quarter of 2000.

(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 2000 Annual Report.

- Balance Sheets as of December 31, 2000 and 1999.
- Statements of Income (Loss) for the years ended December 31, 2000, 1999, and 1998.
- Statements of Cash Flows for the years ended December 31, 2000, 1999, and 1998.
- Statements of Shareholders' Equity for the years ended December 31, 2000, 1999, and 1998.
- 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 13, 2000, we filed a Form 8-K with the Securities and Exchange Commission updating our earnings outlook for fourth quarter 2000. No other Form 8-Ks were filed during fourth quarter 2000.

On February 15, 2001, we filed a Form 8-K with the Securities and Exchange Commission to file the Boise Cascade Corporation Key Executive Performance Unit Plan.

(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

By /s/ George J. Harad

George J. Harad

Chairman of the Board and Chief Executive Officer

Dated: March 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 16, 2001.

| Signature | Capacity |
|---|---|
| (i) Principal Executive Officer: | |
| /s/ George J. Harad<br>George J. Harad | Chairman of the Board and Chief Executive Officer |
| (ii) Principal Financial Officer: | |
| /s/ Theodore Crumley<br>Theodore Crumley | Senior Vice President and Chief Financial Officer |
| (iii) Principal Accounting Officer: | |
| /s/ Thomas E. Carlile<br>Thomas E. Carlile | Vice President and Controller |
| (iv) Directors: | |
| /s/ George J. Harad<br>George J. Harad | /s/ Gary G. Michael<br>Gary G. Michael |
| /s/ Philip J. Carroll<br>Philip J. Carroll | /s/ A. William Reynolds<br>A. William Reynolds |

| | |
|---|---|
| /s/ Claire S. Farley | /s/ Francesca Ruiz de Luzuriaga |
| Claire S. Farley | Francesca Ruiz de Luzuriaga |
| /s/ Rakesh Gangwal | /s/ Jane E. Shaw |
| Rakesh Gangwal | Jane E. Shaw |
| /s/ Richard R. Goodmanson | /s/ Frank A. Shrontz |
| Richard R. Goodmanson | Frank A. Shrontz |
| /s/ Edward E. Hagenlocker | /s/ Carolyn M. Ticknor |
| Edward E. Hagenlocker | Carolyn M. Ticknor |
| /s/ Robert K. Jaedicke | /s/ Ward W. Woods, Jr. |
| Robert K. Jaedicke | Ward W. Woods, Jr. |
| /s/ Donald S. Macdonald | |
| Donald S. Macdonald | |

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 18, 2001, incorporated by reference in this Form 10-K for the year ended December 31, 2000, 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-8 (File No. 333-37124); the registration statement on Form S-8 (File No. 333-37126); the pre-effective amendment No. 1 to Form S-3 registration statement (File No. 333-41033); amendment No. 2 to the registration statement on Form S-3 (File No. 333-74981); the registration statement on Form S-8 (File No. 333-86425); and the registration statement on Form S-8 (File No. 333-86427).

/s/ ARTHUR ANDERSEN LLP

Boise, Idaho
March 16, 2001

## BOISE CASCADE CORPORATION

## INDEX TO EXHIBITS

Filed with the Annual Report
on Form 10-K for the
Year Ended December 31, 2000

| 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 | (3) | Bylaws, as amended, December 11, 1998 | |
| 4.1 | (4) | Trust Indenture between Boise Cascade Corporation and Morgan Guaranty Trust Company of New York, Trustee, dated October 1, 1985, as amended | |
| 4.2 | (5) | 1997 Revolving Loan Agreement -- $600,000,000, dated as of March 11, 1997, as amended September 25, 1997 | |
| 4.3 | (6) | Renewed Rights Agreement, dated as of September 25, 1997 | |
| 9 | | Inapplicable | |
| 10.1 | | Key Executive Performance Plan for Executive Officers, as amended through January 1, 2000 | |
| 10.2 | (7) | 1986 Executive Officer Deferred Compensation Plan, as amended through July 29, 1999 | |
| 10.3 | (7) | 1983 Board of Directors Deferred Compensation Plan, as amended through July 29, 1999 | |
| 10.4 | (7) | 1982 Executive Officer Deferred Compensation Plan, as amended through July 29, 1999 | |
| | (8) | Executive Officer Severance Pay Policy | |

| | | |
|---|---|---|
| 10.5 | (8) | Executive Officer Severance Pay Policy |
| 10.6 | | Supplemental Early Retirement Plan for Executive Officers, as amended through December 7, 2000 |
| 10.7 | (7) | Boise Cascade Corporation Supplemental Pension Plan, as amended through July 29, 1999 |
| 10.8 | (7) | 1987 Board of Directors Deferred Compensation Plan, as amended through July 29, 1999 |
| 10.9 | | 1984 Key Executive Stock Option Plan, as amended through February 8, 2001 |
| 10.10 | (8) | Executive Officer Group Life Insurance Plan description |
| 10.11 | (7) | 1980 Split-Dollar Life Insurance Plan, as amended through July 29, 1999 |
| 10.12 | (7) | Form of Agreement with Executive Officers, as amended through July 29, 1999 |
| 10.13 | (9) | Supplemental Health Care Plan for Executive Officers, as revised July 31, 1996 |
| 10.14 | (8) | Nonbusiness Use of Corporate Aircraft Policy, as amended |
| 10.15 | | Executive Officer Financial Counseling Program description, as amended through July 27, 2000 |
| 10.16 | (8) | Family Travel Program description |
| 10.17 | (7) | Form of Directors' Indemnification Agreement, as revised July 29, 1999 |
| 10.18 | (10) | Deferred Compensation and Benefits Trust, as amended by the Form of Fifth Amendment dated December 6, 2000 |
| 10.19 | (7) | Director Stock Compensation Plan, as amended through July 29, 1999 |
| 10.20 | | Director Stock Option Plan, as amended through December 8, 2000 |
| 10.21 | (7) | 1995 Executive Officer Deferred Compensation Plan, as amended through July 29, 1999 |
| 10.22 | (7) | 1995 Board of Directors Deferred Compensation Plan, as amended through July 29, 1999 |
| 10.23 | (7) | 1995 Split-Dollar Life Insurance Plan, as amended through July 29, 1999 |
| 10.24 | | 2000 and 2001 Performance Criteria for the Key Executive Performance Plan for Executive Officers |
| 10.25 | (11) | Boise Cascade Office Products Corporation Key Executive Retention and Incentive Plan, effective March 15, 2000 |
| 10.26 | | 2001 Key Executive Deferred Compensation Plan, adopted July 27, 2000 |
| 10.27 | | 2001 Board of Directors Deferred Compensation Plan, adopted July 28, 2000 |
| 10.28 | (12) | Key Executive Performance Unit Plan, adopted February 8, 2001. |
| 11 | | Computation of Per Share Earnings |
| 12.1 | | Ratio of Earnings to Fixed Charges |
| 12.2 | | Ratio of Earnings to Combined Fixed Charges and Preferred Dividend Requirements |
| 13.1 | | Incorporated sections of the Boise Cascade Corporation 2000 Annual Report |
| 13.2 | | Incorporated sections of the Boise Cascade Corporation Fact Book for the fourth quarter of 2000 |
| 16 | | Inapplicable |
| 18 | | Inapplicable |
| 21 | | Significant subsidiaries of the registrant |
| 22 | | Inapplicable |
| 23 | | Consent of Arthur Andersen LLP (see page 21) |
| 24 | | Inapplicable |
| 27 | | Inapplicable |
| 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) Exhibit 3.2 was filed under the same exhibit number in Boise Cascade's 1998 Annual Report on Form 10-K and is incorporated by reference.

(4) 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.

(5) 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.

(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, 10.3, 10.4, 10.7, 10.8, 10.11, 10.12, 10.17, 10.19, 10.21, 10.22, and 10.23 were filed under the same exhibit numbers in Boise Cascade's 1999 Annual Report on Form 10-K and are incorporated by reference.

(8) 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.

(9) Exhibit 10.13 was filed under the same exhibit number in Boise Cascade's 1996 Annual Report on Form 10-K and is incorporated by reference.

(10) The Deferred Compensation and Benefits Trust, as amended and restated as of December 13, 1996, was filed under the same exhibit number in Boise Cascade's 1996 Annual Report on Form 10-K and is incorporated by reference. Amendment No. 4, dated July 29, 1999, to the Deferred Compensation and Benefits Trust was filed under the same exhibit number in Boise Cascade's 1999 Annual Report on Form 10-K and is incorporated by reference.

(11) The BCOP Key Executive Retention and Incentive Plan was filed as Exhibit 10 in Boise Cascade's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000, and is incorporated by reference.

(12) The Key Executive Performance Unit Plan was filed as Exhibit 99 in Boise Cascade's Form 8-K filed with the Securities and Exchange Commission on February 15, 2001, and is incorporated by reference.

EXHIBIT 10.1

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN FOR EXECUTIVE OFFICERS

(As Amended Through January 1, 2001)

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" means 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" means a period of one year, commencing each January 1 and ending on the following December 31.

2.3 "Base Salary" means 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" means 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" means 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 A "Change in Control of the Company" shall be deemed to have occurred if:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not

be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.6(c)(i) shall not be deemed to be a Change in Control of the Company; 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 2/3rds 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 consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.6(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, 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.

For purposes of this section and Section 2.18, "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 and Section 2.18, "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" means the Executive Compensation Committee of the Company's Board of Directors (the "Board") or any successor to the Committee.

2.8 "Corporate Performance Award Criteria" means the attainment of specified levels f 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" means the irrevocable trust (the "DCB 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 will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.10 "Division or Location Performance Measures" 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" means 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" means the excess NOPBT that remains after subtracting the Capital Charge, expressed as follows: EVA = NOPBT - Capital Charge

2.13 "Executive Officers" 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" means 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") means the before tax operating income of the Company for the Award Period.

2.16 "Participant" means 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 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 "Pension Plan" means the Boise Cascade Corporation Pension Plan for Salaried Employees, as amended from time to time.

2.18 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, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.19 "Pretax Required Rate of Return" (also commonly known as the "cost of capital") means 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.

2.20 "Retirement" means a Participant's termination of employment with the Company for reasons other than death, total disability (as defined in the Pension Plan), or disciplinary reasons (as that term is used for purposes of the Company's Corporate Policy 10.2, Termination of Employment) at any time after the Participant has attained age 55 with 10 or more years of service (as defined in the Pension Plan).

2.21 "Return on Equity" means the Company's Net Income, divided by average shareholders' equity.

2.22 "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.

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 but only upon the Committee's certification that the applicable Award Criteria have been satisfied and upon determination of the amount of each Award. No Award shall be deemed to be earned under this Plan prior to the Committee's certification and Award determination. 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 final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Sections 12 and 13. Any interpretation by the Committee shall be final and binding on the Participants.

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 Pension Plan 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 Committee certifies that an Award is payable under the applicable Criteria and determines the amount of the Award. 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 be eligible to 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.

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 the Company's 2001 Key Executive Deferred Compensation Plan.

9. DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations under this Plan (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB 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 as may be necessary in order to maintain the Funding Amount with respect to this Plan .

Upon a Change in Control of the Company, the assets of the DCB Trust shall be used to pay benefits under this Plan, except to the extent the Company pays such benefits. The Company and any successor shall continue to be liable for the ultimate payment of those benefits.

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

10.3 TAXES. The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld. 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 the Company shall be made in writing and in such form as the Company may prescribe. Such communication shall be effective upon receipt by the Company's Salaried and Executive Compensation Manager at 1111 West Jefferson Street, P.O. Box 50, Boise, Idaho 83728-0001.

11. AMENDMENT AND TERMINATION. The Company, acting through its Board or any committee of the Board, may, at its sole discretion, amend or terminate the Plan at any time, provided that the amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant's prior consent.

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 Salaried and Executive Compensation Manager, who shall have absolute discretion to interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to 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 Salaried and Executive Compensation Manager, in his or her 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 Salaried and Executive Compensation Manager, 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 10.6

BOISE CASCADE CORPORATION
SUPPLEMENTAL EARLY RETIREMENT PLAN FOR EXECUTIVE OFFICERS

(As Amended Through December 7, 2000)

ARTICLE I - PURPOSE OF THE PLAN

The purpose of this Supplemental Early Retirement Plan for Executive Officers (the "Plan") is to facilitate the orderly succession of Executive Officers with continuity of management by providing additional Early Retirement Benefits for the Executive Officers.

ARTICLE II -- DEFINITIONS

2.1 "BOARD OF DIRECTORS." The term Board of Directors shall mean the Board of Directors of Boise Cascade Corporation.

2.2 "CHANGE IN CONTROL." 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.2(c)(i) shall not be deemed to be a Change in Control of the Company; 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 2/3rds 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 consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.2(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, 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.

For purposes of this section and Section 2.14, "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 and Section 2.14, "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.

2.3 "COMMITTEE." The Retirement Committee of the Company appointed by the Board of Directors, which, in addition to its other duties and responsibilities, shall have the duties and responsibilities set out in Article V of this Plan.

2.4 "COMPANY." Boise Cascade Corporation, a corporation organized and existing under the laws of the state of Delaware, or its successor or successors.

2.5 "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 or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his or her sole discretion.

2.6 CONSTRUCTION. Except to the extent preempted by federal law, this Plan shall be construed according to the laws of the state of Idaho. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan, not to any particular provision or section.

2.7 "DEFERRED COMPENSATION AND BENEFITS TRUST." The irrevocable trust (the "DCB 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 will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.8 "EARLY RETIREMENT BENEFITS." The benefits that will be paid to an Executive Officer who retires from the Company under the provisions of this Plan.

2.9 "EARLY RETIREMENT DATE." The date of an Executive Officer's Termination of Employment on or after his or her 55th birthday but before his or her Normal Retirement Date.

2.10 "EFFECTIVE DATE." The date this Plan becomes effective as established by the Board of Directors.

2.11 "EXECUTIVE OFFICER." An Employee who has been duly elected by the Board of Directors to serve as an executive officer of the Company in accordance with the Company's Bylaws but shall not include assistant treasurers or assistant secretaries.

2.12 "INVOLUNTARY RETIREMENT." The termination of employment of an Executive Officer by action of the Company or the Board of Directors prior to an Executive Officer's Normal Retirement Date

but after the Executive Officer has completed 10 or more years of service and has reached the age of at least 55 years.

2.13 "NORMAL RETIREMENT DATE." The first day of the month on or after an Executive Officer's 65th birthday.

2.14 "POTENTIAL CHANGE IN CONTROL." 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, unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (a) control or influence the management or policies of the Company, or (b) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (iv) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.15 "SALARIED PLAN." The Boise Cascade Corporation Pension Plan for Salaried Employees and the Boise Cascade Corporation Excess Benefit Plan as they currently are in effect and as amended from time to time after the Effective Date of this Plan.

ARTICLE III - ELIGIBILITY FOR EARLY RETIREMENT BENEFITS

3.1 ELIGIBILITY. An Executive Officer (i) with 10 or more years of service with the Company, as defined in the Salaried Plan; (ii) who has served as an Executive Officer of the Company for at least 5 full years measured from the date of his or her election to such office; and (iii) whose employment with the Company is terminated through Involuntary Retirement, or who elects early retirement on or after his or her 55th birthday but before his or her Normal Retirement Date, shall receive the Early Retirement Benefits as set forth in Article IV hereof; provided, however, if an Executive Officer's employment is terminated for "disciplinary reasons," as that term is used in the Company's Corporate Policy 10.2, Termination of Employment, such Executive Officer shall not be eligible to receive any benefits under this Plan.

3.2 NOTICE. If an Executive Officer is required to take Involuntary Retirement under this Plan, he or she shall be given a written notice thereof and shall be advised of the Early Retirement Benefits to be paid hereunder. Additionally, any eligible Executive Officer desiring to retire under the terms of this Plan on or after his or her 55th birthday but before his or her Normal Retirement Date shall notify the Company of his or her decision, in writing, at least 30 days in advance of the Early Retirement Date.

ARTICLE IV - EARLY RETIREMENT BENEFITS

4.1 EARLY RETIREMENT BENEFITS. An Executive Officer who is eligible to and elects to retire on or after his or her 55th birthday but before his or her Normal Retirement Date, or who is required to take Involuntary Retirement by the Company during that period, shall receive the Early Retirement Benefits as set forth in Section 4.2 herein.

4.2 COMPUTATION OF EARLY RETIREMENT BENEFITS. The Early Retirement Benefits payable to any Executive Officer who is covered by the provisions of Section 4.1 hereof shall be calculated as follows:

Until age 65, the Early Retirement Benefits payable hereunder shall be an amount equal to the Basic Pension Benefit that would have been payable at age 65 under the Salaried Plan (before reduction to reflect any retirement option selected by the Executive Officer pursuant to Article VII of the Salaried Plan) without reduction on account of early retirement.

Notwithstanding the foregoing, an Executive Officer may make an irrevocable written election at any time on or before his or her Early Retirement Date to receive, as an alternative to the amounts described above, Early Retirement Benefits commencing upon the Early Retirement Date equal to the difference between (1) the amount of the Basic Pension Benefit, as defined in the Salaried Plan (before the reduction to reflect any retirement option selected by the Executive Officer pursuant to Article VII of the Salaried Plan), payable to the Executive Officer as of his or her Early Retirement Date, without reduction for early retirement under the Salaried Plan, and (2) the amount of the Basic Pension Benefit, as defined in the Salaried Plan (before the reduction to reflect any retirement option selected by the Executive Officer pursuant to Article VII of the Salaried Plan), payable to the Executive Officer as of his or her Early Retirement Date, after application of the reduction factors as set forth in Article VI of the Salaried Plan due to the Executive Officer's election to retire early.

If the calculations made pursuant to this section produce no Early Retirement Benefits for an Executive Officer, then this Plan shall not apply to that Executive Officer.

The Company will be secondarily liable for the payment of any amounts that are payable from the Salaried Plan.

4.3 MANNER AND ADJUSTMENT OF PAYMENT. The Early Retirement Benefits, as computed in Section 4.2 and as provided hereunder, shall, except as provided in Section 4.6, become an unfunded general obligation of the Company and shall be paid to the Executive Officer in monthly installments as a supplemental retirement benefit. The Early Retirement Benefits shall be paid in the same form as the Executive Officer's benefits selected under the Salaried Plan and shall be actuarially reduced to reflect the optional form of payment, if any, selected by the Executive Officer under Article VII of the Salaried Plan.

4.4 EXECUTIVE OFFICER NOT TO COMPETE. If an Executive Officer who is receiving Early Retirement Benefits hereunder and who has not yet reached his or her Normal Retirement Date provides significant services as an employee or consultant, or otherwise renders services of a significant nature for remuneration, to a Competitor, the Company may, in its discretion, cancel all further Early Retirement Benefits due to be payable to the Executive Officer hereunder, and after the date of cancellation, the Executive Officer shall forfeit all future benefits under this Plan. The Company may, in its discretion, consent to an Executive Officer's rendering services to a Competitor, and if it does consent, it may place whatever limitations it considers appropriate on the consent. If the Executive Officer breaches the terms of the consent, the Company may, in its discretion, cancel all further Early Retirement Benefits due to be payable to the Executive Officer hereunder, and after the date of cancellation, the Executive Officer shall forfeit all future benefits under this Plan.

4.5 SUPPLEMENTAL SURVIVOR'S RETIREMENT BENEFIT. If an Executive Officer terminates employment at any age by reason of death, his or her spouse, if any, shall be eligible to receive a supplemental Survivor's Retirement Benefit under this Plan. The amount of the supplemental Survivor's Retirement Benefit payable under this section shall be equal to the difference between the Survivor's Retirement Benefit payable under the terms of the Salaried Plan and the amount to which the spouse would be entitled under the terms of both this Plan and the Salaried Plan if the Executive Officer, without regard to the requirements of Section 3.1 of this Plan, had elected early retirement on the date of his or her death and had elected to receive benefits in the form of a 100% Joint and Survivor Annuity with the spouse as joint annuitant, provided that if the Executive Officer dies prior to reaching age 55, the otherwise unreduced benefit payable under this Plan shall be actuarially reduced to reflect the Executive Officer's age at death. A surviving spouse shall not be eligible for a supplemental survivor's benefit under this Plan unless the spouse is eligible for a survivor's benefit under the terms of the Salaried Plan.

4.6 DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control of the Company, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations under this Plan (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB 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 as may be necessary in order to maintain the Funding Amount with respect to this Plan. For purposes of calculating the amount required to be transferred by the Company to the DCB Trust, any Executive Officer whose employment has not been previously terminated shall be deemed to have elected to retire upon the later of the 2nd anniversary of the Potential Change in Control or the date as of which that calculation is being made and not to have elected the alternative Early Retirement Benefits under Section 4.2.

Upon a Change in Control of the Company, the assets of the DCB Trust shall be used to pay benefits under this Plan, except to the extent the Company pays such benefits. The Company and any successor shall continue to be liable for the ultimate payment of those benefits.

ARTICLE V -- DUTIES

5.1 COMMITTEE'S POWERS. Except as otherwise provided in the Plan with regard to the powers of the Company, the Committee shall have control of administration of the Plan, with all powers necessary to enable it to carry out its duties hereunder. The Committee shall have the right to inspect the records of the Company whenever such inspection may be reasonably necessary in order to determine any fact pertinent to the performance of the duties of the Committee. The Committee, however, shall not be required to make such inspection but may, in good faith, rely on any statement of the Company or any of its officers or employees.

5.2 COPY OF PLAN TO BE FURNISHED. The Committee shall furnish a copy of this Plan to all Executive Officers of the Company who are or become entitled to be covered under this Plan as eligible Executive Officers.

5.3 RECORDS. The Committee shall keep a complete record of all its proceedings and all data necessary for administration of the Plan.

5.4 APPEAL PROCEDURE. If any Executive Officer feels aggrieved by any decision of the Committee concerning his or her benefits hereunder, the Committee shall provide, upon written request of the Executive Officer, specific written reasons for the decision. The Committee shall afford an Executive Officer, whose claim for benefits has been denied, 60 days from the date notice of denial is mailed in which to request a hearing before the Committee. If an Executive Officer requests a hearing, the Committee shall review the written comments, oral statements, and any other evidence presented on behalf of the Executive Officer at the hearing and render its decision within 60 days of such hearing. If the Executive Officer still feels aggrieved by the Committee's decision concerning his or her benefits hereunder, the Executive Officer can request the Executive Compensation Committee of the Board of Directors to review his or her case. The request for hearing must be made in writing within 60 days from the date of the Committee's decision. The Executive Compensation Committee of the Board of Directors shall review said decision within 4 months after receiving the Executive Officer's request for review and shall, within a reasonable time thereafter, render a decision respecting the Executive Officer's claim, which shall be final, binding and conclusive.

If any Executive Officer feels aggrieved by any decision of the Company concerning his or her rights hereunder, the Company shall provide, upon the written request of the Executive Officer, specific written reasons for its decision. If the Executive Officer is not satisfied with the Company's decision with respect to his or her rights, the Executive Officer can request the Executive Compensation Committee of the Board of Directors to review his or her case. The Executive Officer's request must be made within 60 days of the mailing of the Company's written decision, and the Executive Compensation Committee of the Board of Directors will handle the review in the same manner as set forth above with respect to appeals from Committee decisions.

## ARTICLE VI - AMENDMENT AND TERMINATION

6.1 AMENDMENT. To provide for contingencies which may require the clarification, modification, or amendment of this Plan, the Company reserves the right to amend this Plan at any time; provided, however, no amendment shall affect any benefits previously granted hereunder to any Executive Officer who elected or was required, pursuant to this Plan, to retire early. Further, prior to any amendment of the Plan, the Company shall give at least 90 days' prior written notice to any Executive Officer, who at the time of the amendment will be eligible to receive Early Retirement Benefits hereunder, of the proposed amendment and his or her eligibility to elect early retirement prior to the effective date of the amendment.

6.2 TERMINATION. It is the present intention of the Company to maintain this Plan indefinitely. Nonetheless, the Company reserves the right, at any time, to terminate the Plan; provided, however, no termination shall affect any benefits previously granted hereunder to an Executive Officer who elected or was required, pursuant to this Plan, to retire early, and provided, further, that prior to any termination, the Company shall give at least 90 days' prior written notice to any Executive Officer, who at the time of the termination will be eligible to receive Early Retirement Benefits hereunder, of the proposed termination and of his or her option to elect, prior to the termination, to take early retirement under this Plan prior to the effective date of the termination.

## ARTICLE VII -- MISCELLANEOUS

7.1 BENEFITS NOT TRANSFERABLE OR ASSIGNABLE. None of the benefits, payments, proceeds, claims, or rights of any Executive Officer hereunder shall be subject to the claim of any creditor of the Executive Officer, other than the Company as permitted in Section 7.2, nor shall any Executive Officer have any right to transfer, assign, encumber, or otherwise alienate any of the benefits or proceeds which he or she may expect to receive, contingently or otherwise, under this Plan.

7.2 SETOFF. The Company shall have the right to withhold and deduct from payments due hereunder to any Executive Officer any amounts owed by the Executive Officer to the Company which were incurred prior to the Executive Officer's Early Retirement Date.

EXHIBIT 10.9

BOISE CASCADE CORPORATION
1984 KEY EXECUTIVE STOCK OPTION PLAN

(As Amended Through February 8, 2001)

1. ESTABLISHMENT AND PURPOSE.

1.1 ESTABLISHMENT. Boise Cascade Corporation, a Delaware corporation, hereby establishes a Stock Option Plan for key employees, which shall be known as the Boise Cascade Corporation 1984 Key Executive Stock Option Plan (the "Plan"). It is intended that some of the Options issued pursuant to the Plan may constitute Incentive Stock Options within the meaning of Section 422A of the Internal Revenue Code, and the remainder of the Options issued pursuant to the Plan shall constitute Nonstatutory Options. The Committee referred to in Section 2.1(c) of this Plan shall determine which Options are to be Incentive Stock Options and which are to be Nonstatutory Options and shall enter into Option Agreements with Optionees accordingly.

1.2 PURPOSE. The purpose of this Plan is to attract, retain, and motivate key employees of the Company and to encourage stock ownership by these employees by providing them with a means to acquire a proprietary interest or to increase their proprietary interest in the Company's success.

2. DEFINITIONS.

2.1 DEFINITIONS. Whenever used in this Plan, the following terms shall have the meanings set forth below:

(a) "Board" means the board of directors of the Company.

(b) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(c) "Committee" means the Executive Compensation Committee of the Board or any successor to the Committee.

(d) "Company" means Boise Cascade Corporation, a Delaware corporation.

(e) "Competitor" means 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 or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his or her sole discretion.

(f) "Date of Exercise" means the date the Company receives written notice, by an Optionee, of the exercise of an Option or Option and Stock Appreciation Right, pursuant to Subsection 8.1 of this Plan.

(g) "Employee" means a key employee (including an officer of the Company), who is employed by the Company or any subsidiary, partnership, or joint venture of the Company on a full-time basis, who is compensated for such employment by a regular salary, and who, in the opinion of the Committee, is in a position to contribute materially to its continued growth and development and to its future financial success. The term "Employee" does not include persons who are retained by the Company only as consultants

(h) "Employment with any Competitor" means providing significant services as an employee or consultant, or otherwise rendering services of a significant nature for remuneration, to a Competitor.

(i) "Executive Officer" means an Employee who has been duly elected by the Company's Board to serve as an executive officer of the Company in accordance with the Company's Bylaws but shall not include assistant treasurers or assistant secretaries.

(j) "Fair Market Value" means:

(i) the closing price of the Stock as reported by the consolidated tape of the New York Stock Exchange on a particular date; or

(ii) if the Stock is not listed or traded on the New York Stock Exchange, then the closing sales price of the Stock on a national securities exchange on a particular date; or

(iii) if the Stock is not listed on a national securities exchange, then the average of the closing bid and asking prices for the Stock in the over-the-counter market for a particular date; or

(iv) if the Stock is not traded in the over-the-counter market, such value as the Company, in its discretion, may determine, but in no event greater than the then fair market value of the Stock for federal income tax purposes.

In the event that there are no Stock transactions on such date, the Fair Market Value shall be determined as of the immediately preceding date on which there were Stock transactions.

(k) "Grant Price" means an amount not less than 100% of the Fair Market Value of the Company's Stock on the date of an Option's grant.

(l) "Option" means the right to purchase Stock of the Company at the Grant Price for a specified duration. For purposes of this Plan, an Option may be either (i) an "Incentive Stock Option" within the meaning of Section 422A of the Code or (ii) a "Nonstatutory Option."

(m) "Optionee" means an Employee who has been granted an Option under this Plan.

(n) "Pension Plan" means the Boise Cascade Corporation Pension Plan for Salaried Employees, as amended from time to time.

(o) "Retirement" means an Employee's termination of employment with the Company (or any subsidiary, partnership, or joint venture of the Company) for reasons other than death, total disability (as defined in the Pension Plan), or disciplinary reasons (as that term is used for purposes of the Company's Corporate Policy 10.2, Termination of Employment) at any time after the Employee has attained age 55 with 10 or more years of service (as defined in the Pension Plan).

(p) "Stock" means the common stock, $2.50 par value, of the Company.

(q) "Stock Appreciation Right" means the right, exercisable by the Optionee, to receive a cash payment from the Company upon the exercise of an Option. The amount of this cash payment and the conditions upon the exercise of the Stock Appreciation Right shall be determined by the Committee pursuant to Subsection 6.2 and Section 7.

(r) "Tax Offset Bonus" means a cash payment which the Company makes automatically upon the exercise of an Option equal to a percentage (as determined by the Committee pursuant to Subsection 6.2 and Section 7) of the excess of the Fair Market Value of the Stock on a date determined by the Committee over the Grant Price of the Option, the purpose of which is to offset partially the federal income tax incurred incident to exercising a Nonstatutory Option.

2.2 NUMBER. Except when otherwise indicated by the context, the definition of any term in the Plan in the singular shall also include the plural.

3. PARTICIPATION. Participation in the Plan shall be determined by the Committee. Any Employee at any one time and from time to time may hold more than one Option or Stock Appreciation Right granted under this Plan or under any other plan of the Company. No member of the Committee may participate in the Plan.

4. STOCK SUBJECT TO THE PLAN.

4.1 NUMBER. The total number of shares of Stock as to which Options and Stock Appreciation Rights may be granted under the Plan shall not exceed 15,300,000. These shares may consist, in whole or in part, of authorized but unissued Stock or treasury Stock not reserved for any other purpose.

4.2 UNUSED STOCK. If any shares of Stock are subject to an Option or Stock Appreciation Right which, for any reason, expires or is terminated unexercised as to such shares, such Stock may again be subjected to an Option or Stock Appreciation Right pursuant to this Plan.

4.3 ADJUSTMENT IN CAPITALIZATION. In the event of any change in the outstanding shares of Stock occurring after ratification by shareholders of this Plan by reason of a Stock dividend or split, recapitalization, reclassification, merger, consolidation, combination or exchange of shares, or other similar corporate change, the aggregate number of shares of Stock under this Plan and the number of shares of Stock subject to each outstanding Option and the related Grant Price shall be appropriately adjusted by the Committee, whose determination shall be conclusive, provided, however, that fractional shares shall be rounded to the nearest whole share. No adjustments shall be made in connection with the issuance by the Company of any warrants, rights, or Options to acquire additional shares of Stock or of securities convertible into Stock.

5. DURATION OF THE PLAN. The Plan shall remain in effect until all Stock subject to it has been purchased pursuant to the exercise of the Options or Stock Appreciation Rights granted under the Plan. Notwithstanding the foregoing, no Options or Stock Appreciation Rights may be granted pursuant to this Plan on or after the 20th anniversary of the Plan's effective date.

6. OPTIONS.

6.1 GRANT OF OPTIONS. Subject to the provisions of Subsection 4.1 and Section 5, Options may be granted to Employees at any time and from time to time as shall be determined by the Committee. The Committee may request recommendations from the Chief Executive Officer of the Company. The Committee shall determine whether an Option is to be an Incentive Stock Option within the meaning of Section 422A of the Code or a Nonstatutory Option. In no event, however, shall any grant of an Incentive Stock Option provide for the Option to be or become exercisable in amounts in excess of $100,000 per calendar year. Furthermore, the aggregate number of shares of Stock with respect to which Options or Stock Appreciation Rights may be granted to any one Employee throughout the duration of the Plan may not exceed 15% of the total number of shares of Stock available for issuance pursuant to Subsection 4.1 of the Plan.

6.2 OPTION AGREEMENT. As determined by the Committee on the date of grant, each Option shall be evidenced by a Stock Option agreement that specifies:

(i) Grant Price;

(ii) duration of the Option;

(iii) number of shares of Stock to which the Option pertains;

(iv) vesting requirements, if any;

(v) whether the Option is an Incentive Stock Option or a Nonstatutory Option;

(vi) amount and time of payment of Tax Offset Bonuses, if any;

(vii) the amount of Stock Appreciation Rights, if any, and any conditions upon their exercise;

(viii) duration of the Stock Appreciation Rights, if any;

(ix) Options to which the Stock Appreciation Rights, if any, relate;

(x) rights of the Optionees upon termination of employment with the Company, provided that the termination rights for Optionees receiving Incentive Stock Options shall conform with Section 422A of the Code;

(xi) the terms of the loan, if any, that will be made available in connection with the exercise of an Option; and

(xii) such other information as the Committee deems desirable.

No Option shall have an expiration date later than the first day following the 10th anniversary of the date of its grant. The Stock Option agreement may be supplemented by adding Stock Appreciation Rights with or Tax Offset Bonuses to previously granted Options as provided in Section 7.

6.3 EXERCISE. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee directs, which need not be the same for all Optionees.

6.4 PAYMENT. The Grant Price upon exercise of any Option shall be payable to the Company in full either:

(i) in cash (including an irrevocable commitment in writing to deliver cash resulting from the sale of Stock subject to an Option);

(ii) by tendering shares of Stock having a Fair Market Value at the time of exercise equal to the total Grant Price (in the exercise of a Nonstatutory Option, an Optionee may surrender one or more shares of Stock in the exercise of an Option with instructions to resurrender any shares acquired upon exercise in one or more successive, simultaneous exercises until Options covering the number of shares, which he or she specifies, have been exercised);

(iii) with the proceeds of a loan on such terms and conditions as may be authorized by the Committee (however, the rate of interest on any such loan shall not be less than the applicable federal rate under Section 1274(d) of the Code on the date an Option is exercised, compounded semiannually); or

(iv) by any combination of (i), (ii) and (iii).

7. STOCK APPRECIATION RIGHTS AND TAX OFFSET BONUSES. The Committee may grant Stock Appreciation Rights and/or grant Options which pay Tax Offset Bonuses on such bases as the Committee shall determine, including but not limited to Stock Appreciation Rights which become exercisable or Tax Offset Bonuses which become payable only upon an Optionee being subject to the restrictions of Section 16 of the Securities Exchange Act of 1934 at the time of exercise. A Stock Appreciation Right or Tax Offset Bonus may be granted only with respect to an Option and may be granted concurrently with or after the grant of the Option. If Options granted on a particular date include Stock Appreciation Rights for only Optionees who are subject to the requirements of Section 16 of the Securities Exchange Act of 1934, an Optionee receiving an Option on that date and who thereafter becomes subject to those restrictions shall thereupon be deemed to have received Stock Appreciation Rights with respect to any unexercised Options granted on the particular date in the same weighted average proportion as the Stock Appreciation Rights granted on the same grant date to the Optionees who were subject to the requirements of Section 16 of the Securities Exchange Act of 1934; provided, however, if 50% or more of the Board of Directors are employees of the Company and may receive Options under this plan, then the provisions of this sentence will apply only if, in each instance, approved by the Committee. The Committee may cancel or place a limit on the term of, or the amount payable for, any Stock Appreciation Right or Tax Offset Bonus at any time and may disapprove the election by the Optionee to exercise a Stock Appreciation Right rather than the related Option. The Committee shall determine all other terms and provisions of any Stock Appreciation Right or Tax Offset Bonus. Each Stock Appreciation Right or Tax Offset Bonus granted by the Committee shall expire no later than the expiration of the Option to which it relates. In addition, any Stock Appreciation Right granted with respect to an Incentive Stock Option may be exercised only if:

(i) such Incentive Stock Option is exercisable; and

(ii) the Grant Price of the Incentive Stock Option is less than the Fair Market Value of the Stock on the Date of Exercise.

8. WRITTEN NOTICE, ISSUANCE OF STOCK CERTIFICATES, PAYMENT OF STOCK APPRECIATION RIGHTS OR STOCKHOLDER PRIVILEGES.

8.1 WRITTEN NOTICE. An Optionee electing to exercise an Option and any applicable Stock Appreciation Right shall give written notice to the Company, in the form and manner prescribed by the Committee, indicating the number of shares of Stock with respect to which the Option is to be exercised. Full payment for the Option exercised shall be received by the Company prior to issuance of any stock certificates.

8.2 ISSUANCE OF STOCK CERTIFICATES. As soon as reasonably practicable after the receipt of written notice of exercise and payment of the exercise price, the Company shall issue and deliver to the Optionee or any other person entitled to exercise an Option pursuant to this Plan a certificate or certificates for the requisite number of shares of Stock.

8.3 PAYMENT OF STOCK APPRECIATION RIGHTS AND TAX OFFSET BONUSES. As soon as practicable after receipt of written notice of exercise, the Company shall pay to the Optionee, in cash, the amount payable under the Stock Appreciation Rights and the amount of any Tax Offset Bonuses.

8.4 PRIVILEGES OF A STOCKHOLDER. An Optionee or any other person entitled to exercise an Option under this Plan shall not have stockholder privileges with respect to any Stock covered by the Option until the Date of Exercise.

8.5 PARTIAL EXERCISE. An Option may be exercised for less than the total number of shares granted by the Option. An exercise of a portion of the shares granted under the Option shall not affect the right to exercise the Option from time to time for any unexercised shares subject to the Option.

9. RIGHTS OF EMPLOYEES.

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

9.2 NONTRANSFERABILITY. All Options and Stock Appreciation Rights granted under this Plan shall be nontransferable by the Optionee, other than by will or the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee or the Optionee's guardian or legal representative.

Notwithstanding the foregoing, Options granted to or held by any Executive Officer may be transferred as a gift (but not sold for value) by such Executive Officer to any immediate family member of such Executive Officer, to a trust established for the benefit of any immediate family members, to a partnership in which only immediate family members are partners, or to other similar entities established for the benefit of immediate family members. Options so transferred shall continue to be subject to all terms and conditions described in the applicable Stock Option agreement, and any such transfer by gift shall be subject to all applicable rules and regulations of the Internal Revenue Service and Securities and Exchange Commission.

10. OPTIONEE TRANSFER OR LEAVE OF ABSENCE. For Plan purposes:

(a) A transfer of an Optionee from the Company to a subsidiary or vice versa, or from one subsidiary to another; or

(b) A leave of absence duly authorized by the Company

shall not be deemed a termination of employment. An Optionee, however, may not exercise an Option or any applicable Stock Appreciation Right during any leave of absence, unless authorized by the Committee.

11. ADMINISTRATION.

11.1 ADMINISTRATION. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Employee may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. The Committee shall have final discretion, responsibility, and authority to determine the form and content of Options to be issued (which need not be identical) under the Plan; to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company; and to make all other determinations necessary or advisable for the administration of the Plan. The Committee shall determine, within the limits of the express provisions of the Plan, the Employees to whom and the time or times at which Options and Stock Appreciation Rights shall be granted, the number of shares to be subject to each Option and Stock Appreciation Right, and the duration of each Option. In making such determinations, the Committee may take into account the nature of the services rendered by such Employees or classes of Employees, their present and potential contributions to the Company's success and such other factors as the Committee, in its discretion, shall deem relevant. The determination of the Committee, its interpretation, or other action made or taken shall be final and binding on the Employees.

11.2 INCENTIVE STOCK OPTIONS. Notwithstanding any contrary provision in this Plan, the Committee shall not take any action or impose any terms or conditions with respect to an Option intended by the Committee to be an Incentive Stock Option which would cause such Option to not qualify as such under the Code and applicable regulations and rulings in effect from time to time.

12. AMENDMENT, MODIFICATION, AND TERMINATION OF THE PLAN. The Board may, at any time, terminate and, at any time and from time to time and in any respect, amend or modify the Plan, provided, however, that no such action of the Board, without approval of the stockholders, may:

(a) Increase the total amount of Stock which may be purchased through Options granted under the Plan, except as provided in Subsection 4.3 of the Plan.

(b) Change the requirements for determining which Employees are eligible to receive Options or Stock Appreciation Rights.

(c) Change the provisions of the Plan regarding the Grant Price except as permitted by Subsection 4.3.

(d) Permit any person, while a member of the Committee, to be eligible to receive or hold an Option under the Plan.

(e) Change the manner of computing the amount to be paid through a Stock Appreciation Right.

(f) Materially increase the cost of the Plan.

(g) Extend the period during which Options and Stock Appreciation Rights may be granted.

No amendment, modification, or termination of the Plan shall in any manner adversely affect the rights of an Optionee under the Plan without the consent of the Optionee.

13. ACCELERATION OF STOCK OPTIONS. If, while unexercised Options remain outstanding hereunder:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 13(c)(i) shall not be deemed to be a change in control of the Company; 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 2/3rds 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 consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 13(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, 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;

then from and after the date on which any such event described in paragraphs (a) through (d) above occurs (which shall constitute a "change in control" of the Company), all Options shall be exercisable in full, whether or not then exercisable under the terms of their grant.

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.

14. WITHHOLDING TAXES. Whenever shares of Stock are issued on the exercise of an Option under this Plan, the Company shall (a) require the recipient of the Stock to remit to the Company an amount sufficient to satisfy all withholding taxes, (b) deduct from a cash payment pursuant to any Stock Appreciation Right or Tax Offset Bonus an amount sufficient to satisfy any withholding tax requirements, or (c) withhold from, or require surrender by, the recipient, as appropriate, shares of Stock otherwise issuable or issued upon exercise of the Option the number of shares sufficient to satisfy, to the extent permitted under applicable law, federal and state withholding tax requirements resulting from the exercise. Stock withheld or surrendered under this paragraph shall be valued at its Fair Market Value on the date the amount of withholding tax is determined.

15. SHAREHOLDER APPROVAL AND REGISTRATION STATEMENT. Options may be granted under the Plan prior to shareholder approval and prior to filing with the Securities and Exchange Commission and having an effective registration statement covering the Stock to be issued upon the exercise of Options. Any Options granted under this Plan prior to shareholder approval and having an effective registration statement covering the Stock subject to such Options shall not be exercisable until and are expressly conditional upon shareholder approval of the Plan and having an effective registration statement covering the Stock.

16. REQUIREMENTS OF LAW.

16.1 REQUIREMENTS OF LAW. The granting of Options and the issuance of shares of Stock upon the exercise of an Option shall be subject to all applicable laws, rules and regulations, and shares shall not be issued nor cash payments made except upon approval of proper government agencies or stock exchanges, as may be required.

16.2 GOVERNING LAW. The Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the state of Idaho.

17. EFFECTIVE DATE OF PLAN. The Plan shall become effective as of July 24, 1984, subject to ratification by shareholders.

EXHIBIT 10.15

# FINANCIAL COUNSELING
(As Amended through July 27, 2000)

As an executive officer of Boise Cascade, you are eligible for the financial counseling program. The financial counseling program makes available up to $5,000 per calendar year for financial counseling services. You may carry over unused amounts, up to one year's allowance ($5,000), from one year to the next.

Under this program, the counsel you seek and how you spend your allowance are completely up to you as long as the money is spent for one or more of the following services: investment planning, tax preparation, tax planning and compliance, or estate planning. This may include several people, including an accountant, a lawyer, and an investment counselor. One option available to you under the program is to utilize the services of the accounting firm Deloitte & Touche. Deloitte & Touche will review your present financial profile, develop and quantify personal financial goals, review income tax and investment strategies, develop a retirement plan, prepare cash-flow forecasts, review risk-management strategies, assist with stock option strategies, and review and assist in the development of an estate plan. The counseling in subsequent years includes updating of the above items as necessary and preparation of annual tax returns. If you are interested in speaking to a representative from Deloitte & Touche, please let me know.

Invoices for these services should be sent to Executive Compensation in Boise after you have approved them with your signature. The company will either reimburse you for these expenditures or pay the charges directly.

Since the expenses of these services are generally not deductible for federal income tax purposes, you will receive a cash gross-up payment on reimbursed charges. The gross-up payment will help cover the tax on the payment for services and the tax on the tax payment. The current gross-up is 39% based upon a 28% federal tax rate. The gross-up payment will also be deducted from your annual allowance and will be made after the invoice for service has been paid.

Money paid on your behalf by Boise Cascade for these services and gross-up payments are taxable and are reported in your W-2 earnings on a monthly basis, and appropriate withholdings will be deducted from your paycheck on these amounts.

EXHIBIT 10.18

FORM OF AMENDMENT NO. 5

This Amendment No. 5 to the Trust Agreement between Boise Cascade Corporation and American National Bank and Trust Company of Chicago dated November 2, 1987, as amended and restated as of December 13, 1996, is effective December 6, 2000, and amends the Trust Agreement as follows:

In accordance with Section 1.01 of Article I, THE PLANS, of the Trust Agreement, the following Boise Cascade Corporation plans, in the attached form and as they may be amended from time to time, are made subject to the Trust Agreement and are added to Exhibit A thereto:

1. 2001 Key Executive Deferred Compensation Plan (Exhibit A(p))

2. 2001 Board of Directors Deferred Compensation Plan (Exhibit A(q))

In witness whereof, the parties have executed this Amendment No. 5 as of the date first written above.

BOISE CASCADE CORPORATION

By ________________________________

J. W. Holleran
Senior Vice President, Human Resources,
and General Counsel

AMERICAN NATIONAL BANK AND
TRUST COMPANY OF CHICAGO

By________________________________

Title________________________________

EXHIBIT 10.20

BOISE CASCADE CORPORATION
DIRECTOR STOCK OPTION PLAN

(As Amended Through December 8, 2000)

1. PLAN ADMINISTRATION AND ELIGIBILITY.

1.1 PURPOSE. The purpose of the Boise Cascade Corporation (the "Company") Director Stock Option Plan (the "Plan") is to encourage ownership of the Company's common stock by its nonemployee directors.

1.2 ADMINISTRATION. The Executive Compensation Committee or any successor to the Committee (the "Committee") shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Any interpretation by the Committee shall be final and binding on the Participants.

1.3 PARTICIPATION IN THE PLAN. Individuals who are directors of the Company as of each January 1, and who are not employees of the Company or any of its subsidiaries, are eligible to receive grants of options in that calendar year in accordance with Section 3.1 of this Plan ("Eligible Directors").

2. STOCK SUBJECT TO THE PLAN.

2.1 NUMBER OF SHARES. The maximum number of shares of the Company's $2.50 par value Common Stock ("Common Stock" or "Shares") which may be issued pursuant to options granted under this Plan shall be 200,000 Shares, subject to adjustment as provided in Section 4.4.

2.2 NONEXERCISED SHARES. If any outstanding option under this Plan for any reason expires or is terminated without having been exercised in full, the Shares allocable to the unexercised portion of the option shall again become available for issuance under options granted pursuant to this Plan.

2.3 SHARE ISSUANCE. Upon the exercise of an option, the Company may issue new Shares or reissue Shares previously repurchased by or on behalf of the Company.

3. OPTIONS.

3.1 OPTION GRANT DATES. Options shall be granted automatically to each Eligible Director on July 31 of each year (or, if July 31 is not a business day, on the immediately preceding trading day) (the "Grant Date"). Any nonemployee director first elected as a director after January 1 but prior to December 31 in any year shall be granted an option covering the same number of shares as options granted to Eligible Directors on the Grant Date for that calendar year. The Grant Date for an option granted to a newly-elected director hereunder shall be the later of July 31 or the date of such director's election to the Board, and the Option Price of such option shall be determined as of such Grant Date.

3.2 OPTION PRICE. The purchase price per share for the Shares covered by each option shall be the closing price for a share of Common Stock as reported on the composite tape by the New York Stock Exchange, or another generally accepted pricing standard chosen by the Company, on the Grant Date (the "Option Price").

3.3 NUMBER OF OPTION SHARES. The number of Shares subject to options granted to each participating director on each Grant Date will be 2,000. The Board of Directors may increase or decrease this number, not more frequently than once each year, by action taken at least 6 months prior to the Grant Date for which such increase or decrease is effective.

3.4 DIRECTOR TERMINATIONS. If a director participating in this Plan retires, resigns, dies, or otherwise terminates his or her position on the Company's Board of Directors, he or she shall not be eligible to receive a grant of an option in any year following the year in which he or she terminates.

3.5 WRITTEN DOCUMENTATION. Each grant of an option under this Plan shall be evidenced in writing, which shall comply with and be subject to the terms and conditions contained in this Plan.

3.6 NONSTATUTORY STOCK OPTIONS. Options granted under this Plan shall not be entitled to special tax treatment under Section 422A of the Internal Revenue Code of 1986.

3.7 PERIOD OF OPTION. Options may be exercised 12 months after their Grant Date, provided, however, that options held by a director shall be immediately exercisable upon the occurrence of any of the events described in Section 3.11, recognizing that Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Act"), may limit a director's ability to resell the Shares acquired upon the exercise until 6 months after the Grant Date. No option shall be exercisable after the earlier to occur of (a) 3 years from the date upon which the option holder terminates his or her position as a director of the Company or (b) 10 years from the option's Grant Date.

3.8 EXERCISE OF OPTIONS. Options may be exercised only by written notice to the secretary of the Company and payment of the exercise price in (i) cash, (ii) Shares, (iii) a loan from the Company, or (iv) delivery of an irrevocable written notice instructing the Company to deliver the Shares being purchased to a broker selected by the Company, subject to the broker's written guarantee to deliver cash to the Company, in each case equal to the full consideration of the Option Price for the Shares which are being exercised. Options may be exercised in whole or in part.

3.9 OPTIONS NOT TRANSFERABLE. Each option granted under this Plan shall not be transferable by the optionee other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Internal Revenue Code of 1986, as amended, or Title I of the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder. No option granted under this Plan, or any interest therein, may be otherwise transferred, assigned, pledged, or hypothecated by the director to which the option was granted during his or her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment, or similar process.

Notwithstanding the foregoing, Options granted to or held by any director may be transferred as a gift (but not sold for value) by such director to any immediate family member of such director, to a trust established for the benefit of any immediate family members, to a partnership in which only immediate family members are partners, or to other similar entities established for the benefit of immediate family members. Options so transferred shall continue to be subject to all terms and conditions described in the applicable Stock Option agreement, and any such transfer by gift shall be subject to all applicable rules and regulations of the Internal Revenue Service and Securities and Exchange Commission.

3.10 EXERCISE BY REPRESENTATIVE FOLLOWING DEATH OF DIRECTOR. A director, by written notice to the Company, may designate one or more persons (and from time to time change such designation), including his or her legal representative, who, by reason of the director's death, shall acquire the right to exercise all or a portion of an option granted under this Plan. Any exercise by a representative shall be subject to the provisions of this Plan.

3.11 ACCELERATION OF STOCK OPTIONS. Notwithstanding Section 3.7, if, while unexercised options remain outstanding hereunder:

(a) Any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.11(c)(i) shall not be deemed to be a change in control of the Company; 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 2/3rds 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 consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 3.11(c)(i) shall not be deemed to be a change in control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, 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;

then from and after the date on which any such event described in paragraphs (a) through (d) above occurs (which shall constitute a "change in control" of the Company), all options previously granted under this Plan shall be immediately exercisable in full.

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.

4. GENERAL PROVISIONS.

4.1 EFFECTIVE DATE OF THIS PLAN. This Plan shall be effective December 16, 1994, subject to approval by the shareholders of the Company. Options may be granted under this Plan only after shareholder approval of this Plan.

4.2 DURATION OF THIS PLAN. This Plan shall remain in effect until all Shares subject to option grants have been purchased or all unexercised options have expired. Notwithstanding the foregoing, no options may be granted pursuant to this Plan on or after the 10th anniversary of this Plan's effective date.

4.3 AMENDMENT OF THIS PLAN. The Board of Directors may suspend or discontinue this Plan or revise or amend it in any respect, provided, however, that without approval of a majority of the Company's shareholders no revision or amendment shall (i) change the number of Shares subject to this Plan (except as provided in Section 4.4), (ii) change the designation of the class of directors eligible to participate in the Plan, (iii) change the exercise price of the options, or (iv) materially increase the benefits accruing to participants under or the cost of this Plan to the Company. Moreover, in no event may Plan provisions be amended more than once every 6 months, other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules and regulations thereunder. No amendment, modification, or termination of this Plan shall in any manner adversely affect the rights of any director holding options granted under this Plan without his or her consent.

4.4 CHANGES IN SHARES. In the event of any merger, consolidation, reorganization, recapitalization, stock dividend, stock split, or other change in the corporate structure or capitalization affecting the Shares, appropriate adjustment shall be made in the number (including the aggregate numbers specified in Section 2.1) and kind of Shares or other securities which are or may become subject to options granted under this Plan prior to and subsequent to the date of the change.

4.5 LIMITATION OF RIGHTS.

4.5.1 NO RIGHT TO CONTINUE AS A DIRECTOR. Neither this Plan, nor the granting of an option under this Plan, nor any other action taken pursuant to this Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain a director for any period of time, or at any particular rate of compensation.

4.5.2 NO SHAREHOLDERS' RIGHTS FOR OPTIONS. An optionee shall have no rights as a shareholder with respect to the Shares covered by his or her options until the date of the issuance to him or her of a stock certificate therefor.

4.6 ASSIGNMENTS. The rights and benefits under this Plan may not be assigned except as provided in Sections 3.9 and 3.10.

4.7 NOTICE. Any written notice to the Company required by any of the provisions of this Plan shall be addressed to the secretary of the Company and shall become effective when it is received.

4.8 SHAREHOLDER APPROVAL AND REGISTRATION STATEMENT. This Plan shall be approved by the Board of Directors and submitted to the Company's shareholders for approval. Any options granted under this Plan prior to effectiveness of a registration statement filed with the Securities and Exchange Commission covering the Shares to be issued hereunder shall not be exercisable until, and are expressly conditional upon, the effectiveness of a registration statement covering the Shares.

4.9 GOVERNING LAW. This Plan and all determinations made and actions taken pursuant hereto shall be governed by and construed in accordance with the laws of the state of Delaware.

EXHIBIT 10.24

BOISE CASCADE CORPORATION
KEY EXECUTIVE PERFORMANCE PLAN

I. 2000 PAYOUT CRITERIA

PAYOUT AS A PERCENT OF SALARY

| FINANCIAL IMPROVEMENT | CEO | SVP | VP |
|---|---|---|---|
| ($158,800,000) | 0.0% | 0.0% | 0.0% |
| ($150,000,000) | 1.0% | 0.8% | 0.7% |
| $150,000,000 | 106.0% | 83.3% | 68.2% |
| $216,839,000 | 113.8% | 89.4% | 73.2% |
| $216,839,001 | 125.5% | 98.6% | 80.7% |
| $316,839,000 | 137.2% | 107.8% | 88.2% |

- For Financial Improvement in excess of $316.8 million, the payout increases proportionally to the increase from $216.8 million to $316.8 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 = 45/24; SVP ratio = 55/24; 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. 2001 PAYOUT CRITERIA

PAYOUT AS A PERCENT OF SALARY

| FINANCIAL IMPROVEMENT | CEO | SVP -- 65% | SVP -- 55% | VP -- 50% | VP -- 45% |
|---|---|---|---|---|---|
| ($155,860,000) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| ($150,000,000) | 1.0% | 0.6% | 0.5% | 0.5% | 0.4% |
| $150,000,000 | 151.0% | 98.1% | 83.0% | 75.5% | 67.9% |
| $331,536,000 | 181.2% | 117.8% | 99.7% | 90.6% | 81.6% |
| $331,536,001 | 197.9% | 128.6% | 108.8% | 99.0% | 89.1% |
| $431,536,000 | 214.6% | 139.5% | 118.0% | 107.3% | 96.6% |

- For Financial Improvement in excess of $431.5 million, the payout increases proportionally to the increase from $331.5 million to $431.5 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<br>+ Imputed interest of capitalized lease obligations<br>+ Increase (decrease) in LIFO reserve<br>- - Amortization of restructuring losses |

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

| | | |
|---|---|---|
| Capital Charge | = | Capital x 16% |
| Capital** | = | Operating Capital<br>+ Imputed capital value of lease obligations<br>+ Total LIFO reserve account<br>- - Gain from the sale of assets<br>+ 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 2000 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 = 45 or 50/24; SVP ratio = 55 or 65/24; CEO ratio = 100/24) 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 10.26

# BOISE CASCADE CORPORATION
# 2001 KEY EXECUTIVE DEFERRED COMPENSATION PLAN

(Adopted July 27, 2000)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 2001 Key Executive Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing a select group of senior management and highly compensated employees of the Company and its subsidiaries the opportunity to defer a portion of their cash 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.

2. DEFINITIONS.

2.1 BONUS. The payout amount earned by a Participant under one of the Company's Key Executive Performance Plans or Retention Incentive Plans.

2.2 CHANGE IN CONTROL. 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.2(c)(i) shall not be deemed to be a Change in Control of the Company; 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 2/3rds 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 consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.2(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, 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.

(e) For purposes of this Section and Section 2.12, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(f) For purposes of this Section and Section 2.12, "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.

2.3 COMPENSATION. A Participant's Salary and Bonus. Compensation (either Salary or Bonus) 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.

2.4 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 or any subsidiary, partnership, or joint venture of the Company. The determination of whether a business is a Competitor shall be made by the Company's General Counsel, in his or her sole discretion.

2.5 DEFERRED ACCOUNT. The record maintained by the Company for each Participant of the cumulative amount of (a) account balances accumulated under other deferred compensation plans or programs of the Company which are merged into this Plan, as listed in Appendix A, (b) Compensation deferred pursuant to this Plan, (c) the amount of any Company matching allocation, and (d) imputed gains or losses on those amounts accrued as provided in Sections 4.8 and 4.9.

2.6 DEFERRED COMPENSATION AGREEMENT. Collectively, the written agreements between a Participant and the Company in substantially the form set forth in Appendix B, whereby a Participant irrevocably agrees to defer a portion of his or her Salary and/or Bonus (a Deferral Election Agreement) and the Company agrees to make benefit payments in accordance with the provisions of the Plan (a Distribution Election Agreement).

2.7 DEFERRED COMPENSATION AND BENEFITS TRUST. The irrevocable trust (the "DCB 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 will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

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 and Exchange Commission.

2.9 INVESTMENT ACCOUNT. Any of the accounts identified by the Company from time to time, described in Exhibit A, to which Participants may allocate all or any portion of their Deferred Accounts for purposes of determining the gains or losses to be assigned to the Deferred Accounts.

2.10 PARTICIPANT. A Key Executive (as defined in Section 4.1) who has entered into a written Deferred Compensation Agreement with the Company in accordance with the provisions of the Plan.

2.11 PENSION PLAN. The Boise Cascade Corporation Pension Plan for Salaried Employees, as amended from time to time.

2.12 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control shall be deemed to have occurred if (a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (b) 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; (c) 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; unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (i) control or influence the management or policies of the Company, or (ii) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (d) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.13 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.

2.14 SALARY. A Participant's salary, commission, 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.

2.15 STOCK UNIT. A notional account unit equal in value to one share of the Company's common stock.

2.16 TERMINATION. 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, provided that transfer from the Company to a subsidiary or vice versa shall not be deemed a Termination for purposes of this Plan.

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

3. ADMINISTRATION AND INTERPRETATION. The Company, acting through its senior human resources officer or his or her delegates, shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Company may also adopt any rules it deems necessary to administer the Plan. The Company's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Company with respect to those responsibilities, unless limited in writing by the Company. Any Participant may appeal any action or decision of these employees to the Company's senior human resources officer. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Sections 10 and 11. Any interpretation by the Company's senior human resources officer shall be final and binding on the Participants.

4. PARTICIPANT DEFERRAL AND DISTRIBUTION ELECTIONS.

4.1 ELIGIBILITY. The Company shall identify those employees of the Company or any of its subsidiaries, including Executive Officers, who are eligible to participate in this Plan ("Key Executives"). Eligibility to participate in the Plan is entirely at the discretion of the Company and shall be limited to a select group of senior management or highly compensated employees. Eligibility to participate in this Plan for any calendar year shall not confer the right to participate during any subsequent year.

4.2 EXECUTION OF AGREEMENT. A Key Executive who wishes to participate in the Plan must execute a Deferred Compensation Agreement(s) either (a) for newly eligible individuals, within 30 days after first becoming eligible to participate in the Plan to defer Salary and/or Bonus to be earned during the remainder of that calendar year and subsequent years, or (b) prior to January 1 of the first calendar year for which the Deferred Compensation Agreement(s) will be effective. Participants shall make separate elections with respect to deferrals of Salary and Bonus.

4.3 DEFERRAL ELECTION. Within limits established by the Company, each Key Executive shall have the opportunity to elect the amount of his or her Salary and/or Bonus to be paid in calendar years subsequent to the date of election, which will be deferred in accordance with this Plan. The Compensation otherwise paid to a Participant during each calendar year beginning after the date of the deferral election shall be reduced by the amount elected to be deferred. Elections to defer Compensation are irrevocable except as otherwise provided in this Plan. The amount of Salary and/or Bonus to be deferred will be specified in the Deferred Compensation Agreement(s), must be at least 6% of the Participant's Compensation, and will be limited to specified maximum percentages of the Participant's Compensation.

4.4 CHANGE OF DEFERRAL ELECTION.

(a) A Participant who wishes to change an election to defer Compensation may do so at any time by notifying the Company's Manager of Salaried and Executive Compensation in writing prior to January 1 of the year for which the change in election is to be effective.

(b) A Participant who wishes to change an election to defer Compensation after January 1 of any calendar year for which the change in election is to be effective must submit a written request to the Company's Manager of Salaried and Executive Compensation to revoke his or her deferral election. The request must state why the Participant believes he or she should be permitted to revoke the prior election. Requests will be reviewed as soon as administratively feasible and, if a change is permitted, the change will be effective for all remaining pay periods following the date of the determination.

4.5 DISTRIBUTION ELECTION. At the time a Participant elects to defer Compensation under Section 4.3, he or she shall elect a distribution option for the Compensation so deferred, including gains or losses thereon, as specified in the Deferred Compensation Agreement. The distribution election shall apply to all amounts attributable to the Participant's Deferred Account under this Plan, including amounts previously deferred under plans listed under Appendix A which have been merged into this Plan. Elections regarding distribution of Deferred Accounts under this Plan are irrevocable except as otherwise provided in this Plan.

4.6 CHANGE OF DISTRIBUTION ELECTION. Participants who are actively employed by the Company or its subsidiaries, or who have terminated employment as described in Sections 5.2.2 or 5.2.3, may request, in writing, a change in their distribution election. The changed distribution election must be one of the distribution options in the original Deferred Compensation Agreement. The Company must receive the request by the earlier of (a) January 1 of the year benefits are first scheduled to be paid, or (b) 30 days before the first date benefits are scheduled to be paid. The request shall be approved or denied at the Company's sole discretion. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

4.7 COMPANY MATCHING CONTRIBUTION. A Participant may elect to have the Company allocate to the Participant's Deferred Account in this Plan an additional amount equal to the Company Matching Contribution that would otherwise be made to the Participant's account in the Savings and Supplemental Retirement Plan (assuming a 6% Participant contribution to that plan). The Company matching contribution will be allocated to the Investment Account to which the Participant's deferrals of Compensation are allocated.

4.8 DEFERRED ACCOUNT ALLOCATIONS AND ADJUSTMENTS. The Company shall maintain a record of each Participant's Deferred Account balance and allocations. Each Participant (a) must allocate his or her current deferrals of Compensation to one of the Investment Accounts, and (b) may, from time to time, choose to change the allocation of his or her current deferrals of Compensation to a different Investment Account.

4.8.1 Each Participant's Deferred Account shall be adjusted on a monthly basis to reflect the gains or losses attributable to the Investment Account(s) selected by the Participant. Interest earned will be credited to a Participant's account on the last day of each month. Computation of the gains or losses of the Investment Accounts shall be at the Company's sole discretion.

4.8.2 Participants who are active employees may change the allocation of future deferrals to or from any Investment Account, other than the Stock Unit Account, on any business day, with any change effective as of the first pay period beginning after the date of the change.

4.8.3 A Participant's Deferred Account balance carried forward into this Plan from any plan listed on Appendix A shall be allocated to the Stable Value Account, except that any portion of the Participant's Deferred Account balance which was invested in a notional stock account in the prior plan shall be allocated to the Stock Unit Account. Amounts allocated to the Stock Unit Account under this section shall initially represent a number of Stock Units equal to the number of notional stock units represented in the Participant's deferred account under the prior plan. Thereafter, the Participant's Deferred Account shall be maintained according to the terms of this Plan. For vesting purposes under this Plan, a Participant's Deferred Account shall be deemed to have first been credited with Stock Units on the same date the Participant's account under the prior plan was first credited with Stock Units.

4.8.4 Participants who are active employees, or who are terminated employees under Sections 5.2.2 or 5.2.3, may shift the allocation of all or any portion of their Deferred Account balance among any of the Investment Accounts, other than the Stock Unit Account or the Stable Value Account, on any business day, with any change effective as of the next business day.

4.8.5 Deferred Account balances allocated to the Stable Value Account may not be allocated to any other Investment Account.

4.9 STOCK UNIT ACCOUNT. Each Participant who is an Executive Officer shall have the opportunity to allocate all or a portion of his or her current deferrals of Compensation to the Stock Unit Account under the terms and conditions set forth in this Section 4.

4.9.1 Each Executive Officer who is a Participant may elect at any time, and from time to time, to have his or her Deferred Account credited with allocated Stock Units, with the elections effective for deferrals of Compensation earned beginning with the first pay period after the Company receives the Participant's valid written election. Under no circumstances, however, may elections to allocate deferred Compensation or Deferred Account balances to the Stock Unit Account be made or changed more frequently than once in any 4-month period. If a Participant timely elects to have his or her Deferred Account credited with Stock Units, then 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 (i) 100% of the amount of such deferred Compensation ("Participant Stock Units"), plus (ii) 25% of the amount of such deferred Compensation ("Company Matching Stock Units"). Each Stock Unit shall have an initial 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) or another generally accepted pricing standard chosen by the Company. Thereafter, each Stock Unit shall have a value equal to the market value of one share of the Company's common stock. Except as provided in Subsections 4.9.4 or 4.9.5, Stock Units must be held for a minimum of 6 months from the date on which they are first credited to the Participant's account. Participants may not sell, transfer, assign, alienate, or pledge Stock Units.

4.9.2 If a Participant elects to allocate his or her deferrals of Compensation to the Stock Unit Account, then on each dividend payment date for the common stock, additional Stock Units shall be credited to the Participant's Deferred 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 that dividend; (b) be allocated, as appropriate, to either the Participant Stock Units or the Company Matching Stock Units credited to the Participant's Deferred Account; and (c) vest in accordance with the vesting of the underlying Stock Units to which they are allocated.

4.9.3 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, total disability, or retirement (normal or early); (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, Termination of Employment) 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 terminations), 20% (cumulative) on each anniversary of the date the Participant's account was first credited with Stock Units under this Plan.

4.9.4 Upon the occurrence of a Potential Change in Control, shares of Common Stock equal to the number of Stock Units in all Participants' Deferred Accounts shall be transferred to the Trustee of the DCB Trust to be held in accordance with the terms of the DCB Trust and this Plan. Upon a Change in Control, all Stock Units credited to a Participant's Deferred Account shall be converted to Stock Units of equivalent value payable in the common stock of the successor entity to the Company, as follows: if the Change in Control involves the merger or sale of the entire Company or a tender offer for all the outstanding Common Stock, conversion shall be at the conversion, sale, or exchange price applicable to the Common Stock in connection with such Change in Control. Shares of Common Stock held by the Trustee shall be converted to shares of common stock of the successor entity (if any) at the same conversion value as described in this subsection. Following a Change in Control and after public disclosure of at least 30 days financial results of the consolidated entity, each Participant may elect, at any time or from time to time, to convert all or any portion of his or her Stock Unit Account to a dollar equivalent and have such amount credited thereafter with the applicable Account Accumulation Rate. If a Participant makes such an election, the Trustee shall sell, into the open market, shares of stock attributable to Stock Units in such Participant's Deferred Account as previously acquired and held pursuant to this subsection, and shall hold, invest, and reinvest the proceeds of such sale in accordance with the terms of the DCB Trust. If the Change in Control does not involve the merger or sale of the entire Company or a tender offer for all the outstanding Common Stock, Stock Units shall be 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 the Investment Account(s) selected by the Participant.

4.9.5 If the Participant's Deferred Account is credited with Stock Units, 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 (or, if applicable, in accordance with Subsection 4.9.4). If a Participant's Deferred Account is credited with Stock Units and the Participant terminates employment and is eligible for a distribution, but shares of Common Stock are not then available for distribution, the Company may elect, in its sole discretion, to delay the distribution until shares become available.

5. DISTRIBUTIONS.

5.1 DISTRIBUTIONS IN GENERAL. The Company shall distribute Participants' Deferred Accounts as elected by each Participant in the applicable Deferred Compensation Agreement, except as otherwise provided in this Section 5, or, with respect to Stock Units, as provided in Section 4.9.

5.2 PLAN BENEFITS UPON TERMINATION.

5.2.1 Upon Termination for reasons other than death or disability prior to satisfying the Rule of 70 or attaining age 55 with 10 or more Years of Service, the Participant's entire Deferred Account (with the exception of any amounts allocated to the Stock Unit Account) shall be automatically allocated to the Stable Value Investment Account, notwithstanding any elections or allocation decisions previously made by the Participant. In addition, the imputed interest rate on the Participant's Deferred Account shall be adjusted, effective as of the date of Termination, to a rate equal to Moody's. That rate shall apply prospectively from the date of Termination to all undistributed amounts of the Participant's Deferred Account. From and after the date of Termination, the Participant shall have no rights under this Plan to alter the Investment Account to which his or her Deferred Account is allocated, or to request any change in previous distribution election(s). Distributions under this Section 5.2.1 shall be made according to the election specified in the Participant's Deferred Compensation Agreement.

5.2.2 Upon Termination for reasons other than disability, after satisfying the Rule of 70 or attaining age 55 with 10 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, as elected by the Participant in his or her Deferred Compensation Agreement. 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 shall continue to be credited with imputed gains or losses based on the applicable Investment Account. Deferred Account balances allocated to the Stable Value Account under this section shall continue to be credited with imputed interest at Moody's times 130%, consistent with Exhibit A.

5.2.3 If a Participant terminates employment 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 the request, notwithstanding any prior distribution election. The Company may, in its sole discretion, approve or deny the request. Deferred Account balances allocated to the Stable Value Account under this section shall continue to be credited with imputed interest at Moody's times 130%, consistent with Exhibit A.

5.3 SERVICE WITH A COMPETITOR. If a Participant provides services for remuneration to a Competitor following his or her Termination, then notwithstanding anything in this Plan to the contrary, the Participant's entire Deferred Account balance shall be distributed in a single lump sum as soon as administratively feasible.

5.4 HARDSHIP DISTRIBUTION. If serious and unanticipated financial hardship occurs, a Participant may request termination of participation in the Plan and a lump-sum distribution of all or a portion of his or her Deferred Account balance. The Participant shall document, to the Company's satisfaction, that 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 necessary to satisfy the financial need. The Participant shall sign all documentation requested by the Company relating to the distribution. Any Participant whose participation in the Plan terminates under this Section shall not be eligible to participate in any nonqualified deferred compensation plan maintained by the Company for a period of 12 months following the date of the 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 in writing a single lump-sum payment of the amount credited to his or her Deferred Account under the Plan. The amount of the payment shall be equal to (a) the Participant's Deferred Account balance under the Plan as of the payment date, reduced by (b) an amount equal to 10% of the Deferred Account balance. This lump-sum payment shall be subject to withholding of federal, state, and other taxes to the extent applicable. The payment shall be made within 30 days of the date on which the Company received the request for the distribution. If a Participant makes a request under this provision, he or she 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 the request. In addition, in such 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 that 12-month period.

5.6 DISTRIBUTION UPON EXTRAORDINARY EVENTS. If any Participant terminates employment with the Company as a direct result of the sale, closure, or divestiture of a facility, operating division, or reduction in force in connection with any reorganization of the Company's operations or staff, the Participant may request a lump sum distribution of his or her entire Deferred Account balance without penalty. 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 the request, distribution of the Participant's Deferred Account balance shall occur on or about January 1 of the year following the year during which Termination occurred.

5.7 SMALL ACCOUNT DISTRIBUTIONS. On the date of Termination, if a Participant's Deferred Account balance is less than $7,500, the Company shall promptly distribute the entire Deferred Account balance in a lump sum to the Participant, regardless of Participant's distribution election, and the Participant shall have no further rights or benefits under this Plan.

5.8 DISTRIBUTIONS FOLLOWING PARTICIPANT DEATH; DESIGNATION OF BENEFICIARY. The Company shall make all payments to the Participant, if living. A Participant shall designate a beneficiary by filing a written notice of designation with the Company in such form as the Company may prescribe. If a Participant dies either before benefit payments have commenced under this Plan or after his or her benefits have commenced but before his or her entire Deferred Account has been distributed, his or her designated beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement. If no designation is in effect when any benefits payable under this Plan become due, the beneficiary shall be the spouse of the Participant, or if no spouse is then living, 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, as described in Section 5.8.

6.2 TAXES. The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld.

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

6.4 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 may prescribe. Such communication shall be effective upon receipt by the Company's Manager of Salaried and Executive Compensation at 1111 West Jefferson Street, P.O. Box 50, Boise, Idaho 83728-0001.

6.5 SERVICE PROVIDERS. The Company may, in its sole discretion, retain one or more independent entities to provide services to the Company in connection with the operation and administration of the Plan. Except as may be specifically delegated or assigned to any such entity in writing, the Company shall retain all discretionary authority under this Plan. No Participant or other person shall be a third party beneficiary with respect to, or have any rights or recourse under, any contractual arrangement between the Company and any such service provider.

7. AMENDMENT AND TERMINATION. The Company, acting through its board of directors or any duly authorized committee thereof, may, at its sole discretion, amend or terminate the Plan at any time, provided that the amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant's prior consent.

8. UNSECURED GENERAL CREDITOR. Except as provided in Section 9, Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company to pay money in the future.

9. DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations with respect to Deferred Accounts under this Plan (the "Funding Amount"); provided, however, the company shall transfer shares of its common stock equal in number to the number of Stock Units credited to Participants under Section 4.8 in lieu of transferring cash or other property to satisfy its funding obligations under this Section 9. The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB 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 as may be necessary in order to maintain the Funding Amount with respect to this Plan.

Upon a Change in Control, the assets of the DCB Trust shall be used to pay benefits under this Plan, except to the extent the Company pays such benefits. The Company and any successor shall continue to be liable for the ultimate payment of those benefits.

10. CLAIMS PROCEDURE. Claims for benefits under the Plan shall be filed in writing, within 60 days after the event giving rise to a claim, with the Company's Manager of Salaried and Executive Compensation, who shall have absolute discretion to determine whether benefits are payable under the Plan, interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to the claim in the name and on behalf of the Company. The claim shall include a statement of all relevant facts and copies of all documents, materials, or other evidence that the claimant believes relevant to the claim. The Company shall notify the claimant in writing of the disposition of a claim within 60 days after the claim is filed. The Manager of Salaried and Executive Compensation, in his or her sole discretion, may extend this 60-day period an additional 60 days by providing written notice of the extension to the claimant before the original 60-day period expires. If the claim is denied, the specific reasons for the 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 the claim for further review will be provided.

11. 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 the denied claim. The request, together with a written statement of the claimant's position, shall be filed no later than 60 days after receiving the written notice of denial provided for in Section 10 with the Company's Manager of Salaried and Executive Compensation, who shall promptly inform the Company's senior human resources officer. The senior human resources officer shall notify the claimant of his or her decision, in writing, within 60 days after receiving the request for review. The senior human resources officer, in his or her discretion, may extend this 60-day period an additional 60 days by providing written notice of the extension to the claimant before the original 60-day period expires. The written decision shall state the facts and Plan provisions upon which the decision is based and shall be final and binding on all parties.

12. LAWSUITS, JURISDICTION, AND VENUE. No lawsuit claiming entitlement to benefits under this Plan may be filed prior to exhausting the claims and claims review procedures described in Sections 10 and 11. Any such lawsuit must be initiated no later than (a) one year after the event(s) giving rise to the claim occurred, or (b) 60 days after a final written decision was provided to the claimant under Section 11, whichever is sooner. Any legal action involving benefits claimed or legal obligations relating to or arising under this Plan may be filed only in Federal District Court in the city of Boise, Idaho. Federal law shall be applied in the interpretation and application of this Plan and the resolution of any legal action. To the extent not preempted by federal law, the laws of the state of Idaho shall apply.

13. EFFECTIVE DATE OF PLAN. This Plan shall become effective as of January 1, 2001.

EXHIBIT A

INVESTMENT ACCOUNTS

1. STABLE VALUE ACCOUNT. Deferred Accounts allocated to this account shall be credited, while the Participant is actively employed with the Company, with imputed interest equal to an annualized rate of interest equal to 130% of Moody's Composite Average of Yields on Corporate Bonds ("Moody's") as determined each month from Moody's Bond Record (as 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 by the Company, in its sole discretion. Moody's, for purposes of this Plan, shall be based for any given month on such published rate for the immediately preceding calendar month. Upon Termination, Deferred Accounts allocated to this account shall be credited with either Moody's times 130% or with Moody's, as provided in Section 5.2 of the Plan.

2. STOCK UNIT ACCOUNT (EXECUTIVE OFFICERS ONLY). Deferred Accounts allocated to this account shall be credited with Stock Units as though Compensation, as it is earned and deferred, had been used to purchase shares of the Company's common stock as provided in Section 4.9 of the Plan.

**APPENDIX A**
**List of Deferred Compensation Plans/Programs Merged into**
**the 2001 Key Executive Deferred Compensation Plan**

- Boise Cascade Corporation 1982 Executive Officer Deferred Compensation Plan*
- - Boise Cascade Corporation 1986 Executive Officer Deferred Compensation Plan
- - Boise Cascade Corporation 1995 Executive Officer Deferred Compensation Plan
- - Boise Cascade Corporation 1987 Key Executive Deferred Compensation Plan
- - Boise Cascade Corporation 1995 Key Executive Deferred Compensation Plan
- - Boise Cascade Corporation Key Executive Performance Plan for Executive Officers (deferral option)*
- - Boise Cascade Corporation Key Executive Performance Plan for Key Executives (deferral option)*
- - Boise Cascade Office Products Corporation 1995 Executive Officer Deferred Compensation Plan
- - Boise Cascade Office Products Corporation 1995 Key Executive Deferred Compensation Plan
- - Boise Cascade Office Products Corporation Key Executive Deferred Compensation Plan
- - Boise Cascade Office Products Corporation Key Executive Performance Plan (deferral option)*
- - Boise Cascade Office Products Corporation Retention and Incentive Plan (deferral option)*

** indicates merger of plans only to extent of participant elections to transfer accrued liabilities to this Plan.*

*NOTE: Plan merger is effective only with respect to active employees. All rights of participants and obligations of the Company under the above-listed plans with respect to employees who have terminated employment with the Company or any subsidiary prior to January 1, 2001, shall be as described in those plans. Such former employees shall not be Participants in , or have any rights under, this Plan.*

**APPENDIX B**

**Boise Cascade Corporation**

**Form of Key Executive Deferred Compensation Deferral Election Agreement**

THIS AGREEMENT, dated _____________________, is between BOISE CASCADE CORPORATION (the "Company") and ______________________ (the "Executive"). The Company designates the Executive as a Participant in the Company's 2001 Key Executive Deferred Compensation Plan (the "Plan"), which is incorporated into this Agreement. The Company and the Executive agree as follows:

**Salary Deferral Election**

1. I, the Executive, would like to defer a portion of my 2001 Compensation [YES____] [NO____] [*Initial one*]. If Yes, I irrevocably elect to defer receipt of ____% (6% to _____%) of my cash Compensation otherwise payable to me commencing January 1, 2001. ***Note: This election will apply to your base Salary and Bonus paid during 2001 <u>and in successive years</u> unless you elect to change this deferral election as provided in the Plan***. You will have the opportunity each year to make a different deferral election for the following year.

**Bonus Deferral Election**

2. I, the Executive, would like to defer a portion of my Bonus (KEPP, Division Incentive, and/or BCOP Retention Incentive Plan) in addition to the deferral election stated above [YES____] [NO____] [*Initial one*]. If Yes, I irrevocably elect to defer receipt of ____% (6% to 100%) of the Bonus, if any, otherwise payable in 2002 and following years. ***Note: You will have the opportunity each year to make a different bonus deferral election on bonus amounts to be paid the following year. Therefore, you may delay making this bonus election until the open enrollment period during 2001.***

**Company Matching Contributions**

3. The Executive irrevocably elects to have the Company's matching SSRP allocations/contributions made to this Plan in lieu of any matching contributions/ allocations to the SSRP. [YES____] [NO____] [*Initial one*]

The Company believes, but does not guarantee, that a deferral election made in accordance with the terms of the Plan is effective to defer the receipt of taxable income. The Executive has been advised to consult with his or her attorney or accountant familiar with the federal and state tax laws regarding the tax implications of this Deferred Compensation Agreement and the Plan.

in WITNESS WHEREOF, the parties have entered into this Agreement on the day first written above.

BOISE CASCADE CORPORATION EXECUTIVE

By______________________________ By_____________________________

**Boise Cascade Corporation**
**Form of Key Executive Deferred Compensation Distribution Election Agreement**

THIS AGREEMENT, dated ___________, is between BOISE CASCADE CORPORATION (the "Company") and ______________________ (the "Executive"). The Company has designated the Executive as a Participant in the Company's 2001 Key Executive Deferred Compensation Plan (the "Plan"), which is incorporated into this Agreement. The Company and the Executive agree as follows:

**Distribution Election. *This election will apply to ALL your deferred compensation with Boise Cascade with the exception of pre-2001 Deferred Bonus Accounts that you have decided NOT to roll into this Plan.***

1. The Executive elects the following **form of distribution** of his or her Deferred Account balance (choose one):

____ A. Lump-sum payment.
____ B. Monthly installment payments over a period of ________ years (not to exceed 15 years). Payments will be approximately equal in amount.
____ C. Other. Describe in detail below or in an attachment.

2. The Executive elects the following **distribution beginning date** (choose one):
____ A. January 1 of the year following Termination of Employment.
____ B. The later of age 55 or Termination of Employment.
____ C. The later of age 65 or Termination of Employment.
____ D. The later of __________ (date) (cannot be later than age 65) or Termination of Employment.

3. If the Executive dies *before* his or her distributions from the Plan begin, the Company will pay the Executive's designated beneficiary the Deferred Account balance as (choose one):
____ A. Lump-sum payment.
____ B. Monthly installment payments over a period of _______years (not to exceed 15 years). Payments will be approximately equal in amount.
____ C. Other. Describe in detail below or in an attachment.

4. If the Executive dies *after* installment payments have begun, the Company will pay the Executive's designated beneficiary (choose one):

____ A. Lump sum of the remaining Deferred Account balance.
____ B. The remaining installment payments.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day first written above.

BOISE CASCADE CORPORATION EXECUTIVE

By______________________________ By____________________________

**Boise Cascade Corporation**
**Form of Deferred Bonus Consolidation Election**

THIS ELECTION, dated ______________________, is made by ___________________ (the "Executive"). The Company has designated the Executive as a Participant in the Company's 2001 Key Executive Deferred Compensation Plan (the "Plan"), under which this Election is made. Under the terms of the Plan, the Executive may elect to transfer existing account balances under the deferral option of the Company's Key Executive Performance Plans to this Plan.

**Deferred Bonus Consolidation Election**

I hereby elect to transfer my Deferred Bonus Account(s) to my Deferred Account under the Plan. I acknowledge that all rights with respect to the Deferred Bonus Account(s) under the terms of the Key Executive Performance Plan(s) will be null and void and that my rights with respect to the deferred compensation represented by those account balances will be governed exclusively by the terms and conditions of the Plan, including but not limited to the distribution election I make or have made under the Plan.

[YES____] [NO____] [*Initial one*]

The Executive has executed this Election on the day first written above.

EXECUTIVE

By_______________________________

**Boise Cascade Office Products Corporation**
**Form of Deferred Bonus Consolidation Election**

THIS ELECTION, dated ______________________, is made by ___________________ (the "Executive"). The Company has designated the Executive as a Participant in the Company's 2001 Key Executive Deferred Compensation Plan (the "Plan"), under which this Election is made. Under the terms of the Plan, the Executive may elect to transfer existing account balances under the deferral option of the Company's Key Executive Performance Plans and/or Retention Incentive Plan to this Plan.

**Deferred Bonus Consolidation Election:**

I hereby elect to transfer my Deferred Bonus Account(s) to my Deferred Account under the Plan. I acknowledge that all rights with respect to the Deferred Bonus Account(s) under the terms of the Key Executive Performance Plan(s) will be null and void and that my rights with respect to the deferred compensation represented by those account balances will be governed exclusively by the terms and conditions of the Plan, including but not limited to the distribution election I make or have made under the Plan.

[YES____] [NO____] [*Initial one*]

**Deferred Retention Incentive Consolidation Election:**

I hereby elect to transfer my Deferred Retention Incentive Account to my Deferred Account under the Plan. I acknowledge that all rights with respect to the Deferred Retention Incentive Account under the terms of the Boise Cascade Office Products Key Executive Retention and Incentive Plan will be null and void and that my rights with respect to the deferred compensation represented by those account balances will be governed exclusively by the terms and conditions of the Plan, including but not limited to the distribution election I make or have made under the Plan.

[YES____] [NO____] [*Initial one*]

The Executive has executed this Election on the day first written above.

EXECUTIVE

By__________ _____________________

EXHIBIT 10.27

BOISE CASCADE CORPORATION
2001 BOARD OF DIRECTORS DEFERRED COMPENSATION PLAN

(Adopted July 28, 2000)

1. PURPOSE OF THE PLAN. The purpose of the Boise Cascade Corporation 2001 Directors Deferred Compensation Plan (the "Plan") is to further the growth and development of Boise Cascade Corporation (the "Company") by providing nonemployee directors of the Company the opportunity to defer all or a portion of their cash compensation and thereby encourage their productive efforts on behalf of the Company. The Plan is an unfunded plan intended to provide Participants with an opportunity to supplement their retirement income through deferral of current compensation.

2. DEFINITIONS.

2.1 CHANGE IN CONTROL. 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; 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 2/3rds 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 consummation of a merger or consolidation of the Company (or any direct or indirect subsidiary of the Company) with any other corporation other than (i) a merger or consolidation which would result in both (a) continuing directors continuing to constitute at least 66 2/3% of the number of directors of the combined entity immediately following consummation of such merger or consolidation and (b) the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) 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 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; provided, however, if such Person acquires securities directly from the Company, such securities shall not be included unless such Person acquires additional securities which, when added to the securities acquired directly from the Company, exceed 20% of the Company's then outstanding shares of common stock or the combined voting power of the Company's then outstanding securities, and provided further that any acquisition of securities by any Person in connection with a transaction described in Subsection 2.1(c)(i) shall not be deemed to be a Change in Control of the Company; or

(d) The stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or the consummation of an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, 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.

(e) For purposes of this Section and Section 2.11, "Beneficial Owner" shall have the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(f) For purposes of this Section and Section 2.11, "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.

2.2 COMMITTEE. The Executive Compensation Committee of the Company's Board of Directors or any successor to the Committee.

2.3 COMPENSATION. A Participant's fees, payable in cash, for services rendered by a Participant as a Director of the Company during a calendar year. 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 reimbursements.

2.4 DEFERRED ACCOUNT. The record maintained by the Company for each Participant of the cumulative amount of (a) account balances accumulated under other deferred compensation plans or programs of the Company which are merged into this Plan, as listed in Appendix A, (b) Compensation deferred pursuant to this Plan, plus (c) imputed gains or losses on those amounts accrued as provided in Section 4.6.

2.5 DEFERRED COMPENSATION AGREEMENT. A written agreement between a Participant and the Company in substantially the form set forth in Appendix B, whereby a Participant agrees to defer a portion of his or her Compensation 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 (the "DCB 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 will be subject to claims of the Company's creditors in the event of bankruptcy or insolvency.

2.7 DIRECTOR. An individual who is not an employee of Boise Cascade Corporation and who is a member of the Board of Directors of Boise Cascade Corporation.

2.8 INVESTMENT ACCOUNT. Any of the notional accounts identified by the Company from time to time, described in Exhibit A, to which Participants may allocate all or any portion of their Deferred Accounts for purposes of determining the gains or losses to be assigned to the Deferred Accounts.

2.9 NORMAL RETIREMENT DATE. The date specified in the Company's Bylaws for the retirement of any Director.

2.10 PARTICIPANT. A Director who has entered into a written Deferred Compensation Agreement with the Company in accordance with the provisions of the Plan.

2.11 POTENTIAL CHANGE IN CONTROL. A Potential Change in Control shall be deemed to have occurred if (a) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control of the Company; (b) 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; (c) 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; unless that Person has filed a schedule under Section 13 of the Securities Exchange Act of 1934 and the rules and regulations promulgated under Section 13, and that schedule (including any and all amendments) indicates that the Person has no intention to (i) control or influence the management or policies of the Company, or (ii) take any action inconsistent with a lack of intention to control or influence the management or policies of the Company; or (d) the Board adopts a resolution to the effect that a Potential Change in Control of the Company has occurred.

2.12 TERMINATION. The Participant's ceasing to be a Director of the Company for any reason whatsoever, whether voluntarily or involuntarily, including by reason of early retirement, normal retirement, or death.

3. ADMINISTRATION AND INTERPRETATION. The Committee shall have final discretion, responsibility, and authority to administer and interpret the Plan. This includes the discretion and authority to determine all questions of fact, eligibility, or benefits relating to the Plan. The Committee may also adopt any rules it deems necessary to administer the Plan. The Committee's responsibilities for administration and interpretation of the Plan shall be exercised by Company employees who have been assigned those responsibilities by the Company's management. Any Company employee exercising responsibilities relating to the Plan in accordance with this section shall be deemed to have been delegated the discretionary authority vested in the Committee with respect to those responsibilities, unless limited in writing by the Committee. Any Participant may appeal any action or decision of these employees to the Company's General Counsel and may request that the Committee reconsider decisions of the General Counsel. Claims for benefits under the Plan and appeals of claim denials shall be in accordance with Sections 10 and 11. Any interpretation by the Committee shall be final and binding on the Participants.

4. PARTICIPANT DEFERRAL AND DISTRIBUTION ELECTIONS.

4.1 EXECUTION OF AGREEMENT. A Director who wishes to participate in the Plan must execute a Deferred Compensation Agreement either (a) for newly eligible individuals, within 30 days after first becoming eligible to participate in the Plan (to defer Compensation for the remainder of that calendar year and subsequent years), or (b) prior to January 1 of the first calendar year for which the Deferred Compensation Agreement is to be effective.

4.2 DEFERRAL ELECTION. Each Director shall have the opportunity to elect the amount of his or her Compensation, to be earned in calendar years subsequent to the date of election, which will be deferred in accordance with this Plan. The Compensation otherwise earned by a Participant during each calendar year beginning after the date of the deferral election shall be reduced by the amount elected to be deferred. Elections to defer Compensation are irrevocable except as otherwise provided in this Plan. The amount of Compensation to be deferred will be specified in the Deferred Compensation Agreement.

4.3 CHANGE OF DEFERRAL ELECTION.

(a) A Participant who wishes to change an election to defer Compensation may do so at any time by notifying the Committee in writing prior to January 1 of the year for which the change in election is to be effective.

(b) A Participant who wishes to change an election to defer Compensation after January 1 of any calendar year for which the change in election is to be effective must submit a written request to the Committee to revoke his or her deferral election. The request must state why the Participant believes he or she should be permitted to revoke the prior election. Requests will be reviewed as soon as administratively feasible and, if a change is permitted, the change will be effective for all remaining pay periods following the date of the determination.

4.4 DISTRIBUTION ELECTION. At the time a Director elects to defer Compensation under Section 4.2, he or she shall elect a distribution option for the Compensation so deferred, including gains or losses thereon, as specified in the Deferred Compensation Agreement. The distribution election shall apply to all amounts deferred under this Plan and amounts deferred under plans listed under Appendix A which have been merged into this Plan. Elections regarding distribution of Deferred Accounts under this Plan are irrevocable except as otherwise provided in this Plan.

4.5 CHANGE OF DISTRIBUTION ELECTION. Participants who are active Directors may request, in writing, a change in their distribution election. The changed distribution election must be one of the distribution options in the original Deferred Compensation Agreement. The Committee must receive the request prior to November 30 of the year immediately preceding the year in which benefits are first scheduled to be paid. The request shall be approved or denied at the Committee's sole discretion. No change will be permitted that would allow a payment to be made earlier than originally elected in the Deferred Compensation Agreement.

4.6 DEFERRED ACCOUNT ALLOCATIONS AND ADJUSTMENTS. The Company shall maintain a record of each Participant's Deferred Account balance and allocations. Each Participant (a) must allocate his or her current deferrals of Compensation to one of the Investment Accounts, and (b) may, from time to time, choose to change the allocations of his or her current deferrals of Compensation to a different Investment Account.

4.6.1 Each Participant's Deferred Account shall be adjusted on a daily basis to reflect the gains or losses attributable to the notional Investment Account(s) selected by the Participant. Computation of the gains or losses of the Investment Accounts shall be at the Company's sole discretion.

4.6.2 Participants who are active Directors may change the allocation of future deferrals to or from any Investment Account on any business day, with any change effective as of the first pay period beginning after the date of the change.

4.6.3 Participants who are active Directors, may shift the allocation of all or any portion of their Deferred Account balance among any of the Investment Accounts, other than the Stable Value Account, on any business day, with any change effective as of the next business day.

4.6.4 Deferred Account balances allocated to the Stable Value Account may not be allocated to any other Investment Account.

5. DISTRIBUTIONS.

5.1 DISTRIBUTIONS IN GENERAL. The Company shall distribute Participants' Deferred Accounts as elected by each Participant in the applicable Deferred Compensation Agreement, except as otherwise provided in this Section 5.

5.2 PLAN BENEFITS UPON TERMINATION. Upon Termination, a Participant shall be paid his or her account in a lump sum or in equal quarterly installments calculated to distribute his or her account plus accrued interest for 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 earn interest at the applicable imputed interest rate. If a Participant does not make an election, his or her account shall be paid out in quarterly installments over 15 years beginning January 1 of the year following Termination. The Participant may request other forms of distribution, which are subject to approval by the Company, pursuant to Section 4.5.

5.3 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 his or her Deferred Account under the Plan. The amount of the payment shall be equal to (a) the Participant's Deferred Account balance under the Plan as of the payment date, reduced by (b) an amount equal to 10% of the Deferred 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 Committee. The payment shall be made within 30 days of the date on which the Committee received the request for the distribution. If a Participant makes a request under this provision, he or she 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 the request. In addition, in such 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 that 12-month period.

5.4 DISTRIBUTIONS FOLLOWING PARTICIPANT DEATH; DESIGNATION OF BENEFICIARY. The Company shall make all payments to the Participant, if living. A Participant shall designate a beneficiary by filing a written notice of designation with the Company in such form as the Company may prescribe. If a Participant dies either before benefit payments have commenced under this Plan or after his or her benefits have commenced but before his or her entire Deferred Account has been distributed, his or her designated beneficiary shall receive any benefit payments in accordance with the Deferred Compensation Agreement. If no designation is in effect when any benefits payable under this Plan become due, the beneficiary shall be the spouse of the Participant, or if no spouse is then living, 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, as described in Section 5.4.

6.2 TAXES. The Company shall deduct from all payments made under this Plan all applicable federal or state taxes required by law to be withheld.

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

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

7. AMENDMENT AND TERMINATION. The Company, acting through its Board of Directors or any committee of the Board of Directors, may, at its sole discretion, amend or terminate the Plan at any time, provided that the amendment or termination shall not adversely affect the vested or accrued rights or benefits of any Participant without the Participant's prior consent.

8. UNSECURED GENERAL CREDITOR. Except as provided in Section 9, Participants and their beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of the Company. The assets of the Company shall not be held under any trust for the benefit of Participants, their beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all Company assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be an unfunded and unsecured promise of the Company to pay money in the future.

9. DEFERRED COMPENSATION AND BENEFITS TRUST. Upon the occurrence of any Potential Change in Control, the Company shall transfer to the DCB Trust an amount of cash, marketable securities, or other property acceptable to the trustee equal in value to 105% of the amount necessary, on an actuarial basis and calculated in accordance with the terms of the DCB Trust, to pay the Company's obligations under this Plan (the "Funding Amount"). The cash, marketable securities, and other property so transferred shall be held, managed, and disbursed by the trustee subject to and in accordance with the terms of the DCB 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 as may be necessary in order to maintain the Funding Amount with respect to this Plan.

Upon a Change in Control, the assets of the DCB Trust shall be used to pay benefits under this Plan, except to the extent the Company pays such benefits. The Company and any successor shall continue to be liable for the ultimate payment of those benefits.

10. CLAIMS PROCEDURE. Claims for benefits under the Plan shall be filed in writing, within 60 days after the event giving rise to a claim, with the Company's Manager of Salaried and Executive Compensation (the "Manager"), who shall have absolute discretion to interpret and apply the Plan, evaluate the facts and circumstances, and make a determination with respect to the claim in the name and on behalf of the Committee. The claim shall include a statement of all relevant facts and copies of all documents, materials, or other evidence that the claimant believes relevant to the claim. The Company shall notify the claimant in writing of the disposition of the claim within 60 days after the claim is filed. The Manager, in his or her sole discretion, may extend this 60-day period an additional 60 days by providing written notice of the extension to the claimant before the original 60-day period expires. If the claim is denied, the specific reasons for the 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 the claim for further review will be provided.

11. 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 the denied claim. The request, together with a written statement of the claimant's position, must be filed no later than 60 days after receiving the written notice of denial provided for in Section 10 with the Manager, who shall promptly inform the Committee. The Committee shall review the claim and notify the claimant, in writing, of its decision within 60 days after receiving the request for review. The Committee, in its discretion, may extend this 60-day period an additional 60 days by providing written notice of the extension to the claimant before the original 60-day period expires. The Committee's written decision shall state the facts and Plan provisions upon which the decision is based and shall be final and binding on all parties.

12. LAWSUITS, JURISDICTION, AND VENUE. No lawsuit claiming entitlement to benefits under this Plan may be filed prior to exhausting the claims and claims review procedures described in Sections 10 and 11. Any such lawsuit must be initiated no later than (a) one year after the event(s) giving rise to the claim occurred, or (b) 60 days after a final written decision was provided to the claimant under Section 11, whichever is sooner. Any legal action involving benefits claimed or legal obligations relating to or arising under this Plan may be filed only in Federal District Court in the city of Boise, Idaho. Federal law shall be applied in the interpretation and application of this Plan and the resolution of any legal action. To the extent not preempted by federal law, the laws of the state of Idaho shall apply.

13. EFFECTIVE DATE OF PLAN. This Plan shall become effective as of January 1, 2001.

EXHIBIT A

INVESTMENT ACCOUNTS

1. STABLE VALUE ACCOUNT. Deferred Accounts allocated to this account shall be credited, while the Participant is a Director of the Company, with imputed interest equal to an annualized rate of interest equal to 130% of Moody's Composite Average of Yields on Corporate Bonds ("Moody's") as determined each month from Moody's Bond Record (as 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 by the Company, in its sole discretion. Moody's, for purposes of this Plan, shall be based for any given month on such published rate for the immediately preceding calendar month.

**APPENDIX A**

**List of Deferred Compensation Plans/Programs Merged into the 2001 Board of Directors Deferred Compensation Plan**

- Boise Cascade Corporation 1987 Board of Directors Deferred Compensation Plan
- Boise Cascade Corporation 1995 Board of Directors Deferred Compensation Plan
- Boise Cascade Office Products Corporation 1995 Board of Directors Deferred Compensation Plan
- Boise Cascade Office Products Corporation Board of Directors Deferred Compensation Plan

**APPENDIX B**
**Boise Cascade Corporation**
**Form of Director Deferred Compensation Agreement**

THIS AGREEMENT dated ________________, is between BOISE CASCADE CORPORATION ("the Company") and ______________________ (the "Director"). The Company designates the Director as a Participant in the Company's 2001 Board of Directors Deferred Compensation Plan (the "Plan"), which is incorporated into this Agreement.

The Company and the Director agree as follows:

Compensation Deferral Election

The Director irrevocably elects to defer receipt of $_______________ ($5,000 to 100%) per year of his or her Compensation from the Company to be earned commencing January 1, 2001. ***Note: This election will apply to your Compensation earned during 2001 and in successive years unless you elect to change this deferral election as provided in the Plan***.

The Company believes, but does not guarantee, that a deferral election made in accordance with the terms of the Plan is effective to defer the receipt of taxable income. The Director has been advised to consult with his or her attorney or accountant familiar with the federal and state tax laws regarding the tax implications of this Deferred Compensation Agreement and the Plan.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day first written above.

BOISE CASCADE CORPORATION

By___________________________________

DIRECTOR

By___________________________________

**Boise Cascade Corporation**
**Form of Director Deferred Compensation Distribution Election Agreement**

THIS AGREEMENT dated ________________, is between BOISE CASCADE CORPORATION ("the Company") and ______________________ (the "Director"). Director is a Participant in the Company's 2001 Board of Directors Deferred Compensation Plan (the "Plan"), which is incorporated into this Agreement.

The Company and the Director agree to the following distribution of Director's account balance under the plan:

Distribution Election -- *NOTE: This election will apply to ALL your deferred compensation with Boise Cascade.*

1. The Director elects the following **form of distribution** of his or her Deferred Account balance:
____ A. Lump-sum payment.
____ B. Quarterly installment payments (estimated to be level payments) over a period of ________ years (not to exceed 15 years).
____ C. As set forth in Exhibit A (alternative distribution plan not to exceed 15 years).

2. The Director elects the following **distribution beginning date**:
____ A. January 1 of the year following Termination.
____ B. The later of age 55 or Termination.
____ C. The later of age 65 or Termination.
____ D. The later of ____________ (date) or his or her Normal Retirement Date.

3. If the Director dies *before* his or her distributions from the Plan begin, the Company will pay the Director's designated beneficiary the Deferred Account balance as a (choose one):
____ A. Lump-sum payment.
____ B. Quarterly installment payments over a period of _______years (not to exceed 15 years).
____ C. As set forth in Exhibit A (alternative distribution plan not to exceed 15 years).

4. If the Director dies *after* installment payments have begun, the Company will pay the Director's designated beneficiary (choose one):
____ A. Lump sum of the remaining Deferred Account balance.
____ B. The remaining installment payments, if any.

IN WITNESS WHEREOF, the parties have entered into this Agreement on the day first written above.

| BOISE CASCADE CORPORATION | DIRECTOR |
|---|---|
| By____________________________ | By_____________________________ |

EXHIBIT 11

BOISE CASCADE CORPORATION
Computation of Per Share Earnings

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | (thousands, except per-share amounts) | | |
| Net income (loss) as reported, before cumulative effect of accounting change | $ 178,574 | $ 199,753 | $ (25,692 ) |
| Preferred dividends | (13,095 ) | (13,559 ) | (15,578 ) |
| Excess of Series F Preferred Stock redemption price over carrying value | - | - | (3,958 ) |
| Basic income (loss) before cumulative effect of accounting change | 165,479 | 186,194 | (45,228 ) |
| Cumulative effect of accounting change | - | - | (8,590 ) |
| Basic income (loss) | $ 165,479 | $ 186,194 | $ (53,818 ) |
| | ========= | ========= | ========= |
| Average shares outstanding used to determine basic income (loss) per common share | 57,288 | 56,861 | 56,307 |
| | ========= | ========= | ========= |
| Net income (loss) per common share | | | |
| Basic income (loss) before cumulative affect of accounting change | $ 2.89 | $ 3.27 | $ (.81 ) |
| Cumulative affect of accounting change | - | - | (.15 ) |
| Basic income (loss) per common share (a) | $ 2.89 | $ 3.27 | $ (.96 ) |
| | ========= | ========= | ========= |
| Basic income (loss) before cumulative effect of accounting change | $ 165,479 | $ 186,194 | $ (45,228 ) |
| Preferred dividends eliminated | 13,095 | 13,559 | 14,133 |
| Supplemental ESOP contribution | (11,192 ) | (11,588 ) | (12,079 ) |
| Diluted income (loss) before cumulative effect of accounting change | 167,382 | 188,165 | (43,174 ) |
| Cumulative effect of accounting change | - | - | (8,590 ) |
| Diluted income (loss) | $ 167,382 | $ 188,165 | $ (51,764 ) |
| | ========= | ========= | ========= |
| Average shares outstanding used to determine basic income (loss) per common share | 57,288 | 56,861 | 56,307 |
| Stock options and other | 253 | 419 | 204 |
| Series D Convertible Preferred Stock | 3,872 | 4,139 | 4,396 |
| Average shares used to determine diluted income (loss) per common share | 61,413 | 61,419 | 60,907 |
| | ========= | ========= | ========= |
| Diluted income (loss) before cumulative effect of accounting change | $ 2.73 | $ 3.06 | $ (.71 ) |
| Cumulative affect of accounting change | - | - | (.14 ) |
| Diluted income (loss) per common share (a) | $ 2.73 | $ 3.06 | $ (.85 ) |
| | ========= | ========= | ========= |

(a) Because the computation of diluted loss per common share was antidilutive, diluted loss per common share reported for the year ended December 31, 1998, was the same as basic loss per common share.

EXHIBIT 12.1

BOISE CASCADE CORPORATION AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

| | Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 2000 | 1999 | 1998 | 1997 | 1996 |
| | (thousands, except ratios) | | | | |
| Interest costs | $ 152,322 | $ 146,124 | $ 159,870 | $ 137,350 | $ 128,360 |
| Guarantee of interest on ESOP debt | 10,880 | 12,856 | 14,671 | 16,341 | 17,874 |
| Interest capitalized during the period | 1,458 | 238 | 1,341 | 10,575 | 17,778 |
| Interest factor related to noncapitalized leases (a) | 13,394 | 13,065 | 11,308 | 11,931 | 12,982 |
| Total fixed charges | $ 178,054 | $ 172,283 | $ 187,190 | $ 176,197 | $ 176,994 |
| Income (loss) before income taxes, minority interest, and cumulative effect of accounting change | $ 298,331 | $ 355,940 | $ (16,878) | $ (28,930) | $ 31,340 |
| Undistributed (earnings) losses of less than 50% owned entities, net of distributions received | (2,061) | (6,115) | 3,791 | 5,180 | (1,290) |
| Total fixed charges | 178,054 | 172,283 | 187,190 | 176,197 | 176,994 |
| Less: Interest capitalized | (1,458) | (238) | (1,341) | (10,575) | (17,778) |
| Guarantee of interest on ESOP debt | (10,880) | (12,856) | (14,671) | (16,341) | (17,874) |
| Total earnings before fixed charges | $ 461,986 | $ 509,014 | $ 158,091 | $ 125,531 | $ 171,392 |
| Ratio of earnings to fixed charges | 2.59 | 2.95 | - | - | - |
| Excess of fixed charges over earnings before fixed charges | $ - - | $ - - | $ 29,099 | $ 50,666 | $ 5,602 |

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

EXHIBIT 12.2

BOISE CASCADE CORPORATION AND SUBSIDIARIES
Ratio of Earnings to Combined Fixed Charges
and Preferred Dividend Requirements

| | Year Ended December 31 | | | | |
|---|---|---|---|---|---|
| | 2000 | 1999 | 1998 | 1997 | 1996 |
| | (thousands, except ratios) | | | | |
| Interest costs | $ 152,322 | $ 146,124 | $ 159,870 | $ 137,350 | $ 128,360 |
| Interest capitalized during the period | 1,458 | 238 | 1,341 | 10,575 | 17,778 |
| Interest factor related to noncapitalized leases (a) | 13,394 | 13,065 | 11,308 | 11,931 | 12,982 |
| Total fixed charges | 167,174 | 159,427 | 172,519 | 159,856 | 159,120 |
| Preferred stock dividend requirements -- pretax | 16,019 | 17,129 | 19,940 | 44,686 | 65,207 |
| Combined fixed charges and preferred dividend requirements | $ 183,193 | $ 176,556 | $ 192,459 | $ 204,542 | $ 224,327 |
| Income (loss) before income taxes, minority interest, and cumulative effect of accounting change | $ 298,331 | $ 355,940 | $ (16,878) | $ (28,930) | $ 31,340 |
| Undistributed (earnings) losses of less than 50% owned entities, net of distributions received | (2,061) | (6,115) | 3,791 | 5,180 | (1,290) |
| Total fixed charges | 167,174 | 159,427 | 172,519 | 159,856 | 159,120 |
| Less interest capitalized | (1,458) | (238) | (1,341) | (10,575) | (17,778) |
| Total earnings before fixed charges | $ 461,986 | $ 509,014 | $ 158,091 | $ 125,531 | $ 171,392 |
| Ratio of earnings to combined fixed charges and preferred dividend requirements | 2.52 | 2.88 | - - | - - | - - |
| Excess of combined fixed charges and preferred dividend requirements over total earnings before fixed charges | $ - - | $ - - | $ 34,368 | $ 79,011 | $ 52,935 |

(a) 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 REVIEW**

**RESULTS OF OPERATIONS**

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Sales | $ 7.8 billion | $ 7.1 billion | $ 6.4 billion |
| Net income (loss) | $ 178.6 million | $ 199.8 million | $ (34.3) million |
| Net income (loss) per diluted share | $2.73 | $3.06 | $(.96) |
| Net income before nonroutine items | $ 121.3 million | $ 148.2 million | $ 20.7 million |
| Net income per diluted share before nonroutine items | $1.80 | $2.22 | $.09 |
| | | (percentage of sales) | |
| Materials, labor, and other operating expenses | 79.3% | 78.0% | 79.3% |
| Selling and distribution expenses | 10.7% | 10.4% | 10.5% |
| General and administrative expenses | 1.6% | 1.8% | 2.4% |

**Nonroutine Items**. In third quarter 2000, our office products distribution business sold its European office products operations to Guilbert S.A. of France. The sale resulted in a pretax gain of $98.6 million, which is recorded in "Other (income) expense, net" and in the office products segment. Forward exchange contracts related to our acquisition of the Blue Star Business Supplies Group resulted in foreign exchange losses of $1.7 million in our corporate and other segment. We also recorded $3.0 million of severance and facility closure expense in our office products segment.

These nonroutine items increased net income $57.3 million, or 93 cents per diluted share, in 2000.

In first quarter 1999, we recorded $4.4 million of pretax expense related to an early retirement program announced in fourth quarter 1998. This amount is recorded in our corporate and other segment.

In 1999, we reversed $42.2 million of restructuring charges we had taken in 1998. We reversed these charges after restructuring by Boise Cascade Office Products (BCOP) in the United Kingdom proved to be less costly than originally anticipated and after we decided to continue operations at two of the four wood products manufacturing facilities we had planned to close. We also made minor adjustments, primarily in our paper and paper products segment, to reflect actual experience.

In second quarter 1998, we took a pretax charge of $80.9 million for the closure of four wood products manufacturing facilities and the revaluation of paper-related assets. In the fourth quarter, we recorded a pretax charge of $38.0 million for the elimination of jobs through early retirements and layoffs in our paper and wood products manufacturing businesses and at our Boise, Idaho, headquarters; the closure of our paper research and development facility in Portland, Oregon; restructuring of BCOP operations in the United Kingdom; and dissolution of a BCOP joint venture in Germany.

Additional information about restructuring activities is in Note 8 accompanying the financial statements.

In fourth quarter 1999, we recorded a pretax gain of $47.0 million from the sale of 56,000 acres of central Washington timberland. Results in 1998 include a $45.0 million pretax gain in the third quarter related to an insurance settlement for our plywood plant in Medford, Oregon, which was severely damaged by fire in September 1998.

The nonroutine items discussed above are included in "Other (income) expense, net" in the Statements of Income (Loss).

The following table shows income (loss), before taxes and minority interest, as reported and adjusted for nonroutine items.

| | Year Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2000 | | 1999 | | 1998 | |
| | As Reported | Before Non-routine Items | As Reported | Before Non-routine Items | As Reported | Before Non-routine Items |
| | | | (in millions) | | | |
| Office products | $ 236.6 | $ 141.0 | $ 154.6 | $ 150.6 | $ 121.5 | $ 132.6 |
| Building products | 52.1 | 52.1 | 273.8 | 191.3 | 57.7 | 75.9 |
| Paper and paper products | 202.6 | 202.6 | 117.7 | 115.4 | 10.0 | 47.5 |
| Corporate and other | (41.8) | (40.1) | (45.4) | (41.4) | (46.2) | (39.1) |
| | 449.5 | 355.6 | 500.7 | 415.9 | 143.0 | 216.9 |
| Interest expense | (151.2) | (151.2) | (144.7) | (144.7) | (159.9) | (159.9) |
| | $ 298.3 | $ 204.4 | $ 356.0 | $ 271.2 | $ (16.9) | $ 57.0 |
| | ======== | ====== | ======== | ====== | ======== | ====== |

As of January 1, 1998, we adopted the provisions of American Institute of Certified Public Accountants (AICPA) Statement of Position 98-5, Reporting on the Costs of Start-Up Activities. This statement requires 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. Earnings per share in 1998 also included a negative 7 cents per diluted share related to the redemption of our Series F preferred stock.

Nonroutine items positively affected 1999 results by $51.6 million, or 84 cents per diluted share, and negatively affected 1998 results by $55.0 million, or $1.05 per diluted share.

**Overview**. Sales in 2000 increased 9% over 1999 due to higher average paper prices and sales volume growth in office products and building products. Office products sales increased 9% in 2000. Same-location sales increased 12%. Sales increased 10% in the building products segment. Our 1999 acquisition of Furman Lumber, Inc., increased 2000 sales $449 million over 1999; however, these increases were offset by weakness in plywood and lumber prices. Paper and paper products sales increased

9% due to higher product prices.

Sales in 1999 increased 12% over 1998. Office products sales increased 10%, primarily because of an increase in same-location sales, which were up 8%. Building products sales increased 26% because of the Furman acquisition and higher average wood products prices. Paper and paper products sales in 1999 were approximately the same as in 1998.

In 2000, materials, labor, and other operating expenses increased as a percent of sales, compared with 1999, because of product cost increases in our office products segment, reduced margins in building products due to lower plywood and lumber prices, and higher energy-related costs in paper and paper products. In 1999, these expenses decreased as a percent of sales, compared with 1998, because of increased building products sales prices and reduced wood, fiber, and conversion costs in both our building products and paper and paper products segments.

Selling and distribution expense as a percent of sales was higher in 2000 than in 1999 and 1998 due to the growth in office products and building materials distribution sales, which have higher associated selling and distribution costs than our manufacturing businesses. General and administrative expenses

decreased as a percent of sales in 2000 and 1999 due to our cost-reduction efforts and leveraging of fixed costs over higher sales.

See the results of operations by segment for additional detail.

Interest expense was $151.2 million in 2000, $144.7 million in 1999, and $159.9 million in 1998. The variances were due primarily to changes in our debt levels.

Our tax provision rates were 39% in 2000 and 40% in 1999. Our tax benefit rate in 1998 was about 6%. Excluding nonroutine items, the tax provision rate would have been approximately 46% in 1998. The changes in our tax rates were due primarily to the sensitivity of the rate to changing income levels and the mix of domestic and foreign sources of income.

Primarily as a result of the decline in lumber and plywood prices, 2000 net income, before nonroutine items, decreased 18% from 1999. Conversely, primarily because of record results in the building products segment, 1999 net income, before nonroutine items, improved 615% from 1998.

**OFFICE PRODUCTS DISTRIBUTION**

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Sales | $ 3.7 billion | $ 3.4 billion | $ 3.1 billion |
| Segment income | $ 236.6 million | $ 154.6 million | $ 121.5 million |
| Segment income before nonroutine items | $ 141.0 million | $ 150.6 million | $ 132.6 million |
| | | (percentage of sales) | |
| Gross profit margin | 24.3% | 25.6% | 25.6% |
| Operating expenses | 17.9% | 21.1% | 21.6% |
| Operating expenses before nonroutine items | 20.4% | 21.2% | 21.3% |
| Operating profit | 6.4% | 4.6% | 3.9% |
| Operating profit before nonroutine items | 3.8% | 4.4% | 4.3% |

**Acquisitions and Divestitures**. On September 28, 2000, BCOP sold its European operations to Guilbert S.A. of France for approximately $335.3 million. The sale resulted in a pretax gain of $98.6 million. Our sales for these operations in 2000, 1999, and 1998 totaled $241.8 million, $324.0 million, and $303.2 million, respectively.

BCOP also formed a joint venture with Guilbert to provide service for both companies' multinational customers. Through the joint venture, BCOP serves Guilbert customers in North America, Australia, and New Zealand, and Guilbert serves BCOP customers in Europe and the Middle East.

On October 6, 2000, BCOP acquired the Blue Star Business Supplies Group of US Office Products (Blue Star), a distributor of office and educational supplies in Australia and New Zealand, for $114.7 million in cash and the recording of $13.2 million in estimated acquisition liabilities. The acquisition liabilities include $4.7 million for termination benefits to be paid to approximately 380 employees at acquired facilities and $3.9 million for closure costs at six acquired locations, primarily in Australia. These closures will be completed in 2001. Blue Star had sales of approximately $300 million for its fiscal year ended April 29, 2000.

On October 19, 2000, BCOP merged Boise Marketing Services, Inc. (BMSI), its majority-owned promotional products subsidiary, with American Identity, a division of IdentityNow. As a result of the merger, BCOP holds approximately 22% of the equity in IdentityNow and will account for its investment under the equity method of accounting. Sales for BMSI totaled $74.0 million prior to the merger in 2000 and $103.4 million and $109.4 million in 1999 and 1998, respectively.

In December 1999, we announced a proposal to acquire the 18.9% of BCOP's outstanding common stock owned by other shareholders. In March 2000, with the recommendation of BCOP's board of directors, we commenced a tender offer for these shares of $16.50 per share in cash. The tender offer was completed on April 19, 2000. Effective April 20, 2000, BCOP once again became a wholly owned subsidiary of Boise Cascade Corporation. The purchase price, including transaction costs and payments to shareholders and stock option holders, totaled $216.1 million. It was funded by short-term borrowings and by borrowings under our revolving credit agreement.

In 1999, BCOP completed two acquisitions with combined annualized sales of approximately $50 million at the time of announcement. In 1998, BCOP completed six acquisitions with combined annualized sales of approximately $62 million at the time of announcement.

On a pro forma basis, if our 2000 acquisitions and divestitures had occurred on January 1, 2000, sales for that year would have decreased about $85 million, while net income and diluted earnings per share would not have materially changed. If our 2000 acquisitions and divestitures and our 1999 acquisitions had occurred on January 1, 1999, sales for 1999 would have decreased about $81 million, but net income would have increased about $6.6 million and diluted earnings per share would have increased about 11 cents. If our 1999 and 1998 acquisitions had occurred on January 1, 1998, sales for 1998 would have increased about $94 million, while net loss and diluted loss per share would not have materially changed. This unaudited pro forma financial information does not necessarily represent what would have occurred if the acquisitions and divestitures had taken place on the dates assumed.

Additional information about BCOP's acquisitions and divestitures is in Note 6 accompanying the financial statements.

**Nonroutine Items**. Segment income in 2000 included a $98.6 million gain on the sale of the European operations and $3.0 million expense for severance and facility closure related to involuntary employee terminations.

During second quarter 1999, BCOP revised the amount of a restructuring reserve for its United Kingdom operations. The restructuring program was less costly than originally anticipated due to lower professional and legal fees, the sublease of one of the facilities, the decision to retain a small printing business, and fewer employee terminations. The resulting increase to operating income of approximately $4.0 million included $0.5 million for reduced employee-related costs and $3.5 million for other exit costs, including lower lease costs.

In fourth quarter 1998, BCOP began to restructure operations in the United Kingdom, including closing seven small contract stationer facilities and an administrative office and integrating selected functions of the U.K. operations. These closures were completed during the first half of 1999. In December 1998, BCOP terminated a joint venture at a cost of about $4.0 million. As a result of the restructuring and the dissolution of the joint venture, BCOP recorded charges of $11.1 million in fourth quarter 1998.

**Operating Results Before Nonroutine Items**. BCOP's business strategy includes aggressive sales growth, which has been accomplished over the last three years by increasing sales in existing operations and completing acquisitions. Sales grew 9% from 1999 to 2000 and 10% from 1998 to 1999. Same-location sales grew 12% from 1999 to 2000 and 8% from 1998 to 1999.

Gross profit margins were down in 2000, compared with 1999 and 1998, because of product cost increases and a competitive pricing environment in the United States. Lower gross profit margins were only partially offset by decreased operating expenses as a percent of sales. Although costs increased in 2000, operating expenses as a percent of sales decreased in 2000 and 1999 because of cost-control efforts and the leveraging of fixed costs over higher sales. Cost increases in 2000 were due to continued investment in strategic growth initiatives, including the Blue Star acquisition, middle-market business development, and E-commerce sales.

Gross profit margins in 1999 were flat with those in 1998. Margins improved for many nonpaper products, primarily as a result of lower procurement costs, but were negatively affected by lower margins for paper early in the year. Decreased operating expenses as a percent of sales in 1999 were due in part to lower operating costs in Canada, as BCOP resolved warehouse integration issues in a new distribution center. These lower costs were offset in part by increased investment in growth initiatives.

As a result of these factors, operating profit margins decreased in 2000, compared with 1999, and improved in 1999, compared with 1998.

**BUILDING PRODUCTS**

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Sales | $ 2.5 billion | $ 2.2 billion | $ 1.8 billion |
| Segment income | $ 52.1 million | $ 273.8 million | $ 57.7 million |
| Segment income before nonroutine items | $ 52.1 million | $ 191.3 million | $ 75.9 million |
| **Sales Volumes** | | | |
| Plywood (1,000 sq. ft. 3/8" basis) | 1,879,876 | 1,529,482 | 1,815,101 |
| OSB (1,000 sq. ft. 3/8" basis) (a) | 397,395 | 373,632 | 346,803 |
| Lumber (1,000 board ft.) | 448,199 | 517,457 | 571,731 |
| LVL (100 cubic ft.) | 62,826 | 55,141 | 38,377 |
| I-joists (1,000 equivalent lineal ft.) | 142,428 | 135,051 | 106,445 |
| Particleboard (1,000 sq. ft. 3/4" basis) | 193,109 | 186,860 | 190,313 |
| Building materials distribution (millions of sales dollars) | $ 1,601 | $ 1,289 | $ 873 |
| **Average Net Selling Prices** (b) | | | |
| Plywood (1,000 sq. ft. 3/8" basis) | $ 234 | $ 275 | $ 239 |
| OSB (1,000 sq. ft. 3/8" basis) | 174 | 197 | 157 |
| Lumber (1,000 board ft.) | 471 | 522 | 474 |
| LVL (100 cubic ft.) | 1,549 | 1,589 | 1,596 |
| I-joists (1,000 equivalent lineal ft.) | 951 | 1,004 | 996 |
| Particleboard (1,000 sq. ft. 3/4" basis) | 290 | 293 | 277 |

(a) Includes 100% of the sales of Voyageur Panel, of which we own 47%.

(b) Gross invoice price less trade discounts and freight costs.

**Acquisitions**. On June 30, 2000, we acquired Alliance Forest Products-Joists, Inc. (AllJoist) for $14.6 million in cash. Formerly a subsidiary of Alliance Forest Products, Inc., AllJoist operates a wood I-joist manufacturing plant in St. Jacques, New Brunswick, Canada.

On September 16, 1999, we acquired Furman Lumber, Inc., for approximately $92.7 million, including $90.2 million in cash and the assumption of $2.5 million in debt. The acquisition of Furman's 12 facilities in the East, Midwest, and South brought us closer to our goal of becoming a national building materials distributor. The former Furman facilities had 2000 sales of about $643 million. Sales of $194 million in 1999 following our acquisition are included in our 1999 results of operations.

On a pro forma basis, if the AllJoist acquisition had occurred on January 1, 2000, sales in 2000 would have increased $11 million, while net income and diluted income per share would not have materially changed. If the AllJoist and Furman acquisitions had occurred on January 1, 1999, sales in 1999 would have increased about $526 million, net income would have increased $1.2 million, and diluted earnings per share would have increased 2 cents. If the Furman acquisition had occurred on January 1, 1998, sales in 1998 would have increased about $570 million, net loss would have decreased $1.3 million, and diluted loss per share would have decreased 2 cents. This unaudited pro forma financial information does not necessarily represent what would have occurred if the acquisitions had taken place on the dates assumed.

Additional information about building products acquisitions is in Note 9 accompanying the financial statements.

**Nonroutine Items**. In fourth quarter 1999, we sold 56,000 acres of central Washington timberland, resulting in a pretax gain of $47.0 million.

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

In September 1998, our plywood plant in Medford, Oregon, was severely damaged by fire, temporarily reducing our plywood capacity by approximately 20%. The building products segment realized a $46.5 million pretax gain as a result of an insurance settlement for the loss. We were also insured for business interruption losses. We rebuilt a portion of the plant, which became fully operational in first quarter 2000.

In second quarter 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. Operating results in 1998 were negatively affected by a $61.9 million charge for this restructuring. We closed the sawmills in Horseshoe Bend and Fisher in 1998. In May 1999, we decided to continue operations at the Elgin sawmill and Yakima plywood plant because of changes in wood supply and costs, product prices, improved plant operations, and the impact of a fire at our Elgin plywood plant. As a result, in second quarter 1999, our building products segment reversed $35.5 million in previously recorded restructuring charges. The Horseshoe Bend and Fisher facilities had sales of $30.6 million and operating losses of $7.0 million in 1998 prior to their closures.

**Operating Results Before Nonroutine Items**. The increase in sales in 2000, compared with 1999, was due to increased sales in building materials distribution resulting from the acquisition of Furman in third quarter 1999 and increased sales in engineered wood products resulting from the acquisition of AllJoist. Excluding these acquisitions, sales declined 10% year over year due to significantly lower wood products prices. Average plywood prices were down 15%, while lumber prices declined 10%. Our plywood plant in Medford, which was rebuilt after being damaged by fire in 1998, became fully operational during first quarter 2000, and our plywood plant in Elgin, which was damaged by fire in May 1999, began operations at the end of 1999. As a result, plywood unit sales volume in 2000 increased 23% over 1999.

Sales in 1999 increased over 1998 due to higher average wood products prices and growth in building materials distribution. Average plywood and lumber prices in 1999 were 15% and 10% higher than in 1998. Unit sales growth in engineered wood products, partially offset by unit sales volume declines in lumber and plywood, also contributed to the increase. Higher building materials distribution sales resulted from the acquisition of Furman in September 1999, the addition of another facility in early 1999, and increasing sales at existing locations.

Reduced segment income in 2000, compared with 1999, was due to lower wood products prices. Costs were up only slightly, primarily in energy-related areas. Improved results in 1999, compared with 1998, were due mostly to strong wood products markets and higher plywood and lumber prices. Significant sales growth in building materials distribution, an improved product mix, lower wood and conversion costs, and our restructuring activities all contributed to the improved results.

Our Voyageur Panel joint-venture oriented strand board (OSB) plant in Barwick, Ontario, Canada, 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, segment results do not include the joint venture's sales but do include $4.0 million, $6.5 million, and $1.9 million of equity in earnings for 2000, 1999, and 1998, respectively. Operating income of the joint venture was negatively affected by lower OSB prices in 2000.

**PAPER AND PAPER PRODUCTS**

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| Sales | $ 2.0 billion | $ 1.9 billion | $ 1.9 billion |
| Segment income | $ 202.6 million | $ 117.7 million | $ 10.0 million |
| Segment income before nonroutine items | $ 202.6 million | $ 115.4 million | $ 47.5 million |
| **Sales Volumes** (thousands of short tons) | | | |
| Uncoated free sheet | 1,393 | 1,426 | 1,403 |
| Containerboard | 680 | 655 | 624 |
| Newsprint | 423 | 422 | 431 |
| Other | 150 | 149 | 129 |
| Total | 2,646 | 2,652 | 2,587 |
| **Average Net Selling Prices** (per short ton) (a) | | | |
| Uncoated free sheet | $768 | $699 | $706 |
| Containerboard | 404 | 335 | 320 |
| Newsprint | 458 | 414 | 485 |

(a) Gross invoice price less trade discounts and freight costs.

**Nonroutine Items**. In fourth quarter 1998, we recorded a pretax charge of $18.5 million for restructuring our paper business, primarily by eliminating positions through early retirements and layoffs and closing our paper research and development facility. In 1999, we adjusted these charges to reflect actual experience, which increased income by $2.3 million.

In second quarter 1998, our paper and paper products segment recorded a pretax charge related to the revaluation of paper-related assets. Included in the revaluation were write-downs of $8 million for our investment in a now terminated joint venture in China, approximately $5 million for the fixed assets of a small corrugating facility, and $6 million for an investment in a joint venture and miscellaneous equipment that had no future value.

**Operating Results Before Nonroutine Items**. Sales in 2000 increased over 1999 due to higher weighted average paper prices, which were 13% above 1999 prices. Unit sales volume was flat year to year. We incurred about 114,000 tons of market-related curtailment in 2000. In 2000, value-added grades produced on our smaller paper machines accounted for 23%, or 324,000 tons, of our uncoated free sheet sales volume. Value-added grades generally have higher unit costs than commodities but also have higher net sales prices and profit margins. Overall, the average net selling price of the value-added grades we sold in 2000 was $172 per ton higher than the average net selling price of our uncoated commodity grades.

Sales in 1999 were approximately the same as in 1998. Unit sales volume increased 3%, despite approximately 105,000 tons of market-related production curtailment. Weighted average prices declined 2%. In 1999, value-added grades produced on our smaller paper machines accounted for 22%, or 311,000 tons, of our uncoated free sheet sales volume. Overall, the average net selling price of the value-added grades we sold in 1999 was $249 per ton higher than the average net selling price of our uncoated commodity grades.

Segment income in 2000 improved significantly over 1999 due to product price increases, partially offset by unit costs that increased 5%. Although fixed costs were down slightly from 1999, variable costs increased, due in large part to rapidly escalating energy-related costs, including natural gas, electricity, and oil costs. Costs for energy purchased in 2000 were $52 million higher than they were in 1999. Most of the increase occurred in the second half of the year. In the near term, we expect the energy situation to remain volatile, which will continue to negatively impact our costs and could impact our ability to operate some facilities. We do expect prices to stabilize over time and to gradually come back in line with long-term trends.

Segment income in 1999 increased over 1998 because of a significant reduction in costs and a moderate increase in unit sales volume, offset by slightly lower product prices. Paper segment costs per ton in 1999 were 6% lower than in 1998, due primarily to lower fiber costs and cost-reduction efforts.

BCOP buys more paper from Boise Cascade's paper business than any other customer. BCOP purchased 448,000 tons of cut-size office papers produced by Boise Cascade in 2000, 410,000 tons in 1999, and 365,000 tons in 1998.

**Financial Condition and Liquidity**

**Operating Activities**. Operations provided cash of $548.5 million in 2000, $454.6 million in 1999, and $468.7 million in 1998. In 2000, net income items provided $437.9 million of cash, and favorable changes in working capital items provided $110.6 million of cash from operations. Net income items provided $523.2 million of cash in 1999, offset by $68.6 million of unfavorable changes in working capital items, primarily receivables. In 1998, net income items provided $379.5 million, and favorable working capital items added $89.2 million.

We have sold fractional ownership interests in a defined pool of trade accounts receivable. On December 31, 2000, $200 million of sold accounts receivable were excluded from receivables on the balance sheet, compared with the December 31, 1999, balance of $100 million and the December 31, 1998, balance of $79 million. The increases in sold accounts receivable provided $100 million of cash from operations in 2000, $21 million in 1999, and $79 million in 1998. Our working capital ratio was 1.55:1 in 2000, compared with 1.36:1 in 1999.

**Investment Activities**. Cash used for investment was $548.8 million in 2000, $327.4 million in 1999, and $298.1 million in 1998. Cash expenditures for property and equipment, timber and timberlands, and investments in equity affiliates totaled $314.6 million in 2000, $227.6 million in 1999, and $237.2 million in 1998. Spending in 2000 included approximately $64 million in our environmental compliance program, about $49 million of which was spent at our DeRidder, Louisiana, pulp and paper mill to allow us to meet new air and water environmental standards that go into effect in April 2001.

We used $216.1 million of cash for the purchase of the BCOP minority shares in 2000. Cash used to purchase facilities totaled $130.3 million and included $114.7 million for the Blue Star office products acquisition in Australia and New Zealand and $14.6 million for the purchase of the wood I-joist plant in Canada. Cash used to purchase facilities in 1999 included $90.2 million for Furman and $9.4 million for two BCOP acquisitions. In 1998, we used $27.3 million of cash for six BCOP acquisitions.

Noncash consideration included in capital spending consisted of assumption of debt and recording of liabilities totaling $14.0 million in 2000, $9.7 million in 1999, and

$49.2 million in 1998. Details of 2000 capital investment by business are included in the table below.

**2000 CAPITAL INVESTMENT BY BUSINESS**

| | Expansion | Quality/ Efficiency (a) | Timber and Timberlands | Replacement Environmental, and Other | Total |
|---|---|---|---|---|---|
| | | | (millions) | | |
| Office products (b) | $149 | $24 | $- | $ 23 | $196 |
| Building products | 23 | 18 | 3 | 35 | 79 |
| Paper and paper products | 10 | 33 | 5 | 130 | 178 |
| Corporate and other | 1 | 2 | - | 3 | 6 |
| Total | $183 | $77 | $8 | $191 | $459 |

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

(b) Noncash capital expenditures totaled $14 million for the assumption of debt and recording of liabilities associated with acquisitions.

We expect capital investment in 2001 to be $325 million to $350 million, excluding acquisitions. These amounts include $40 million to $50 million for the construction of a manufacturing plant in Satsop, Washington, to produce a new family of wood-plastic composite products. Construction is expected to take about 15 months, with start-up in 2002. Total spending for the plant is expected to be $60 million to $65 million.

We also expect to spend $25 million to $30 million in 2001 for a project in Brazil. We have formed a wholly owned subsidiary, Boise Cascade do Brasil, to build and operate a veneer and plywood mill in the city of Guaiba, Rio Grande do Sul, Brazil. The mill will use plantation eucalyptus to produce veneer that will be used primarily to make laminated veneer lumber at our plant in Alexandria, Louisiana. We expect to begin construction in first quarter 2001. Start-up of the plant is slated for fourth quarter 2001. To supply the mill, Boise Cascade do Brasil will acquire about 35,000 acres of existing eucalyptus plantation land.

The balance of our capital spending in 2001 will be for our ongoing environmental compliance program, quality and efficiency projects, replacement, and modest purchases of timber and timberlands.

In September 2000, we sold our European office products operations for $335.3 million. After debt repayments of $17.2 million, we received $158.5 million in 2000. In early January 2001, we received a final payment, net of forward exchange contracts, of $159.6 million, which we used to reduce debt.

In October 1999, we sold 56,000 acres of timberland in central Washington. The pretax gain on the sale was $47.0 million. Net cash proceeds after transaction costs and adjustments for timber harvested were $50.2 million.

**Financing Activities**. Cash used for financing was $3.8 million in 2000, $134.6 million in 1999, and $159.9 million in 1998. Dividend payments totaled $50.4 million in 2000, $51.1 million in 1999, and $55.6 million in 1998. In all three years, our quarterly cash dividend was 15 cents per common share. The payment of dividends is dependent on the existence and amount of net worth in excess of the defined minimum under our revolving credit agreement.

Changes in short-term borrowings represent net changes in notes payable as we manage our cash flow needs. Additions to long-term debt in 2000 included $175 million of net borrowings under our revolving credit agreements. Payments of long-term debt in 2000 included retirement of $100 million of 9.9% notes and repayment of $15 million of medium-term notes.

Additions to long-term debt in 1999 included $70 million of borrowings under our revolving credit agreement and $59 million of medium-term notes. Payments of long-term debt in 1999 included redemption of $100 million of 9.875% notes, $59 million of medium-term notes, and $10 million under BCOP's revolving credit agreement.

Additions to long-term debt in 1998 included issuance of $150 million of BCOP's 7.05% notes and borrowings of $20 million under our revolving credit agreement. Payments of long-term debt in 1998 included $140 million under BCOP's revolving credit agreement and $32 million of medium-term notes.

At both December 31, 2000 and 1999, we had $1.9 billion of debt outstanding. Our debt-to-equity ratio was 1.09:1 and 1.18:1 at December 31, 2000 and 1999. Assuming that we had collected the receivable from the sale of BCOP's European operations on December 31, 2000, instead of in January 2001, our debt-to-equity ratio would have been 1:1.

Our debt and debt-to-equity ratio include our guarantee of the remaining $107.9 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 23 major banks that permits us to borrow up to $600 million at variable interest rates based on the London Interbank Offered Rate (LIBOR). At December 31, 2000, the rate was 7.0%. When the agreement expires in June 2002, any amount outstanding will be due and payable. The revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratios, and ceiling ratios of debt to capitalization. Under this agreement, the payment of dividends depends on the existence of and the amount of net worth in excess of the defined minimum. Our net worth at December 31, 2000, exceeded the defined minimum by $150.1 million. At December 31, 2000, $550 million of borrowings was outstanding under this agreement.

BCOP had a $450 million revolving credit agreement that we terminated in December 2000.

In October 1998, we entered into interest rate swaps with a notional amount of $100 million and an effective fixed rate of 5.1% with respect to $100 million of our revolving credit agreement borrowings. These swaps expired in October 2000.

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

In July 2000, a registration statement filed with the Securities and Exchange Commission (SEC) covering $300 million in universal shelf capacity became effective. Under this filing, we may offer and sell in one or more offerings common stock, preferred stock, debt securities, warrants, and/or purchase contracts.

At December 31, 2000, we also had $430 million of unused borrowing capacity registered with the SEC for additional debt securities.

In April 1998, BCOP registered $300 million of shelf capacity with the SEC. In May 1998, BCOP issued $150 million of 7.05% notes under this registration statement. The notes are due in May 2005. BCOP does not intend to use the remaining shelf capacity.

Our cash requirements going forward will be funded through a combination of cash flows from operations, borrowings under our existing credit facilities, issuance of new debt or equity securities, and possible sales of assets.

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 overall sales are not subject to significant seasonal variations.

**Disclosures of Financial Market Risks**

Changes in interest 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 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 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 do not use derivative financial instruments for trading purposes.

The table below provides information about our financial instruments that are sensitive to changes in interest rates or foreign currency exchange rates. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For obligations with variable interest rates, the table sets forth payout amounts based on current rates and does not attempt to project future interest rates.

FINANCIAL INSTRUMENTS

| | | | | | | | December 31 | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2000 | | 1999 | |
| | 2001 | 2002 | 2003 | 2004 | 2005 | There-after | Total | Fair Value | Total | Fair Value |
| | | | | | | (millions) | | | | |
| **Debt** | | | | | | | | | | |
| Short-term borrowings | $ 52.0 | - | - | - | - | - | $ 52.0 | $ 52.0 | $ 71.8 | $ 71.8 |
| Average interest rates | 7.3% | - | - | - | - | - | 7.3% | - | 6.3% | - |
| Long-term debt | | | | | | | | | | |
| Fixed-rate debt | $ 68.6 | $ 155.8 | $ 158.0 | $ 74.4 | $ 214.9 | $ 644.0 | $ 1,315.7 | $ 1,276.2 | $ 1,560.2 | $ 1,520.7 |
| Average interest rates | 8.3% | 9.6% | 8.9% | 7.6% | 7.2% | 7.5% | 7.9% | - | 7.9% | - |
| Variable-rate debt | - | $ 550.0 | - | - | - | - | $ 550.0 | $ 550.0 | $ 277.3 | $ 277.3 |
| Average interest rates | - | 7.0% | - | - | - | - | 7.0% | - | 6.8% | - |
| **Forward exchange contracts** | | | | | | | | | | |
| Notional currency (weighted average contractual exchange rate) | | | | | | | | | | |
| Receive U.S. dollars/pay euros (.8969) | 175.0 | - | - | - | - | - | 175.0 | $ (8.0) (a) | - | - |
| Receive U.S. dollars/pay New Zealand dollars (.4031) | 160.0 | - | - | - | - | - | 160.0 | $ (6.6) (a) | - | - |
| Receive U.S. dollars/pay Australian dollars (.5378) | 30.0 | - | - | - | - | - | 30.0 | $ (0.6) (a) | - | - |

(a) Unrealized losses recorded in income at December 31, 2000.

Forward exchange contracts were purchased to mitigate foreign currency risk related to foreign currency-denominated receivables of 177.8 million euros, 177.7 million New Zealand dollars, and 30.7 million Australian dollars. Exchange losses on the contracts offset exchange gains on the receivables at December 31, 2000. For foreign currency forward exchange agreements outstanding as of December 31, 2000, the table presents notional amounts in the foreign currencies and weighted average contractual exchange rates by contractual maturity dates. These notional amounts are used to calculate the contractual payments to be exchanged under the contracts. The contracts mature in January 2001. Future exchange rates were not considered in the calculation of fair values at December 31, 2000.

We are exposed to modest credit-related risks in the event of nonperformance by counterparties to these forward exchange contracts; however, we do not expect the counterparties, who are all major financial institutions, to fail to meet their obligations.

Other instruments that are subject to market risk, such as obligations for pension plans and other postretirement benefits, are not reflected in the table.

**TIMBER SUPPLY AND ENVIRONMENTAL ISSUES**

Over the past several years, the amount of timber from public lands available for commercial harvest in the United States has declined significantly due to environmental litigation and changes in government policy. In 1998, we closed sawmills in Fisher, Louisiana, and Horseshoe Bend, Idaho, in part because of reductions in timber supply and consequent increases in timber costs. Most recently, the Clinton Administration imposed new rules prohibiting the building of roads on millions of acres of public timberlands. Further constraints on timber supply may be imposed in the future. As a result, we cannot accurately predict future log supply. Additional curtailments or closures of our wood products manufacturing facilities are possible.

We meet an important share of our raw material needs with the 2.3 million acres of timberland that we own or control. During 2000, 41% of our timber needs were met by internal sources, 47% by private sources, and 12% by government sources. During 1999, these percentages were 40%, 50%, and 10%, and during 1998, they were 39%, 50%, and 11%. Long-term leases generally provide Boise Cascade with timber harvesting rights and carry with them responsibility for managing 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 205,000 acres of timberland under lease and/or contract in the South. We manage our timberlands efficiently so that they will provide a continuous and sustainable supply of wood for future needs.

Our Northwest pulp and paper mills receive approximately 62% of their wood chips from internal sources, including our wood products and whole-log chipping operations and our cottonwood fiber farm. In 1997, we began harvesting fast-growing hybrid cottonwood trees at our fiber farm near Wallula, Washington. Roughly 22% of the pulp used by our Wallula white paper machine during 2000 was made from this cottonwood fiber.

Boise Cascade's forest management practices embrace the American Forest & Paper Association's Sustainable Forestry Initiative (SFISM), a comprehensive system of principles, objectives, and performance measures that integrates the sustainable growing and harvesting of trees with protection of wildlife, plants, soil, and water quality. In 2000, we implemented a Forest Stewardship Program that includes third-party audits of our forest management practices on the 2.3 million acres of timberland that we own or control in the United States and on public lands from which we purchase timber. During the year, PricewaterhouseCoopers LLP audited 500,000 acres of timberland in our Western Oregon and Idaho Regions. Another feature of our program is a Forest Stewardship Advisory Council made up of nationally known conservation experts who participate with Boise Cascade forest managers in reviewing audit results and recommending any changes. Boise Cascade customers are also invited to accompany audit teams into the forests to observe their work. Twelve wood products customer representatives observed our two timberland audits in 2000.

We invest substantial capital to comply with federal, state, and local environmental laws and regulations. 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 and control will allow us to continue to meet applicable environmental standards.

In 1998, the Environmental Protection Agency (EPA) published rules that further regulate air and water emissions from pulp and paper mills. Our capital investment to date to comply with these rules has been approximately $96 million, and we estimate that we will spend an additional $32 million in 2001. During 2000, we spent $64 million on environmental compliance. We expect to spend a total of approximately $42 million in 2001 for this purpose. We anticipate that additional spending will be required beyond 2001 to comply with rules that must be met by 2006.

These EPA rules set standards for, among other things, the discharge of chlorinated organics. The company's four white paper mills are already substituting chlorine dioxide for a significant portion of elemental chlorine in the pulp-bleaching process. Chlorine dioxide is a chemical with a name similar to that of elemental chlorine but with different chemical and physical properties. All our mills will be elemental chlorine-free by the end of first quarter 2001.

As of December 31, 2000, we had open issues with respect to 17 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 results of operations.

In March 2000, EPA Regions VI and X issued Boise Cascade a combined Notice of Violation (NOV). The NOV alleges various violations of air permits at seven plywood plants and one particleboard plant for the period 1979 through 1998. The EPA has neither proposed any penalties nor filed any administrative, civil, or criminal actions. The NOV, however, sets forth EPA's authority to seek, among other things, penalties of up to $27,500 per day for each violation. We believe federal statutes of limitation would limit any penalties assessed to a five-year period. We are negotiating with the EPA to resolve these allegations. The effect of this NOV on our results of operations or financial position is unknown at this time.

In late 2000, The Rainforest Action Network (RAN), a group of environmental extremists, announced a public campaign targeting Boise Cascade and its stakeholders, including several of our major customers. RAN and other environmental extremist groups continue to disseminate false allegations about the company through mail, the Internet, and public print media. Environmental extremists have also been associated with sporadic criminal activity aimed at the company, including an arson that destroyed a Boise Cascade administrative office in Monmouth, Oregon, and an illegal entry into our Boise, Idaho, headquarters. We are responding to these campaigns by publicly refuting these allegations and by providing accurate information about our forestry practices and proactive environmental efforts to our stakeholders. Though disruptive, the campaigns have not had a significant impact on our results of operations or financial position.

## NEW ACCOUNTING STANDARDS

New accounting standards are discussed in Note 1 of the Notes to Financial Statements.

## OUTLOOK

### First Quarter 2001

The slowing U.S. economy is having a negative impact on all three of the company's business segments. We now expect to be only slightly profitable, before nonroutine items, in the first quarter.

In office products distribution, year-over-year same-location sales may grow modestly less than targeted double-digit rates, due in part to the slowing U.S. economy. However, operating income is expected to improve, relative to first quarter 2000. Operating income should be 4% of sales or more.

In building products, markets for lumber and structural panels have continued to deteriorate in the first quarter from the already low levels of the fourth quarter. In addition, we curtailed production of approximately 17 million board feet of lumber and 14 million square feet of plywood through February, which raised unit costs. More curtailment is occurring in March. We expect this segment to be unprofitable in the first quarter.

In the paper segment, we expect operating income to be lower than income in the fourth quarter of 2000. Energy-related costs in the first quarter will exceed those of the fourth quarter by $8 million to $10 million. During January and February, we curtailed uncoated free sheet production by 18,000 tons and linerboard production by 2,000 tons to balance inventory with customer orders. Further market-related and routine maintenance curtailment is occurring in March. Our weighted average net sales prices in paper are expected to be $5 to $10 per ton lower than fourth-quarter prices, largely because of a fall-off in containerboard markets.

On February 13, 2001, we announced the permanent closure in mid-2001 of our plywood and lumber operations in Emmett, Idaho, and our sawmill in Cascade, Idaho. The closures are due to the steady decline in federal timber offered for sale. About 375 positions will be eliminated as a result of the closures. In addition, the company will write down its investment in assets in Chile. We expect to record a total one-time charge ranging from $60 million to $65 million in first quarter 2001. Approximately $25 million of the charge will be noncash, related to the write-down of assets. Our Idaho Region Building Products operations had 2000 sales of $115.8 million and operating income of $2.2 million. Sales and operating income in 1999 were $138.6 million and $15.4 million. Sales in 1998 were $131.7 million, and operating income was $1.6 million.

### Year 2001

Because of the sharp decline in growth in the U.S. economy, the company may not meet the sales and income expectations established for 2001 just a few months ago. Same-location sales in office products distribution may grow at less than the double-digit rates previously expected. Building products markets are very weak, and we cannot with any accuracy predict the amount and timing of a rebound. And relatively weak demand in our paper business, combined with significantly higher energy-related costs, may limit that business's ability to generate operating income equal to the prior year.

## FORWARD-LOOKING STATEMENTS

Our Annual Report to Shareholders, including the preceding outlook, contains forward-looking statements as defined by federal securities laws. 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, our continued ability to execute our business strategies and achieve cost structure improvements; fluctuations in production capacity and demand across pulp, paper, and wood products markets; changes in economic growth in the United States and abroad and the effect of those changes on imports and exports of paper and wood products; changes in the competitive landscape of the office products industry; the implementation of laws and regulations which affect timber supply and/or our expenditures for environmental compliance; catastrophic events such as fire or windstorm; changes in energy and energy-related costs; and other factors included in our filings with the SEC.

## STATEMENTS OF INCOME (LOSS)

Boise Cascade Corporation and Subsidiaries

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | | (thousands) | |
| **Revenues** | | | |
| Sales | $ 7,806,657 | $ 7,148,340 | $ 6,355,106 |
| **Costs and expenses** | | | |
| Materials, labor, and other operating expenses | 6,193,863 | 5,573,610 | 5,042,661 |
| Depreciation, amortization, and cost of company timber harvested | 297,700 | 288,994 | 282,737 |
| Selling and distribution expenses | 832,485 | 745,927 | 666,759 |
| General and administrative expenses | 124,177 | 125,273 | 150,455 |

| | | | |
|---|---|---|---|
| General and administrative expenses | 124,177 | 125,273 | 130,455 |
| Other (income) expense, net | (83,535) | (77,707) | 67,443 |
| | 7,364,690 | 6,656,097 | 6,210,055 |
| **Equity in net income (loss) of affiliates** | 2,061 | 6,115 | (3,791) |
| **Income from operations** | 444,028 | 498,358 | 141,260 |
| Interest expense | (151,163) | (144,740) | (159,870) |
| Interest income | 5,861 | 2,323 | 2,274 |
| Foreign exchange gain (loss) | (395) | (1) | (542) |
| | (145,697) | (142,418) | (158,138) |
| **Income (loss) before income taxes, minority interest, and cumulative effect of accounting change** | 298,331 | 355,940 | (16,878) |
| Income tax (provision) benefit | (116,349) | (142,376) | 959 |
| **Income (loss) before minority interest and cumulative effect of accounting change** | 181,982 | 213,564 | (15,919) |
| Minority interest, net of income tax | (3,408) | (13,811) | (9,773) |
| **Income (loss) before cumulative effect of accounting change** | 178,574 | 199,753 | (25,692) |
| Cumulative effect of accounting change, net of income tax | - | - | (8,590) |
| **Net income (loss)** | $ 178,574 | $ 199,753 | $ (34,282) |
| | ======== | ======== | ======== |
| **Net income (loss) per common share** | | | |
| Basic before cumulative effect of accounting change | $2.89 | $3.27 | $(.81) |
| Cumulative effect of accounting change | - | - | (.15) |
| Basic | $2.89 | $3.27 | $(.96) |
| | ======== | ======== | ======== |
| Diluted before cumulative effect of accounting change | $2.73 | $3.06 | $(.81) |
| Cumulative effect of accounting change | - | - | (.15) |
| Diluted | $2.73 | $3.06 | $(.96) |
| | ======== | ======== | ======== |

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

**BALANCE SHEETS**

Boise Cascade Corporation and Subsidiaries

| | December 31 | |
|---|---|---|
| | 2000 | 1999 |
| | (thousands) | |
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | $ 62,820 | $ 66,935 |
| Receivables, less allowances of $7,607,000 and $11,289,000 | 671,793 | 663,609 |
| Inventories | 747,829 | 703,984 |
| Deferred income tax benefits | 50,924 | 53,148 |
| Other | 43,955 | 43,432 |
| | 1,577,321 | 1,531,108 |
| **Property** | | |
| Property and equipment | | |
| Land and land improvements | 70,551 | 70,441 |
| Buildings and improvements | 648,256 | 613,729 |
| Machinery and equipment | 4,447,628 | 4,300,250 |
| | 5,166,435 | 4,984,420 |

| | | |
|---|---|---|
| Accumulated depreciation | (2,584,784) | (2,427,415) |
| | 2,581,651 | 2,557,005 |
| Timber, timberlands, and timber deposits | 291,132 | 294,663 |
| | 2,872,783 | 2,851,668 |
| **Goodwill**, net of amortization of $49,053,000 and $52,506,000 | 403,331 | 488,339 |
| **Investments in equity affiliates** | 134,757 | 37,418 |
| **Other assets** | 278,731 | 229,881 |
| **Total assets** | $ 5,266,923 | $ 5,138,414 |
| | ========= | ========= |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Short-term borrowings | $ 52,000 | $ 71,800 |
| Current portion of long-term debt | 41,314 | 118,168 |
| Income taxes payable | 15,884 | 19,998 |
| Accounts payable | 596,882 | 589,278 |
| Accrued liabilities | | |
| Compensation and benefits | 150,138 | 148,035 |
| Interest payable | 27,802 | 29,606 |
| Other | 130,374 | 147,794 |
| | 1,014,394 | 1,124,679 |
| **Debt** | | |
| Long-term debt, less current portion | 1,714,776 | 1,584,528 |
| Guarantee of ESOP debt | 107,911 | 132,809 |
| | 1,822,687 | 1,717,337 |
| **Other** | | |
| Deferred income taxes | 383,646 | 311,346 |
| Other long-term liabilities | 279,755 | 239,940 |
| | 663,401 | 551,286 |
| **Minority interest** | 9,469 | 130,999 |
| **Commitments and contingent liabilities** | | |
| **Shareholders' equity** | | |
| Preferred stock - no par value; 10,000,000 shares authorized; | | |
| Series D ESOP: $.01 stated value; 4,688,030 and 4,982,209 shares outstanding | 210,961 | 224,199 |
| Deferred ESOP benefit | (107,911) | (132,809) |
| Common stock - $2.50 par value; 200,000,000 shares authorized; 57,337,158 and 57,157,558 shares outstanding | 143,343 | 142,894 |
| Additional paid-in capital | 454,849 | 449,040 |
| Retained earnings | 1,074,228 | 942,702 |
| Accumulated other comprehensive income (loss) | (18,498) | (11,913) |
| **Total shareholders' equity** | 1,756,972 | 1,614,113 |
| **Total liabilities and shareholders' equity** | $ 5,266,923 | $ 5,138,414 |
| | ========= | ========= |
| **Shareholders' equity per common share** | $28.85 | $26.64 |
| | ========= | ========= |

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

**STATEMENTS OF CASH FLOWS**

Boise Cascade Corporation and Subsidiaries

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |

| | | | |
|---|---|---|---|
| | | (thousands) | |
| **Cash provided by (used for) operations** | | | |
| Net income (loss) | $ 178,574 | $ 199,753 | $ (34,282) |
| 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 | (2,061) | (6,115) | 3,791 |
| Depreciation, amortization, and cost of company timber harvested | 297,700 | 288,994 | 282,737 |
| Deferred income tax provision (benefit) | 58,486 | 111,577 | (9,330) |
| Minority interest, net of income tax | 3,408 | 13,811 | 9,773 |
| Restructuring activities | - | (37,815) | 118,882 |
| Other | 395 | 1 | (654) |
| Gain on sale of assets | (98,618) | (46,981) | - |
| Receivables | 101,767 | (93,493) | 44,331 |
| Inventories | (45,360) | (26,772) | 11,030 |
| Accounts payable and accrued liabilities | 57,973 | 30,107 | 48,029 |
| Current and deferred income taxes | 6,782 | 13,300 | (5,480) |
| Other | (10,528) | 8,232 | (8,676) |
| Cash provided by operations | 548,518 | 454,599 | 468,741 |
| **Cash provided by (used for) investment** | | | |
| Expenditures for property and equipment | (296,858) | (221,206) | (229,305) |
| Expenditures for timber and timberlands | (8,111) | (6,300) | (7,420) |
| Investments in equity affiliates, net | (9,672) | (80) | (429) |
| Purchase of minority interest | (216,087) | - | - |
| Purchases of facilities | (130,275) | (99,591) | (27,282) |
| Sale of assets | 158,541 | 50,212 | - |
| Other | (46,372) | (50,426) | (33,672) |
| Cash used for investment | (548,834) | (327,391) | (298,108) |
| **Cash provided by (used for) financing** | | | |
| Cash dividends paid | | | |
| Common stock | (34,356) | (34,008) | (33,775) |
| Preferred stock | (16,019) | (17,129) | (21,866) |
| | (50,375) | (51,137) | (55,641) |
| Short-term borrowings | (3,816) | (57,712) | 34,712 |
| Additions to long-term debt | 175,370 | 134,426 | 170,122 |
| Payments of long-term debt | (118,814) | (172,730) | (187,823) |
| Series F Preferred Stock redemption | - | - | (115,001) |
| Other | (6,164) | 12,512 | (6,220) |
| Cash used for financing | (3,799) | (134,641) | (159,851) |
| **Increase (decrease) in cash and cash equivalents** | (4,115) | (7,433) | 10,782 |
| **Balance at beginning of the year** | 66,935 | 74,368 | 63,586 |
| **Balance at end of the year** | $ 62,820 | $ 66,935 | $ 74,368 |
| | ======== | ======== | ======== |

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, 1998, 1999, and 2000

| Common Shares Outstanding | | Total Shareholders' Equity | Preferred Stock | Deferred ESOP Benefit | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) |
|---|---|---|---|---|---|---|---|---|
| | | | | | (thousands) | | | |
| 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 | (34,282) | - | - | - | - | (34,282) | - |
| | 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 | $ (33,245) | | | | | | |
| | | ============ | | | | | | |
| | 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 | $ 1,431,099 | $ 241,049 | $ (155,731) | $ 140,846 | $ 420,890 | $ 791,618 | $ (7,573) |
| | Comprehensive income (loss) | | | | | | | |
| | Net income | 199,753 | - | - | - | - | 199,753 | - |
| | Other comprehensive income (loss), net of tax | | | | | | | |
| | Cumulative foreign currency translation adjustment | (5,632) | - - | - - | - - | - - | - - | (5,632) |
| | Minimum pension liability adjustment | 1,292 | - - | - - | - - | - - | - - | 1,292 |
| | Other comprehensive loss | (4,340) | - | - | - | - | - | (4,340) |
| | Comprehensive income | $ 195,413 | | | | | | |
| | | ============ | | | | | | |
| | Cash dividends declared | | | | | | | |
| | Common stock | (34,129) | - | - | - | - | (34,129) | - |
| | Preferred stock | (17,127) | - | - | - | - | (17,127) | - |
| 846,872 | Stock options exercised | 29,189 | - | - | 2,117 | 27,072 | - | - |
| (28,731) | Treasury stock cancellations | (18,175) | (16,850) | - | (72) | (225) | (1,028) | - |
| 991 | Other | 27,843 | - | 22,922 | 3 | 1,303 | 3,615 | - |
| 57,157,558 | Balance at December 31, 1999 | $ 1,614,113 | $ 224,199 | $ (132,809) | $ 142,894 | $ 449,040 | $ 942,702 | $ 11,913 |
| | Comprehensive income (loss) | | | | | | | |
| | Net income | 178,574 | - | - | - | - | 178,574 | - |
| | Other comprehensive income (loss), net of tax | | | | | | | |
| | Cumulative foreign currency translation adjustment | 2,271 | - - | - - | - - | - - | - - | 2,271 |
| | Minimum pension liability adjustment | (8,856) | - - | - - | - - | - - | - - | (8,856) |
| | Other comprehensive loss | (6,585) | - | - | - | - | - | (6,585) |
| | Comprehensive income | $ 171,989 | | | | | | |
| | | ============ | | | | | | |
| | Cash dividends declared | | | | | | | |
| | Common stock | (34,384) | - | - | - | - | (34,384) | - |
| | Preferred stock | (16,019) | - | - | - | - | (16,019) | - |
| 179,157 | Stock options exercised | 6,201 | - | - | 448 | 5,753 | - | - |
| (1,422) | Treasury stock cancellations | (13,279) | (13,238) | - | (4) | (11) | (26) | - |
| 1,865 | Other | 28,351 | - | 24,898 | 5 | 67 | 3,381 | - |
| 57,337,158 | Balance at December 31, 2000 | $ 1,756,972 | $ 210,961 | $ (107,911) | $ 143,343 | $ 454,849 | $ 1,074,228 | $ (18,498) |
| ============ | | ============ | ========= | ======== | ======== | ========= | ========= | ============= |

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 accounting principles generally accepted in the United States 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. Actual results may vary from those estimates.

**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. On September 28, 2000, we sold our European office products operations to Guilbert S.A. of France. In early October 1999, we sold 56,000 acres of timberland in central Washington. On September 6, 1998, our Medford, Oregon, plywood plant was severely damaged by fire, for which we recorded a net gain related to an insurance settlement.

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | | (thousands) | |
| Sale of European operations | $ (98,618) | $ - | $ - |
| Receivable securitization | 9,317 | 5,474 | 1,218 |
| Restructuring activities (a) | - | (37,022) | 117,922 |
| Medford fire gain | - | - | (45,000) |
| Sale of timberlands | - | (46,981) | - |
| Other, net | 5,766 | 822 | (6,697) |
| | $ (83,535) | $ (77,707) | $ 67,443 |
| | ======= | ======= | ======= |

(a) For a discussion of our restructuring activities, see Note 8.

**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 1998, 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 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | | (thousands) | |
| **Basic** | | | |
| Net income (loss) as reported before cumulative effect of accounting change | $ 178,574 | $ 199,753 | $ (25,692) |
| Preferred dividends (a) | (13,095) | (13,559) | (15,578) |
| Excess of Series F Preferred Stock redemption price over carrying value | - - | - - | (3,958) |
| Basic income (loss) before cumulative effect of accounting change | 165,479 | 186,194 | (45,228) |
| Cumulative effect of accounting change, net of income tax | - - | - - | (8,590) |
| Basic income (loss) | $ 165,479 | $ 186,194 | $ (53,818) |
| | ======== | ======== | ======== |
| Average shares used to determine basic income (loss) per common share | 57,288 | 56,861 | 56,307 |
| | ======== | ======== | ======== |
| **Diluted** | | | |
| Basic income (loss) before cumulative effect of accounting change | $ 165,479 | $ 186,194 | $ (45,228) |
| Preferred dividends eliminated | 13,095 | 13,559 | - |
| Supplemental ESOP contribution | (11,192) | (11,588) | - |
| Diluted income (loss) before cumulative effect of accounting change | 167,382 | 188,165 | (45,228) |
| Cumulative effect of accounting change, net of income tax | - - | - - | (8,590) |
| Diluted income (loss) (b) | $ 167,382 | $ 188,165 | $ (53,818) |
| | ======== | ======== | ======== |
| Average shares used to determine basic income (loss) per common share | 57,288 | 56,861 | 56,307 |
| Stock options and other | 253 | 419 | - |
| Series D Convertible Preferred Stock | 3,872 | 4,139 | - |
| Average shares used to determine diluted income (loss) per common share (b) | 61,413 | 61,419 | 56,307 |
| | ======== | ======== | ======== |

(a)

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

(b) Adjustments reducing the net loss to arrive at diluted loss totaling $2,054,000 in 1998 were excluded because the calculation of diluted loss per share was antidilutive. Also, in 1998, potentially dilutive common shares of 4,601,000 were excluded from average shares because they were antidilutive.

**Foreign Currency Translation**. Local currencies are considered the functional currencies for most of our operations outside the United States. Assets and liabilities are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated into U.S. dollars at average monthly exchange rates prevailing during the year. Resulting translation adjustments are included in "Accumulated other comprehensive income (loss)." The 2000, 1999, and 1998 foreign exchange losses reported in the Statements of Income (Loss) arose primarily from translation adjustments where the U.S. dollar is the functional currency. See "Financial Instruments" in this note.

**Revenue Recognition**. We recognize revenue when title to the goods sold passes to the buyer.

**Cash and Cash Equivalents**. Cash equivalents consist of short-term investments that have a maturity of three months or less at the date of purchase.

**Receivables**. We have sold fractional ownership interests in a defined pool of trade accounts receivable. At December 31, 2000, $200,000,000 of sold accounts receivable were excluded from receivables in the accompanying Balance Sheets, compared with the December 31, 1999, balance of $100,000,000 and the December 31, 1998, balance of $79,000,000. The portion of fractional ownership interest retained by us is included in accounts receivable in the Balance Sheets. The increases in sold accounts receivable of $100,000,000, $21,000,000, and $79,000,000 provided cash from operations in 2000, 1999, and 1998. This program consists of a revolving sale of receivables committed to by the purchasers for 364 days and is subject to renewal. 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.

At December 31, 2000, the receivables balance included a $167,537,000 note receivable due on January 3, 2001, from the sale of our European office products operations.

**Inventory Valuation**. Inventories are valued at the lower of cost or market. Cost is based on the last-in, first-out (LIFO) method of inventory valuation for raw materials and finished goods inventories at most of our domestic wood products and paper manufacturing facilities. Approximately one-third of our inventories are accounted for under this method. For all other inventories, cost is 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 | |
|---|---|---|
| | 2000 | 1999 |
| | (thousands) | |
| Finished goods and work in process | $ 583,030 | $ 538,712 |
| Logs | 87,176 | 89,764 |
| Other raw materials and supplies | 141,888 | 136,555 |
| LIFO reserve | (64,265) | (61,047) |
| | $ 747,829 | $ 703,984 |
| | ======== | ======== |

**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 $1,458,000 in 2000, $238,000 in 1999, and $1,341,000 in 1998. Most of our paper and wood products manufacturing facilities determine depreciation by the units-of-production method; other operations use the straight-line method. Gains and losses from sales and retirements are included in income as they occur.

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.

We acquire a portion of our wood requirements from outside sources. Except for deposits required pursuant to wood supply contracts, no amounts are recorded until we become obligated to purchase the timber. At December 31, 2000, based on average prices at the time, the unrecorded amount of those contracts was estimated to be approximately $50,000,000.

Over the past several years, the amount of timber available for commercial harvest in the United States has declined significantly because of environmental litigation and changes in government policy. As a result, we cannot accurately predict future log supply. Additional curtailments or closures of our 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 and intangible assets of businesses acquired. Goodwill is amortized on a straight-line basis over its expected useful life, not to exceed 40 years. Periodically, the company reviews the recoverability of goodwill. The measurement of possible impairment is based on the ability to recover the balance of the goodwill from expected future operating cash flows on an undiscounted basis. Amortization expense was $14,892,000 in 2000, $15,075,000 in 1999, and $12,893,000 in 1998.

**Investments in Equity Affiliates**. On October 19, 2000, we merged our majority-owned promotional products subsidiary, Boise Marketing Services, Inc. (BMSI), with American Identity, a division of IdentityNow. No gain or loss was recognized on this transaction. As a result of the merger, we have approximately a 22% equity position in IdentityNow. We are accounting for our investment under the equity method following the merger.

Our other principal investment in affiliates accounted for using the equity method was a 47% interest in Voyageur Panel, which owns an oriented strand board plant in Barwick, Ontario, Canada. During 2000, Voyageur Panel had sales to Boise Cascade of $32,397,000, compared with $34,304,000 in 1999 and $25,171,000 in 1998. We have an agreement with Voyageur Panel under which we operate the plant and market its product. During 2000, Voyageur Panel paid us sales commissions of

$2,644,000, compared with $3,028,000 in 1999 and $2,181,000 in 1998. Management fees paid to us by Voyageur Panel were $1,048,000 in 2000, compared with $1,017,000 in 1999 and $836,000 in 1998. The debt of this affiliate has been issued without recourse to us.

**Deferred Software Costs**. We defer software costs that benefit future years. These costs are amortized on the straight-line method over the expected life of the software. "Other assets" in the Balance Sheets includes deferred software costs of $59,726,000 and $53,106,000 at December 31, 2000 and 1999. Amortization of deferred software costs totaled $15,387,000, $12,597,000, and $9,624,000, in 2000, 1999, and 1998.

**Environmental Remediation and Compliance**. Environmental expenditures resulting in additions to property 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.

**Research and Development Costs**. Research and development costs are expensed as incurred. During 2000, research and development expenses were $5,135,000, compared with $3,623,000 in 1999 and $11,769,000 in 1998.

**Advertising and Catalog Costs**. We expense the cost of advertising, except for catalog costs. The costs of producing and distributing sales catalogs are capitalized and charged to expense in the periods in which the related sales occur. Advertising expense was $74,155,000 in 2000, $83,680,000 in 1999, and $76,580,000 in 1998 and is recorded in "Selling and distribution expenses." Capitalized catalog costs, which are included in "Other current assets," totaled $12,868,000 at December 31, 2000, and $16,121,000 at December 31, 1999.

**Cumulative Effect of Accounting Change**. As of January 1, 1998, we adopted the provisions of a new accounting standard, American Institute of Certified Public Accountants (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 share, for the year ended December 31, 1998.

**Financial Instruments**. Changes in interest and currency rates expose the company to financial market risk. Our debt is predominantly fixed-rate. At December 31, 2000, the estimated current market value of the company's debt, based on then-current interest rates for similar obligations with like maturities, was approximately $40,000,000 less than the amount of debt reported in the Balance Sheet. The estimated fair values of our other financial instruments, cash and cash equivalents, receivables, and short-term borrowings are the same as their carrying values. In the opinion of management, we do not have any significant concentration of credit risks. Concentration of credit risks with respect to trade receivables is limited due to the wide variety of customers and channels to and through which our products are sold, as well as their dispersion across many geographic areas.

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. Unrealized gains and losses on all other forward exchange contracts are included in current-period net income.

At December 31, 2000, we had a series of forward exchange contracts that were purchased to mitigate risk related to foreign currency-denominated receivables of 177,777,000 euros, 177,733,000 New Zealand dollars, and 30,699,000 Australian dollars. Exchange losses on the forward exchange contracts offset exchange gains on the receivables at December 31, 2000. These contracts mature in January 2001 and had notional amounts, weighted average contractual exchange rates, and fair values based on the spot rate as of December 31, 2000, as follows:

| | Notional Amount in Foreign Currency (millions) | Weighted Average Contractual Exchange Rate | Fair Value in U.S. Dollars (millions) |
|---|---|---|---|
| Receive U.S. dollars/pay euros | 175.0 | .8969 | $(8.0) (a) |
| Receive U.S. dollars/pay New Zealand dollars | 160.0 | .4031 | $(6.6) (a) |
| Receive U.S. dollars/pay Australian dollars | 30.0 | .5378 | $(0.6) (a) |

(a) Unrealized losses recorded in income at December 31, 2000.

We are exposed to modest credit-related risks in the event of nonperformance by counterparties to these forward exchange contracts; however, we do not expect the counterparties, who are all major financial institutions, to fail to meet their obligations.

**New Accounting Standards**. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 was subsequently amended by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133. We will adopt this statement as amended on January 1, 2001. Adoption of this statement will not have a significant effect on our results of operations or financial position.

The Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 101, Revenue Recognition, was adopted in fourth quarter 2000. Implementation of this SAB had no effect on our results of operations or financial position.

In September 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board issued a consensus on Issue 00-10, Accounting for Shipping and Handling Fees and Costs. This consensus, which became effective and was adopted by us in the fourth quarter, requires that amounts billed to customers for shipping be included as a revenue and that amounts paid by us for shipping be included as a cost. To comply with this consensus, reclassifications were made to increase both "Sales" and "Materials, labor, and other operating expenses" by $195,678,000 and $192,983,000 for the years ended December 31, 1999 and 1998.

## 2. Income Taxes

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

| Year Ended December 31 | | |
|---|---|---|
| 2000 | 1999 | 1998 |
| (thousands) | | |

(thousands)

| | | | |
|---|---|---|---|
| Current income tax (provision) benefit | | | |
| Federal | $ (33,382) | $ (15,245) | $ - |
| State | (14,059) | (2,077) | - |
| Foreign | (10,422) | (13,477) | (8,371) |
| | (57,863) | (30,799) | (8,371) |
| Deferred income tax (provision) benefit | | | |
| Federal | (54,788) | (96,716) | 410 |
| State | (1,336) | (18,035) | 1,630 |
| Foreign | (2,362) | 3,174 | 7,290 |
| | (58,486) | (111,577) | 9,330 |
| Total income tax (provision) benefit | $ (116,349) | $ (142,376) | $ 959 |
| | ======== | ======== | ======== |

During 2000, 1999, and 1998, we made cash payments, net of refunds received, of $48,594,000, $14,851,000, and $13,033,000.

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | (thousands) | | |
| Statutory tax (provision) benefit | $ (104,416) | $ (124,579) | $ 5,907 |
| Changes resulting from: | | | |
| State taxes | (10,007) | (13,073) | 512 |
| Foreign tax provision different from theoretical rate | (9,723) | (4,407) | (3,166) |
| Other, net | 7,797 | (317) | (2,294) |
| Reported tax (provision) benefit | $ (116,349) | $ (142,376) | $ 959 |
| | ======== | ======== | ======== |

At December 31, 2000, we had $99,507,000 of alternative minimum tax credits, which may be carried forward indefinitely.

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

| | December 31 | | | |
|---|---|---|---|---|
| | 2000 | | 1999 | |
| | Assets | Liabilities | Assets | Liabilities |
| | (thousands) | | | |
| Employee benefits | $ 115,457 | $ 38,644 | $ 95,058 | $ 16,507 |
| Property and equipment and timber and timberlands | 23,269 | 528,619 | 42,660 | 546,275 |
| Alternative minimum tax | 99,507 | - | 142,162 | - |
| Reserves | 11,782 | - | 37,012 | 21,938 |
| Inventories | 10,549 | 12 | 11,176 | 331 |
| State income taxes | 25,672 | 45,963 | 17,758 | 44,028 |
| Deferred charges | 5,348 | 7,641 | 3,307 | 2,680 |
| Differences in bases of investments | 3,836 | 6,752 | 4,568 | 9,123 |
| Other | 27,524 | 28,035 | 50,409 | 21,426 |
| | $ 322,944 | $ 655,666 | $ 404,110 | $ 662,308 |
| | ======= | ======== | ======= | ======== |

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

| Year Ended December 31 | | |
|---|---|---|
| 2000 | 1999 | 1998 |
| (thousands) | | |

| | | | |
|---|---|---|---|
| Domestic | $ 287,430 | $ 336,886 | $ 2,348 |
| Foreign | 10,901 | 19,054 | (19,226) |
| Pretax income (loss) | $ 298,331 | $ 355,940 | $ (16,878) |

At December 31, 2000, our foreign subsidiaries had $86,133,000 of undistributed earnings that had 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.

## 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. We did not have any material capital leases during any of the periods presented. Rental expenses for operating leases, net of sublease rentals, were $62,627,000 in 2000, $61,207,000 in 1999, and $61,709,000 in 1998. For operating leases with remaining terms of more than one year, the minimum lease payment requirements, net of sublease rentals, are $52,144,000 for 2001, $39,852,000 for 2002, $30,996,000 for 2003, $24,448,000 for 2004, and $18,930,000 for 2005, with total payments thereafter of $235,938,000.

Substantially all lease agreements have fixed payment terms based on the passage of time. Some lease agreements provide us with the option to purchase the leased property. Additionally, some agreements contain renewal options averaging 13 years, with fixed payment terms similar to those in the original lease agreements.

### 4. Debt

At December 31, 2000, we had a revolving credit agreement with 23 major banks that permits us to borrow as much as $600,000,000 at variable interest rates based on the London Interbank Offered Rate (LIBOR). At December 31, 2000, the rate was 7.0%. When the agreement expires in June 2002, any amount outstanding will be due and payable. The revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratios, and ceiling ratios of debt to capitalization. Under this agreement, the payment of dividends depends on the existence of and the amount of net worth in excess of the defined minimum. Our net worth at December 31, 2000, exceeded the defined minimum by $150,137,000. Borrowings under this agreement were $550,000,000 at December 31, 2000.

Boise Cascade Office Products (BCOP) had a revolving credit agreement that allowed them to borrow as much as $450,000,000 at variable interest rates. In December 2000, we terminated this agreement.

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

| | December 31 | |
|---|---|---|
| | 2000 (a) | 1999 |
| | (thousands) | |
| 9.85% notes, due in 2002 | $ 125,000 | $ 125,000 |
| 7.05% notes, due in 2005, net of unamortized discount of $205,000 | 149,795 | 149,748 |
| 9.45% debentures, due in 2009, net of unamortized discount of $199,000 | 149,801 | 149,779 |
| 7.35% debentures, due in 2016, net of unamortized discount of $81,000 | 124,919 | 124,914 |
| Medium-term notes, Series A, with interest rates averaging 8.1% and 8.2%, due in varying amounts through 2019 | 368,005 | 383,005 |
| Revenue bonds and other indebtedness, with interest rates averaging 6.7% and 6.6%, due in varying amounts annually through 2029, net of unamortized discount of $336,000 | 269,163 | 274,472 |
| American & Foreign Power Company Inc. 5% debentures, due in 2030, net of unamortized discount of $888,000 | 19,407 | 20,789 |
| Revolving credit borrowings, with interest rates averaging 7.0% and 6.4% | 550,000 | 375,000 |
| 9.9% notes paid at maturity | - | 99,989 |
| | 1,756,090 | 1,702,696 |
| Less current portion | 41,314 | 118,168 |
| | 1,714,776 | 1,584,528 |
| Guarantee of 8.4% ESOP debt, due in installments through 2004 | 107,911 | 132,809 |
| | $ 1,822,687 | $ 1,717,337 |

(a) The amount of net unamortized discount disclosed applies to long-term debt outstanding at December 31, 2000.

In October 1998, we entered into interest rate swaps with a notional amount of $100,000,000 and an effective fixed interest rate of 5.1% with respect to $100,000,000 of our revolving credit agreement borrowings. These swaps expired in October 2000.

At December 31, 2000 and 1999, we had $52,000,000 and $71,800,000 of short-term borrowings outstanding. The maximum amounts of combined short-term borrowings outstanding during the years ended December 31, 2000 and 1999, were $173,100,000 and $293,300,000. The average amounts of short-term borrowings outstanding during the years ended December 31, 2000 and 1999, were $94,026,000 and $146,174,000. For 2000 and 1999, the average interest rates for these borrowings were 6.7% and 5.5%.

In March 2000, we retired $100,000,000 of 9.9% notes. In February 1999, we redeemed $100,000,000 of 9.875% notes that were due in 2001.

At December 31, 2000, we had $430,000,000 of unused borrowing shelf capacity registered with the SEC for additional debt securities. In addition, in July 2000, a registration statement filed with the SEC covering $300,000,000 in universal shelf capacity became effective. Under this filing, we may offer and sell in one or more offerings common stock, preferred stock, debt securities, warrants, and/or purchase contracts.

In April 1998, BCOP registered $300,000,000 of shelf capacity with the SEC. In May 1998, BCOP issued $150,000,000 of 7.05% notes under this registration statement. The notes are due in May 2005. BCOP does not intend to use the remaining shelf capacity.

The scheduled payments of long-term debt are $41,314,000 in 2001, $676,178,000 in 2002, $125,418,000 in 2003, $55,232,000 in 2004, and $214,791,000 in 2005. Of the total amount in 2002, $550,000,000 represents the amount outstanding at December 31, 2000, under our revolving credit agreement.

Cash payments for interest, net of interest capitalized, were $152,967,000 in 2000, $151,300,000 in 1999, and $162,844,000 in 1998.

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

**5. Retirement and Benefit Plans**

Most 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 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 $26,220,000 in 2000, compared with $24,200,000 in 1999 and $22,197,000 in 1998.

The type of retiree health care benefits 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 are paying 100% of the cost of their health care coverage premium. All 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.

For measurement purposes, a 6.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2000. The initial 1992 trend rate for medical care costs was 8.5%, which was assumed to decrease ratably over the following ten years to 6%. A 1% increase in the trend rate for medical care costs would have increased the December 31, 2000, benefit obligation by $4,420,000 and postretirement health care expense for the year ended December 31, 2000, by $480,000. A 1% decrease in the trend rate for medical care costs would have decreased the December 31, 2000, benefit obligation by $3,686,000 and postretirement health care expense for the year ended December 31, 2000, by $388,000.

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

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| (millions) | | | | |
| Change in benefit obligation | | | | |
| Benefit obligation at beginning of year | $ 1,301 | $ 1,277 | $ 74 | $ 78 |
| Service cost | 31 | 32 | 1 | 1 |
| Interest cost | 92 | 87 | 6 | 5 |
| Amendments | 25 | 7 | 1 | - |
| Actuarial (gain) loss | 8 | (15) | 7 | - |
| Canadian obligations | - | - | 10 | - |
| Closures and curtailments | 1 | 1 | - | - |
| Benefits paid | (79) | (88) | (8) | (10) |
| Benefit obligation at end of year | $ 1,379 | $ 1,301 | $ 91 | $ 74 |

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

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| (millions) | | | | |
| Change in plan assets | | | | |
| Fair value of plan assets at beginning of year | $ 1,334 | $ 1,293 | $ - - | $ - - |
| Actual return on plan assets | 4 | 126 | - | - |
| Employer contribution | 3 | 1 | - | - |
| Benefits paid | (77) | (86) | - | - |
| Fair value of plan assets at end of year | $ 1,264 | $ 1,334 | $ - - | $ - - |

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 | |
|---|---|---|
| | 2000 | 1999 |
| | (millions) | |
| Funded status | $ (115) | $ 33 |
| Unrecognized actuarial (gain) loss | 89 | (40) |
| Unrecognized prior service cost | 49 | 29 |
| Net amount recognized | $ 23 | $ 22 |
| | ======= | ======= |

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

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | | (millions) | | |
| Prepaid (accrued) benefit cost | $ 43 | $ 50 | $ (83) | $ (86) |
| Accrued benefit liability | (86) | (41) | - | - |
| Intangible asset | 48 | 9 | - | - |
| Accumulated other comprehensive income | 18 | 4 | - | - |
| Net amount recognized | $ 23 | $ 22 | $ (83) | $ (86) |
| | ===== | ===== | ===== | ===== |

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

| | Pension Benefits | | | Other Benefits | | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| Weighted average assumptions as of December 31 | | | | | | |
| Discount rate | 7.25% | 7.25% | 7.00% | 7.25% | 7.25% | 7.00% |
| Expected return on plan assets | 9.75% | 9.75% | 9.75% | - | - | - |
| Rate of compensation increase | 4.75% | 4.75% | 4.50% | - | - | - |

The components of net periodic benefit cost are as follows:

| | Pension Benefits Year Ended December 31 | | | Other Benefits Year Ended December 31 | | |
|---|---|---|---|---|---|---|
| | 2000 | 1999 | 1998 | 2000 | 1999 | 1998 |
| | | (thousands) | | | (thousands) | |
| Service cost | $ 31,304 | $ 32,167 | $ 28,876 | $ 1,290 | $ 830 | $ 790 |
| Interest cost | 92,236 | 87,580 | 82,972 | 6,310 | 5,170 | 5,380 |
| Expected return on plan assets | (125,327) | (119,046) | (110,587) | - | - | - |
| Recognized net initial asset | - | - | (611) | - | - | - |
| Recognized actuarial (gain) loss | 331 | 816 | 531 | 48 | (260) | (310) |
| Amortization of prior service costs and other | 5,741 | 4,327 | 3,607 | (1,677) | (2,320) | (2,320) |
| Company-sponsored plans | 4,285 | 5,844 | 4,788 | 5,971 | 3,420 | 3,540 |
| Multiemployer pension plans | 533 | 549 | 544 | - | - | - |
| Net periodic benefit cost | $ 4,818 | $ 6,393 | $ 5,332 | $ 5,971 | $ 3,420 | $ 3,540 |
| | ======= | ======= | ======= | ======= | ======= | ======= |

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 $543,000,000, $534,000,000, and $448,000,000 as of December 31, 2000, and $344,000,000, $332,000,000, and $292,000,000 as of December 31, 1999.

## 6. Boise Cascade Office Products Corporation

In December 1999, we announced a proposal to acquire the 18.9% of BCOP's outstanding common stock owned by other shareholders. In March 2000, with the recommendation of BCOP's board of directors, we commenced a tender offer for these shares of $16.50 per share in cash. The tender offer was completed on April 19, 2000. Effective April 20, 2000, BCOP once again became a wholly owned subsidiary of Boise Cascade Corporation. The purchase price, including transaction costs and payments to shareholders and stock option holders, totaled $216,087,000. It was funded by short-term borrowings and by borrowings under our revolving credit agreement.

In 2000, 1999, and 1998, 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 on 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 were not, and are not expected to be, significant to our results of operations or financial position. The excesses of the purchase prices over the estimated fair values of the tangible and intangible net assets acquired were recorded as goodwill and are being amortized over 40 years. The results of operations of the acquired businesses are included in our operations following the dates of acquisitions.

BCOP acquired two businesses during 2000, two businesses during 1999, and six businesses during 1998. Amounts paid, acquisition liabilities recorded, and debt assumed for these acquisitions are as follows:

| | 2000 | 1999 | 1998 |
|---|---|---|---|
| | | (thousands) | |
| Cash paid | $ 115,666 | $ 9,369 | $ 27,282 |
| Acquisition liabilities recorded | 13,874 | 7,237 | 49,062 |
| Debt assumed | 144 | - | 162 |

On September 28, 2000, BCOP sold its European operations to Guilbert S.A. of France for $335,316,000. After debt repayments of $17,221,000, we received $158,541,000 in 2000 and a final payment, net of forward exchange contracts, of $159,554,000 in early January 2001. The sale resulted in a pretax gain for the year ended December 31, 2000, of $98,618,000, which was recorded in "Other (income) expense, net" in the accompanying Statement of Income and in the office products segment. Our sales for these operations for the years ended December 31, 2000, 1999, and 1998 totaled $241,834,000, $323,961,000, and $303,234,000.

BCOP also formed a joint venture with Guilbert to provide service for both companies' multinational customers. Through the joint venture, BCOP serves Guilbert customers in North America, Australia, and New Zealand, and Guilbert serves BCOP customers in Europe and the Middle East.

On October 6, 2000, BCOP acquired the Blue Star Business Supplies Group of US Office Products (Blue Star), a distributor of office and educational supplies in Australia and New Zealand, for $114,739,000 in cash and the recording of $13,224,000 in estimated acquisition liabilities. The acquisition liabilities include $4,650,000 for termination benefits to be paid to about 380 employees at acquired facilities and $3,863,000 for closure costs at six acquired locations, primarily in Australia. These closures will be completed in 2001. Blue Star had sales of approximately $300,000,000 for its fiscal year ended April 29, 2000.

On October 19, 2000, BCOP merged its majority-owned promotional products subsidiary, Boise Marketing Services, Inc. (BMSI), with American Identity, a division of IdentityNow. We also contributed $6,000,000 in cash to this joint venture. As a result of the merger, BCOP has approximately a 22% equity position in IdentityNow and will account for its investment under the equity method of accounting. Sales for BMSI totaled $73,967,000 prior to the merger in 2000 and $103,355,000 and $109,385,000 in 1999 and 1998, respectively.

On a pro forma basis, if our 2000 acquisitions and divestitures had occurred on January 1, 2000, sales for that year would have decreased about $85,000,000, while net income and diluted earnings per share would not have materially changed. If our 2000 acquisitions and divestitures and our 1999 acquisitions had occurred on January 1, 1999, sales for 1999 would have decreased about $81,000,000, but net income would have increased about $6,600,000 and basic and diluted earnings per share would have increased about 12 cents and 11 cents. If our 1999 and 1998 acquisitions had occurred on January 1, 1998, sales for 1998 would have increased about $94,000,000, while net loss and diluted loss per share would not have materially changed. This unaudited pro forma financial information does not necessarily represent what would have occurred if the transactions had taken place on the dates assumed.

As a result of BCOP's acquisitions, short-term acquisition liabilities of $10,725,000 at December 31, 2000, and $48,310,000 at December 31, 1999, were included in "Other accrued liabilities." BCOP had no significant long-term acquisition liabilities at December 31, 2000, or at December 31, 1999.

## 7. Shareholders' Equity

**Preferred Stock**. At December 31, 2000, 4,688,030 shares of 7.375% Series D ESOP convertible preferred stock were outstanding. The stock is shown in 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). Of the total shares outstanding, 2,837,018 shares have been allocated to participants of the plan. Each ESOP preferred share is entitled to one vote, bears an annual cumulative dividend of $3.31875, and is convertible at any time by the trustee to 0.80357 share of common stock. The ESOP preferred shares may not be redeemed for less than the liquidation preference.

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.

**Common Stock**. We are authorized to issue 200,000,000 shares of common stock, of which 57,337,158 shares were issued and outstanding at December 31, 2000. Of the unissued shares, 10,457,462 shares were reserved for the following:

| | |
|---|---|
| Conversion of Series D ESOP preferred stock | 3,767,160 |
| Issuance under Key Executive Stock Option Plan | 6,320,323 |
| Issuance under Director Stock Compensation Plan | 77,311 |
| Issuance under Director Stock Option Plan | 194,500 |
| Issuance under Executive Officer Deferred Compensation Plan | 98,168 |

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 and expires in December 2008. Details are set forth in the Renewed Rights Agreement filed with the SEC on November 12, 1997.

**Accumulated Other Comprehensive Income (Loss)**. At December 31, 2000, the balance in the Statements of Shareholders' Equity for "Accumulated other comprehensive income (loss)" consisted of a minimum pension liability adjustment of $(10,702,000) and a cumulative foreign currency translation adjustment of $(7,796,000). These amounts are net of income taxes calculated at a rate of approximately 39%.

**Stock Units**. We have a deferred compensation program for our executive officers that allows them to defer a portion of their cash compensation. Beginning in 1999, they may purchase stock units with some or all of the compensation they defer. Each stock unit is equal in value to one share of our common stock. We match any deferrals used to purchase stock units with a 25% company contribution of stock units. Deferred stock units accumulate imputed dividends equal to dividends on common stock, which are assumed to purchase more stock units for the executives' accounts and are charged to compensation expense. We will pay out the deferred stock units in shares of our common stock when an officer retires or terminates employment. At December 31, 2000, 56,462 stock units were held for the accounts of these executive officers.

**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). Prior to 2000, BCOP had two stock option plans. The BCOP plans were terminated in conjunction with our purchase of the outstanding minority shares of BCOP in April 2000. We account for these plans under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. Under this opinion, compensation costs recognized in 2000, 1999, and 1998 were $337,000, $298,000, and $244,000.

If compensation costs for these plans had been determined consistent with SFAS No. 123, Accounting for Stock-Based Compensation, net income for 2000 would have decreased $7,041,000 and basic and diluted income per share would have decreased 12 cents and 11 cents. In 1999, net income would have decreased $6,785,000, and basic and diluted income per share would have decreased 12 cents and 11 cents. Net loss in 1998 would have increased $7,661,000, and basic and diluted loss per share would have increased 14 cents. These pro forma compensation costs do not necessarily represent what might be expected in the future.

The 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 5,843,306 options outstanding at December 31, 2000, have exercise prices between $18.125 and $43.875 and a weighted average remaining contractual life of 7.13 years.

The fair value of each 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 2000, 1999, and 1998: risk-free interest rates of 6.0%, 5.8%, and 5.4%; expected dividends of 60 cents per share for each year; expected lives of 4.2 years for each year; and expected stock price volatility of 30% for each year.

The DSOP, available only to nonemployee directors, provides for annual grants of options. The exercise price is equal to the fair market value of our 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 subject to options at December 31, 2000, 1999, and 1998, were 112,000, 84,000, and 70,500, with weighted average exercise prices of $32.81, $34.97, and $34.07.

The 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, 2000, 1999, and 1998, were 51,953, 45,091, and 43,172.

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

A summary of the status of the KESOP at December 31, 2000, 1999, and 1998, and the changes during the years then ended is presented in the table below:

| | 2000 | | 1999 | | 1998 | |
|---|---|---|---|---|---|---|
| | Shares | Wtd. Avg. Ex. Price | Shares | Wtd. Avg. Ex. Price | Shares | Wtd. Avg. Ex. Price |
| Balance at beginning of year | 4,354,943 | $33.56 | 4,321,756 | $32.47 | 3,649,966 | $33.19 |
| Options granted | 1,746,813 | 27.21 | 1,016,200 | 37.37 | 841,890 | 28.88 |
| Options exercised | (172,350) | 30.49 | (836,605) | 31.46 | (109,000) | 25.30 |
| Options expired | (86,100) | 33.33 | (146,408) | 39.69 | (61,100) | 39.14 |
| Balance at end of year | 5,843,306 | | 4,354,943 | 33.56 | 4,321,756 | 32.47 |
| Exercisable at end of year | 4,096,493 | 33.69 | 3,338,743 | 32.40 | 3,479,866 | 33.33 |
| Weighted average fair value of options granted (Black-Scholes) | $7.61 | | $10.95 | | $7.89 | |

**8. Restructuring Activities**

The operating income impact of restructuring activities is recorded in "Other (income) expense, net" in the accompanying Statements of Income (Loss) (see Note 1).

Late in second quarter 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. We closed the sawmills in Horseshoe Bend and Fisher in 1998. Restructuring charges in 1998 related to these closures totaled $61,900,000.

The Horseshoe Bend and Fisher facilities had sales of $30,595,000 for the year ended December 31, 1998, and an operating loss of $7,015,000 for the same period.

In late May 1999, we decided to continue operations at the Elgin and Yakima mills. This decision was based on changes in wood supply and costs, product prices, improved plant operations, and the impact of a fire at our Elgin plywood plant in May 1999. As a result of this decision, in the second quarter of 1999, our building products segment reversed to operating income previously recorded restructuring charges totaling $35,500,000. Of this amount, $23,500,000 reversed restructuring accruals, and $12,000,000 related to the restoration of the net book value of these two facilities.

Also in second quarter 1998, our paper and paper products segment recorded a pretax charge of $19,000,000 related to the revaluation of paper-related assets. Included in the revaluation was the $8,000,000 write-down to zero of our investment in a now-terminated joint venture in China that produced carbonless paper. We also wrote down approximately $5,000,000 for the fixed assets of a small corrugating facility that was sold in March 1999 for its approximate remaining book value. We wrote off $6,000,000 for an investment in a joint venture and miscellaneous equipment that had no future value.

In fourth quarter 1998, we announced a companywide cost-reduction initiative and the restructuring of several operations. Specific actions included the elimination of jobs in our paper and wood products manufacturing businesses and at our Boise headquarters through a combination of early retirements, layoffs, attrition, and the closure of our paper research and development facility in Portland, Oregon. These charges totaled $26,900,000. Also in fourth quarter 1998, BCOP announced the closure of eight facilities in the United Kingdom and integration of selected functions of the United Kingdom operations. These BCOP closures were completed during 1999. BCOP also dissolved a joint venture in Germany at a cost of approximately $4,000,000. BCOP restructuring charges totaled $11,100,000.

During second quarter 1999, BCOP revised the amount of the restructuring reserve established in fourth quarter 1998 for the United Kingdom operations. The restructuring program was less costly than originally anticipated due to lower legal and professional fees, the sublease of one of the facilities, the decision to retain a small printing business, and fewer employee terminations. As a result, BCOP recorded an increase to operating income of approximately $4,000,000 in second quarter 1999.

In first quarter 1999, our corporate and other segment recorded $4,400,000 of additional restructuring expense related to an early retirement program announced in fourth quarter 1998. The noncash charge was for the present value of unrecorded early retirement benefits. These charges were accrued when the retiring individuals legally accepted the early retirement offer. In late 1999, we decreased the retirement reserves related to this segment, increasing operating income $400,000 to reflect actual experience.

Our paper and paper products segment also adjusted amounts recorded in fourth quarter 1998 for the elimination of jobs and the closure of our research and development facility in Portland to reflect actual retirement, severance, and asset disposal experience. These adjustments increased this segment's 1999 operating income $2,300,000.

Asset write-downs in 1998 were for plant and equipment and investment in joint ventures. No intangible assets were written down. Employee-related costs were primarily for severance payments and the present value of unrecorded early retirement benefits. Approximately $13,400,000 of the employee-related costs are being paid by our retirement plans and require no cash expenditures. Other exit costs included tear-down and environmental cleanup costs related to the closing facilities, operating lease costs after operations ceased, the write-down of contracts to their net realizable value, and the cost to dissolve the BCOP joint venture.

Restructuring reserve liabilities are included in "Accrued liabilities, other" in the accompanying Balance Sheets. Restructuring reserve liability account activity related to these 1998 charges through December 31, 2000, is as follows:

| | Asset Write-Downs | Employee-Related Costs | Other Exit Costs | Total |
|---|---|---|---|---|
| | | (thousands) | | |
| 1998 expense recorded | $ 53,500 | $ 34,900 | $ 30,500 | $ 118,900 |
| Assets written down | (53,500) | - | - | (53,500) |
| Pension liabilities recorded | - | (11,200) | - | (11,200) |
| Charges against reserve | - | (4,200) | (4,600) | (8,800) |
| Restructuring reserve at December 31, 1998 | - | 19,500 | 25,900 | 45,400 |
| Expense recorded | - | 4,400 | - | 4,400 |
| Pension liabilities recorded | - | (4,400) | - | (4,400) |
| Reclass from other accounts | - | 500 | - | 500 |
| Reclass from pension liabilities | - | 2,200 | - | 2,200 |
| Reserves credited to income | - | (7,900) | (19,700) | (27,600) |
| Proceeds from sales of assets | - | - | 1,700 | 1,700 |
| Charges against reserve | - | (10,400) | (2,700) | (13,100) |
| Restructuring reserve at December 31, 1999 | - | 3,900 | 5,200 | 9,100 |
| Charges against reserve | - | (3,400) | (1,800) | (5,200) |
| Restructuring reserve at December 31, 2000 | $ - | $ 500 | $ 3,400 | $ 3,900 |
| | ======= | ======= | ======= | ======== |

We estimated that 616 employees would be terminated related to the 1998 reserves discussed above. Through December 31, 2000, 615 employees had left the company.

An analysis of total restructuring reserve liability account activity is as follows:

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | | (thousands) | |
| Balance at beginning of year | $ 9,300 | $ 46,200 | $ 1,400 |
| Current-year reserves | | | |
| Charges to income | - | - | 55,500 |
| Reclass from other accounts | - | 2,700 | - |
| Proceeds from sales of assets | - | 1,700 | - |
| Charges against reserve | (5,400) | (13,700) | (10,700) |
| Reserves credited to income | - | (27,600) | - |
| Balance at end of year | $ 3,900 | $ 9,300 | $ 46,200 |
| | ======== | ======== | ======== |

**9. Building Products Acquisitions**

On June 30, 2000, we acquired Alliance Forest Products-Joists, Inc. (AllJoist). Formerly a subsidiary of Alliance Forest Products, Inc., AllJoist operates a wood I-joist manufacturing plant in St. Jacques, New Brunswick, Canada. The purchase price was $14,609,000 in cash.

On September 16, 1999, we acquired Furman Lumber, Inc. (Furman), a U.S. building materials distributor headquartered in Billerica, Massachusetts, with 12 locations in the East, Midwest, and South. The purchase price was approximately $92,652,000, including $90,222,000 in cash and the assumption of $2,430,000 in debt.

These acquisitions were accounted for under the purchase method of accounting. Accordingly, the purchase prices were allocated to the assets acquired and liabilities assumed based on 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 values of assets and liabilities. Such adjustments were not, and are not expected to be, significant to our results of operations or financial position. The excesses of the purchase prices over the estimated fair values of the net assets acquired were recorded as goodwill and are being amortized over 40 years. The results of operations of the acquired businesses are included in our operations following the dates of acquisition.

On a pro forma basis, if the AllJoist acquisition had occurred on January 1, 2000, sales for the year ended December 31, 2000, would have increased $11,000,000, while net income and basic and diluted income per share would not have materially changed. If the AllJoist and Furman acquisitions had occurred January 1, 1999, sales for the year ended December 31, 1999, would have increased $526,000,000, net income would have increased $1,200,000, and basic and diluted income per share would have increased 2 cents. If the Furman acquisition had occurred on January 1, 1998, sales in 1998 would have increased $570,000,000, net loss would have decreased $1,300,000, and basic and diluted loss per share would have decreased 2 cents. This unaudited pro forma financial information does not necessarily represent what would have occurred if the acquisitions had taken place on the dates assumed.

**10. Segment Information**

We operate our business using four reportable segments: office products (BCOP), 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 markets and sells office supplies and paper, computer supplies, and office furniture. All the products sold by this segment are purchased from outside manufacturers or from industry wholesalers, except office papers, which are sourced primarily from our paper operations. This segment has operations in the United States, Canada, Australia, and New Zealand.

The building products segment manufactures, markets, and distributes various products that are used for construction. These products include structural panels, engineered wood products, lumber, particleboard, and building supplies. 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 uncoated free sheet papers, containerboard, corrugated containers, newsprint, 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' profits and losses are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items, and cumulative effect of accounting changes. Specified expenses are allocated to the operating segments. For some of these allocated expenses, the related assets and liabilities remain in the corporate and other segment.

The segments follow the accounting principles described in the Summary of Significant Accounting Policies (see Note 1). Sales between 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 $175,180,000 in 2000, $145,113,000 in 1999, and $163,005,000 in 1998.

During 2000, BCOP had foreign operations in Australia, Belgium, Canada, France, New Zealand, Spain, and the United Kingdom. As the result of the sale of our European operations, at December 31, 2000, BCOP no longer operates in Belgium, France, Spain, and the United Kingdom. During 1999, BCOP had foreign operations in Australia, Belgium, Canada, France, Spain, and the United Kingdom. During 1998, BCOP had foreign operations in Australia, Belgium, Canada, France, Germany, Spain, and the United Kingdom. With the acquisition of AllJoist, the building products segment has a small wood I-joist plant in Canada. For the years ended December 31, 2000, 1999, and 1998, our foreign operations had sales of $851,789,000, $798,810,000, and $697,364,000. Revenues are attributed to geographic regions based on the location of the business. At December 31, 2000, 1999, and 1998, long-lived assets of our foreign operations were $212,470,000, $322,195,000, and $344,099,000. We also have a 47% interest in an oriented strand board plant in Canada which is accounted for on the equity method.

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

| | Year Ended December 31 | | |
|---|---|---|---|
| | 2000 | 1999 | 1998 |
| | | (millions) | |
| Office products | | | |
| Office supplies and paper | $ 2,677.6 | $ 2,435.7 | $ 2,385.8 |
| Computer supplies | 588.3 | 556.7 | 314.6 |
| Office furniture | 428.9 | 402.5 | 379.5 |
| | 3,694.8 | 3,394.9 | 3,079.9 |
| Building products | | | |
| Structural panels | 693.2 | 773.5 | 649.4 |
| Engineered wood products | 316.5 | 291.3 | 220.4 |
| Lumber | 767.3 | 721.2 | 523.2 |
| Particleboard | 76.1 | 71.9 | 67.5 |
| Building supplies and other | 598.0 | 355.8 | 285.8 |
| | 2,451.1 | 2,213.7 | 1,746.3 |
| Paper and paper products | | | |
| Uncoated free sheet | 796.0 | 783.4 | 805.7 |
| Containerboard and corrugated containers | 471.2 | 400.9 | 361.0 |
| Newsprint | 202.8 | 183.3 | 218.0 |
| Market pulp and other | 163.2 | 139.1 | 120.1 |
| | 1,633.2 | 1,506.7 | 1,504.8 |
| Corporate and other | 27.6 | 33.0 | 24.1 |
| Total | $ 7,806.7 | $ 7,148.3 | $ 6,355.1 |

An analysis of our operations by segment is as follows:

| | Sales | | | Income (Loss) Before Taxes and Minority Interest (a) (b) | Selected Components of Income (Loss) | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Trade | Inter-Segment | Total | | Equity in Net Income (Loss) of Affiliates | Depreciation, Amortization, and Cost of Company Timber Harvested | Capital Expenditures | Assets | Investment in Equity Affiliates |
| | | | | | (millions) | | | | |
| **Year Ended December 31, 2000** | | | | | | | | | |
| Office products | $ 3,694.8 | $ 2.4 | $ 3,697.2 | $ 236.6 | $ $(0.2) | $ 66.5 | $ 195.6 | $ 1,445.2 | $ 92.5 |
| Building products | 2,451.1 | 31.7 | 2,482.8 | 52.1 | 2.5 | 46.2 | 78.8 | 836.6 | 41.1 |
| Paper and paper products | 1,633.2 | 414.8 | 2,048.0 | 202.6 | - | 172.9 | 177.5 | 2,613.3 | - |
| Corporate and other | 27.6 | 45.8 | 73.4 | (41.8) | (0.2) | 12.1 | 7.0 | 434.8 | 1.2 |
| Total | 7,806.7 | 494.7 | 8,301.4 | 449.5 | 2.1 | 297.7 | 458.9 | 5,329.9 | 134.8 |
| Intersegment eliminations | - | (494.7) | (494.7) | - | - | - | - | (63.0) | - |
| Interest expense | - | - | - | (151.2) | - | - | - | - | - |
| Consolidated totals | $ 7,806.7 | $ - | $ 7,806.7 | $ 298.3 | $ 2.1 | $ 297.7 | $ 458.9 | $ 5,266.9 | $ 134.8 |
| **Year Ended December 31, 1999** | | | | | | | | | |
| Office products | $ 3,394.9 | $ 2.0 | $ 3,396.9 | $ 154.6 | $ - | $ 60.7 | $ 64.3 | $ 1,536.3 | $ .1 |
| Building products | 2,213.7 | 33.5 | 2,247.2 | 273.8 | 6.1 | 46.1 | 150.1 | 874.1 | 37.3 |
| Paper and paper products | 1,506.7 | 380.1 | 1,886.8 | 117.7 | - | 174.8 | 116.2 | 2,590.5 | - |
| Corporate and other | 33.0 | 51.6 | 84.6 | (45.4) | - | 7.4 | 6.2 | 215.6 | - |
| Total | 7,148.3 | 467.2 | 7,615.5 | 500.7 | 6.1 | 289.0 | 336.8 | 5,216.5 | 37.4 |
| Intersegment eliminations | - | (467.2) | (467.2) | - | - | - | - | (78.1) | - |
| Interest expense | - | - | - | (144.7) | - | - | - | - | - |
| Consolidated totals | $ 7,148.3 | $ - | $ 7,148.3 | $ 356.0 | $ 6.1 | $ 289.0 | $ 336.8 | $ 5,138.4 | $ 37.4 |
| **Year Ended December 31, 1998** | | | | | | | | | |
| Office products | $ 3,079.9 | $ 1.1 | $ 3,081.0 | $ 121.5 | $ (4.2) | $ 51.2 | $ 142.5 | $ 1,461.3 | $ - |
| Building products | 1,746.3 | 40.0 | 1,786.3 | 57.7 | 1.9 | 41.3 | 45.7 | 611.6 | 27.2 |
| Paper and paper products | 1,504.8 | 382.8 | 1,887.6 | 10.0 | (1.5) | 181.1 | 119.7 | 2,646.7 | - |
| Corporate and other | 24.1 | 55.7 | 79.8 | (46.2) | - | 9.1 | 5.8 | 401.4 | - |
| Total | 6,355.1 | 479.6 | 6,834.7 | 143.0 | (3.8) | 282.7 | 313.7 | 5,121.0 | 27.2 |
| Intersegment eliminations | - | (479.6) | (479.6) | - | - | - | - | (154.3) | - |
| Interest expense | - | - | - | (159.9) | - | - | - | - | - |
| Consolidated totals | $ 6,355.1 | $ - | $ 6,355.1 | $ (16.9) | $ (3.8) | $ 282.7 | $ 313.7 | $ 4,966.7 | $ 27.2 |

(a) Interest income has been allocated to our segments in the amounts of $5,861,000 for 2000, $2,323,000 for 1999, and $2,274,000 for 1998.

(b) See Note 1, "Other (Income) Expense, Net" and Note 8, "Restructuring Activities" for an explanation of nonroutine items affecting our segments. Significant noncash items are discussed in Note 8.

### 11. Litigation and Legal Matters

In March 2000, EPA Regions VI and X issued Boise Cascade a combined Notice of Violation (NOV). The NOV alleges various violations of air permits at seven plywood plants and one particleboard plant for the period 1979 through 1998. The EPA has neither proposed any penalties nor filed any administrative, civil, or criminal actions. The NOV, however, sets forth EPA's authority to seek, among other things, penalties of up to $27,500 per day for each violation. We believe federal statutes of limitation would limit any penalties assessed to a five-year period. We are negotiating with the EPA to resolve these allegations. The effect of this NOV on our results of operations or financial position is unknown at this time.

We are involved in other 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 these other pending litigation or administrative proceedings would not materially affect our results of operations or financial position.

### 12. Quarterly Results of Operations (unaudited)

| | 2000 | | | | 1999 | | | |
|---|---|---|---|---|---|---|---|---|
| | Fourth | Third (a) | Second | First | Fourth (b) | Third | Second (c) | First |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | (millions, except per-share and stock price information) | | | | | | | |
| Net Sales | $ 1,864.8 | $ 1,971.1 | $ 1,974.9 | $ 1,995.9 | $ 1,936.5 | $ 1,835.2 | $ 1,723.2 | $ 1,653.4 |
| Income from operations | 62 | 184 | 90 | 108 | 168 | 120 | 141 | 70 |
| Net income | 23 | 85 | 31 | 40 | 76 | 49 | 59 | 16 |
| Net income per share | | | | | | | | |
| Basic | .35 | 1.42 | .49 | .63 | 1.26 | .80 | .98 | .23 |
| Diluted | .34 | 1.33 | .46 | .60 | 1.18 | .74 | .92 | .22 |
| Common stock dividends paid per share | .15 | .15 | .15 | .15 | .15 | .15 | .15 | .15 |
| Common stock prices (d) | | | | | | | | |
| High | 34 15/16 | 31 3/4 | 37 9/16 | 43 15/16 | 41 1/8 | 47 3/16 | 45 1/2 | 35 1/2 |
| Low | 21 3/4 | 24 9/16 | 25 | 26 5/16 | 30 1/4 | 33 | 32 1/16 | 28 3/4 |

(a) Includes a pretax gain of $97.8 million on the sale of BCOP's European operations (see Note 6).

(b) Includes a pretax gain of $47.0 million for the sale of 56,000 acres of timberland in central Washington (see Note 1).

(c) Includes pretax gains totaling $40.7 million for the reversal of previously recorded restructuring charges (see Note 8).

(d) Our common stock is traded 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, 2000 and 1999, and the related statements of income (loss), cash flows, and shareholders' equity for the years ended December 31, 2000, 1999, and 1998. 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 auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boise Cascade Corporation and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

/s/ ARTHUR ANDERSEN LLP

Boise, Idaho
January 18, 2001

## 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 accounting principles generally accepted in the United States 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 representatives of Arthur Andersen LLP 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, any recommendations concerning the system of internal accounting controls, and the quality of financial reporting.

EXHIBIT 13.2

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

| | Three Months Ended December 31 | | Year Ended December 31 | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | (thousands, except per-share amounts) | | | |
| Revenues | | | | |
| Sales | $ 1,864,769 | $ 1,936,552 | $ 7,806,657 | $ 7,148,340 |
| Costs and expenses | | | | |
| Materials, labor, and other operating expenses | 1,459,710 | 1,510,602 | 6,193,863 | 5,573,610 |
| Depreciation, amortization, and cost of company timber harvested | 73,948 | 75,259 | 297,700 | 288,994 |
| Selling and distribution expenses | 232,282 | 198,974 | 832,485 | 745,927 |
| General and administrative expenses | 30,011 | 30,963 | 124,177 | 125,273 |
| Other (income) expense, net | 4,983 | (46,803) | (83,535) | (77,707) |
| | 1,800,934 | 1,768,995 | 7,364,690 | 6,656,097 |
| Equity in net income (loss) of affiliates | (1,548) | 91 | 2,061 | 6,115 |
| Income from operations | 62,287 | 167,648 | 444,028 | 498,358 |
| Interest expense | (37,404) | (37,142) | (151,163) | (144,740) |
| Interest income | 4,583 | 445 | 5,861 | 2,323 |
| Foreign exchange gain (loss) | 2,285 | (134) | (395) | (1) |
| | (30,536) | (36,831) | (145,697) | (142,418) |
| Income before income taxes and minority interest | 31,751 | 130,817 | 298,331 | 355,940 |
| Income tax provision | (8,384) | (51,201) | (116,349) | (142,376) |
| Income before minority interest | 23,367 | 79,616 | 181,982 | 213,564 |
| Minority interest, net of income tax | 36 | (4,116) | (3,408) | (13,811) |
| Net income | $ 23,403 | $ 75,500 | $ 178,574 | $ 199,753 |
| Net income per common share | | | | |
| Basic | $ 0.35 | $ 1.26 | $ 2.89 | $ 3.27 |
| Diluted | $ 0.34 | $ 1.18 | $ 2.73 | $ 3.06 |

| | Three Months Ended December 31 | | Year Ended December 31 | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | (thousands, except per-share amounts) | | | |
| **Segment Information** | | | | |
| Segment sales | | | | |
| Office products | $ 921,361 | $ 908,423 | $ 3,697,229 | $ 3,396,891 |
| Building products | 544,821 | 620,105 | 2,482,789 | 2,247,220 |
| Paper and paper products | 488,322 | 514,914 | 2,048,034 | 1,886,854 |
| Intersegment eliminations and other | (89,735) | (106,890) | (421,395) | (382,625) |
| | $ 1,864,769 | $ 1,936,552 | $ 7,806,657 | $ 7,148,340 |
| **Segment income (loss)** | | | | |
| Office products | $ 34,000 | $ 44,160 | $ 236,574 | $ 154,590 |
| Building products | 2,027 | 75,073 | 52,066 | 273,815 |
| Paper and paper products | 40,094 | 59,924 | 202,621 | 117,687 |
| Corporate and other | (6,966) | (11,198) | (41,767) | (45,412) |
| Total | 69,155 | 167,959 | 449,494 | 500,680 |

| | | | | |
|---|---|---|---|---|
| Interest expense | (37,404) | (37,142) | (151,163) | (144,740) |
| Income before income taxes and minority interest | $ 31,751 | $ 130,817 | $ 298,331 | $ 355,940 |
| | ========= | ========= | ========= | ========= |

**Notes to Quarterly Financial Statements**
Boise Cascade Corporation and Subsidiaries

**Financial Information**. The Statements of Income and Segment Information are unaudited statements which do not include all Notes to Financial Statements and should be read in conjunction with the 2000 Annual Report of the company. The 2000 Annual Report will be available in March 2001. Net income for the three months and years ended December 31, 2000 and 1999, involved estimates and accruals.

**Fourth Quarter 2000 Nonroutine Item**. In December 2000, we announced involuntary employee terminations in our office products segment and recorded $3.0 million of severance and facility closure expense. We also recorded an additional $0.8 million gain related to the September sale of our European office products operations. Both the loss and gain are recorded in "Other (income) expense, net" in the Statement of Income. In addition, we reduced our actual annual tax rate to 39% from the estimated 40.5% annual rate used through the first nine months of the year. The net impact of these nonroutine items increased net income $2.7 million and basic and diluted income per share $0.05 for the three months ended December 31, 2000.

**Fourth Quarter 1999 Nonroutine Items**. Net income in 1999 included a fourth-quarter pretax gain of $47.0 million from the sale of 56,000 acres of central Washington timberland in our building products segment. In December 1999, we adjusted restructuring reserves recorded in 1998 to reflect our actual retirement and severance experience. These adjustments resulted in an increase in pretax income of $1.5 million. Approximately $1.1 million of this adjustment was recorded in our paper and paper products segment and $0.4 million was recorded in the corporate and other segment.

The nonroutine items discussed above are included in "Other (income) expense, net" in the Statement of Income. The net impact of the above nonroutine items increased net income $29.6 million and basic and diluted income per share $0.51 and $0.48 for the three months ended December 31, 1999.

**Year Ended December 31, 2000, Nonroutine Items**. Our office products distribution business sold its European office products operations to Guilbert S.A. of France. The sale resulted in a pretax gain for the year of $98.6 million, which is recorded in "Other (income) expense, net" and in the office products segment. This segment recorded $3.0 million of severance and facility closure expense. We also entered into forward contracts for the purchase of Australian dollars in anticipation of our acquisition in October 2000 of the Blue Star Business Supplies Group of US Office Products in Australia and New Zealand. These contracts resulted in foreign exchange losses in our corporate and other segment of $1.7 million.

The net impact of all the 2000 nonroutine items increased net income $57.3 million and basic and diluted income per share $1.00 and $0.93 for the year ended December 31, 2000.

**Year Ended December 31, 1999, Nonroutine Items**. In addition to the fourth quarter 1999 items previously discussed, the following nonroutine items occurred in 1999.

In first quarter 1999, we recorded $4.4 million of pretax expense related to an early retirement program announced in fourth quarter 1998. In second quarter 1999, we reversed $39.5 million of 1998 restructuring charges when we decided to continue operations at two of our four wood products manufacturing facilities and when BCOP's restructuring in the United Kingdom proved to be less costly than originally anticipated. Also in 1999, we reversed $1.2 million of 1998 restructuring charges in our paper and paper products segment to reflect actual experience.

The net impact of all the 1999 nonroutine items increased net income $51.6 million and basic and diluted income per share $0.90 and $0.84 for the year ended December 31, 1999.

**Other**. In September 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board issued a consensus on Issue 00-10, Accounting for Shipping and Handling Fees and Costs. This consensus, which became effective and was adopted by us in the fourth quarter, requires that amounts billed to customers for shipping be included as a revenue and that amounts paid by us for shipping be included as a cost. To comply with this consensus, reclassifications have been made to increase both

"Sales" and "Materials, labor, and other operating expenses" by $62.3 million for the three months ended

December 31, 1999, by $148.1 million for the nine months ended September 30, 2000, and by $195.7 million for the year ended December 31, 1999.

Our 2000 tax provision rate was 39%. Our 1999 tax provision rate was 40%. The changes in our tax rates were due primarily to the sensitivity of the rate to changing income levels and the mix of domestic and foreign sources of income.

| | Three Months Ended December 31 | | Year Ended December 31 | |
|---|---|---|---|---|
| | 2000 | 1999 | 2000 | 1999 |
| | (thousands) | | | |
| BASIC | | | | |
| Net income as reported | $ 23,403 | $ 75,500 | $ 178,574 | $ 199,753 |
| Preferred dividends (a) | (3,183) | (3,275) | (13,095) | (13,559) |
| Basic income | $ 20,220 | $ 72,225 | $ 165,479 | $ 186,194 |
| | ======= | ======= | ======= | ======= |
| Average shares outstanding used to determine basic income per common share | 57,334 | 57,141 | 57,288 | 56,861 |
| | ======= | ======= | ======= | ======= |
| DILUTED | | | | |
| Basic income | $ 20,220 | $ 72,225 | $ 165,479 | $ 186,194 |
| Preferred dividends eliminated | 3,183 | 3,275 | 13,095 | 13,559 |
| Supplemental ESOP contribution | (2,721) | (2,798) | (11,192) | (11,588) |
| Diluted income | $ 20,682 | $ 72,702 | $ 167,382 | $ 188,165 |
| | ======= | ======= | ======= | ======= |
| Average shares outstanding used to determine basic income per common share | 57,334 | 57,141 | 57,288 | 56,861 |
| Stock options and other | 252 | 387 | 253 | 419 |
| Series D Convertible Preferred Stock | 3,783 | 4,022 | 3,872 | 4,139 |

| | | | | |
|---|---|---|---|---|
| Average shares used to determine diluted income per common share | 61,369 | 61,550 | 61,413 | 61,419 |

(a) Dividend attributable to company's Series D Convertible Preferred Stock held by the company's ESOP (Employee Stock Ownership Plan) is net of a tax benefit.

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 |