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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 29, 2008

or

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

For the transition period from to

Commission File Number: 1-5057

OFFICEMAX INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**82-0100960** (I.R.S. Employer Identification No.)
263 Shuman Boulevard **Naperville, Illinois** (Address of principal executive offices)	**60563** (Zip Code)

(630) 438-7800
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes o No ☒

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

Class	Shares Outstanding as of May 2, 2008
Common Stock, $2.50 par value	75,916,438

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OfficeMax Incorporated and Subsidiaries

Consolidated Statements of Income

(thousands, except per-share amounts)

	Three Months Ended	
	March 29, 2008	March 31, 2007
	(unaudited)	
Sales	$ 2,302,921	$ 2,436,253
Cost of goods sold and occupancy costs	1,715,092	1,813,029
Gross profit	587,829	623,224
Operating expenses:		
Operating and selling	424,389	420,768
General and administrative	82,208	93,937
Other operating (income) expense, net	2,614	(1,576)
Operating income	78,618	110,095
Interest expense	(29,680)	(30,116)
Interest income	21,899	23,037
Other income (expense), net	20,617	(3,447)
Income before income taxes and minority interest	91,454	99,569
Income tax expense	(27,254)	(38,832)
Income before minority interest	64,200	60,737
Minority interest, net of income tax	(857)	(2,198)
Net income	63,343	58,539
Preferred dividends	(975)	(1,008)
Net income applicable to common shareholders	$ 62,368	$ 57,531
Income per common share:		
Basic	$ 0.82	$ 0.77
Diluted	$ 0.81	$ 0.76

See accompanying notes to quarterly consolidated financial statements

OfficeMax Incorporated and Subsidiaries

Consolidated Balance Sheets

(thousands, except share and per-share amounts)

	March 29, 2008	December 29, 2007
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 211,359	$ 152,637
Receivables, net	675,069	714,951
Related party receivables	8,451	5,927
Inventories	984,372	1,088,312
Deferred income taxes	132,716	185,070
Other current assets	68,697	57,804
Total current assets	2,080,664	2,204,701
Property and equipment:		
Land and land improvements	37,846	38,230
Buildings and improvements	394,218	394,031
Machinery and equipment	872,142	847,348
Total property and equipment	1,304,206	1,279,609
Accumulated depreciation	(721,902)	(698,954)
Net property and equipment	582,304	580,655
Goodwill	1,216,339	1,216,804
Intangible assets, net	198,451	199,720
Investments in affiliates	175,000	175,000
Timber notes receivable	1,635,000	1,635,000
Restricted investments	22,377	22,377
Deferred charges	55,166	58,949
Other non-current assets	190,804	190,562
Total assets	$ 6,156,105	$ 6,283,768

See accompanying notes to quarterly consolidated financial statements

OfficeMax Incorporated and Subsidiaries

Consolidated Balance Sheets

(thousands, except share and per-share amounts)

	March 29, 2008	December 29, 2007
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 16,281	$ 14,197
Current portion of long-term debt	7,698	34,827
Accounts payable:		
Trade	729,706	831,101
Related parties	41,712	30,184
Accrued expenses and other current liabilities:		
Compensation and benefits	118,193	125,983
Other	328,013	334,417
Total current liabilities	1,241,603	1,370,709
Long-term debt:		
Long-term debt, less current portion	344,315	349,421
Timber notes securitized	1,470,000	1,470,000
Total long-term debt	1,814,315	1,819,421
Other long-term obligations:		
Compensation and benefits	191,759	200,283
Deferred gain on sale of assets	179,757	179,757
Other long-term obligations	372,819	402,984
Total other long-term obligations	744,335	783,024
Minority interest (Note 16)	33,414	32,042
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock—no par value; 10,000,000 shares authorized; Series D ESOP: $.01 stated value; 1,061,161 and 1,110,867 shares outstanding	47,752	49,989
Common stock—$2.50 par value; 200,000,000 shares authorized; 75,905,846 and 75,397,094 shares outstanding	189,751	188,481
Additional paid-in capital	916,645	922,414
Retained earnings	1,145,943	1,095,950
Accumulated other comprehensive income	22,347	21,738
Total shareholders' equity	2,322,438	2,278,572
Total liabilities and shareholders' equity	$ 6,156,105	$ 6,283,768

See accompanying notes to quarterly consolidated financial statements

OfficeMax Incorporated and Subsidiaries

Consolidated Statements of Cash Flows

(thousands)

	Three Months Ended	
	March 29, 2008	March 31, 2007
	(unaudited)	
Cash provided by (used for) operations:		
Net income	$ 63,343	$ 58,539
Items in net income not using (providing) cash:		
Earnings from affiliates	(1,560)	(1,576)
Depreciation and amortization	35,254	32,083
Minority interest, net of income tax	857	2,198
Discontinued operations	—	377
Other	2,350	9,833
Changes other than from acquisition of business:		
Receivables	39,431	9,016
Inventories	104,738	53,451
Accounts payable and accrued liabilities	(91,160)	(251,026)
Current and deferred income taxes	2,313	41,067
Other	(13,140)	(34,877)
Cash provided by (used for) operations	142,426	(80,915)
Cash provided by (used for) investment:		
Expenditures for property and equipment	(33,278)	(28,124)
Other	303	—
Cash provided by (used for) investment	(32,975)	(28,124)
Cash provided by (used for) financing:		
Cash dividends paid	(11,499)	(11,235)
Short-term borrowings, net	4,276	—
Payments of long-term debt	(34,727)	(25,681)
Proceeds from exercise of stock options	—	3,903
Other	(8,380)	(895)
Cash provided by (used for) financing	(50,330)	(33,908)
Effect of exchange rates on cash and cash equivalents	(399)	522
Increase (decrease) in cash and cash equivalents	58,722	(142,425)
Cash and cash equivalents at beginning of period	152,637	282,070
Cash and cash equivalents at end of period	**$ 211,359**	**$ 139,645**

See accompanying notes to quarterly consolidated financial statements

1. Basis of Presentation

OfficeMax Incorporated ("OfficeMax," the "Company" or "we") is a leader in both business-to-business and retail office products distribution. The Company provides office supplies and paper, print and document services, technology products and solutions and furniture to large, medium and small businesses, government offices, and consumers. OfficeMax customers are serviced by approximately 36,000 associates through direct sales, catalogs, the Internet and a network of retail stores located throughout the United States, Canada, Australia, New Zealand and Mexico.

The accompanying quarterly consolidated financial statements include the accounts of OfficeMax and all majority-owned subsidiaries as well as those of variable interest entities in which the Company is the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation. These financial statements are for the thirteen-week period ended on March 29, 2008 (also referred to as the "first quarter of 2008") and the thirteen-week period ended on March 31, 2007 (also referred to as the "first quarter of 2007"). The Company's fiscal year ends on the last Saturday in December. Due primarily to statutory audit requirements, the Company's international businesses maintain December 31 year-ends.

The Company has prepared the quarterly consolidated financial statements included herein pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Some information and note disclosures, which would normally be included in comprehensive annual financial statements prepared in accordance with accounting principles generally accepted in the United States, have been condensed or omitted pursuant to those rules and regulations. These quarterly consolidated financial statements should be read together with the consolidated financial statements and the accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 29, 2007.

The quarterly consolidated financial statements included herein have not been audited by an independent registered public accounting firm, but in the opinion of management, include all adjustments necessary to present fairly the results for the periods. Except as may be disclosed within these "Notes to Quarterly Consolidated Financial Statements," the adjustments made were of a normal, recurring nature. Quarterly results are not necessarily indicative of results which may be expected for a full year.

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109." This Interpretation clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS No. 109, "Accounting for Income Taxes." The Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Interpretation was effective for fiscal years beginning after December 15, 2006. The Company adopted FIN 48 effective at the beginning of fiscal year 2007. (See Note 7, Income Taxes)

In 2006, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 06-03, "How Sales Tax Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That is, Gross versus Net Presentation)." This EITF Issue clarifies that the presentation of taxes collected from customers and remitted to governmental authorities on a gross (included in revenues and costs) or net (excluded from revenues) basis is an accounting policy decision that should be disclosed pursuant to Accounting Principles Board (APB) Opinion No. 22, "Disclosure of Accounting Policies." The EITF Issue was effective for the Company beginning in fiscal year 2007.

We collect such taxes from customers and account for them on a net (excluded from revenues) basis. The adoption of EITF Issue No. 06-03 did not impact the consolidated financial statements.

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles ("GAAP") and expands disclosure about fair value measurements. In February 2008, the FASB issued FASB Staff Position No. SFAS 157-2, "Effective Date of FASB Statement No. 157," which deferred the effective date of SFAS No. 157 until the first quarter of 2009 for non-financial assets and liabilities required to be measured at fair value on a periodic basis. In accordance with this interpretation, effective at the beginning of fiscal year 2008, the Company adopted the provisions of SFAS 157 with respect to financial assets and liabilities, which did not affect the Consolidated Financial Statements. The Company will adopt the provisions of SFAS No. 157 for non-financial assets and liabilities in the first quarter of 2009 and is currently evaluating the impact of the provisions of the standard.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of SFAS 115," ("SFAS 159"). SFAS 159 which was effective at the beginning of fiscal year 2008, allows entities to choose, at specific election dates, to measure eligible financial assets and liabilities at fair value that are not otherwise required to be measured at fair value. The Company did not elect to adopt the fair value option provided under SFAS 159.

In December 2007, the FASB issued SFAS No. 141R, "Business Combinations." This statement amends SFAS No. 141 and provides revised guidance for recognizing and measuring assets acquired and liabilities assumed in a business combination. This statement also requires that transaction costs in a business combination be expensed as incurred. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141R will impact the accounting for business combinations completed beginning January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements." SFAS 160 requires noncontrolling interests (previously referred to as minority interests) to be treated as a separate component of equity, not as a liability or other item outside of permanent equity. SFAS 160 applies to the accounting for noncontrolling interests and transactions with noncontrolling interest holders in consolidated financial statements and is effective for periods beginning on or after December 15, 2008. Earlier application is prohibited. SFAS No. 160 will be applied prospectively to all noncontrolling interests, including those that arose before the effective date, except that comparative prior period information must be recast to classify noncontrolling interests in equity and provide other disclosures required by SFAS No. 160. The Company is currently evaluating the impact of the provisions of SFAS 160.

Certain amounts included in the prior year's financial statements have been revised to conform with the current year's presentation. In the first quarter of 2008, the Company separately presented the effect of exchange rate changes on cash in the Consolidated Statements of Cash Flows. In the first quarter of 2007, these amounts were included in other operating activities. The effect of this revision on the amounts reported for 2007 was not material.

2. Discontinued Operations

In December 2004, the Company's board of directors authorized management to pursue the divestiture of a facility near Elma, Washington that manufactured integrated wood-polymer building materials. The board of directors and management concluded that the operations of the facility were no longer consistent with the Company's strategic direction. As a result of that decision, the Company recorded the facility's assets as held for sale on its Consolidated Balance Sheets and reported the results of its operations as discontinued operations.

During 2005, the Company experienced unexpected difficulties in achieving anticipated levels of production at the facility. These issues delayed the process of identifying and qualifying a buyer for the business. While management made substantial progress in addressing the manufacturing issues that caused production to fall below plan, during the fourth quarter of 2005, the Company concluded that it was unable to attract a buyer in the near term and elected to cease operations at the facility during the first quarter of 2006. As of March 29, 2008, the Company had not identified a buyer for the facility.

The liabilities of the facility are included in accrued expenses and other current liabilities in the Consolidated Balance Sheets ($14.8 million at March 29, 2008 and $15.4 million at December 29, 2007, respectively). There were no assets related to this facility included in the Consolidated Balance Sheets at March 29, 2008 or December 29, 2007.

See Note 2, Discontinued Operations, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 29, 2007 for additional information related to the discontinued operations.

3. Integration Activities and Facility Closures

The Company conducts regular reviews of its real estate portfolio to identify underperforming facilities, and closes those facilities that are no longer strategically or economically viable. The Company records a liability for the cost associated with a facility closure at its fair value in the period in which the liability is incurred, which is either the date the lease termination is communicated to the lessor or the location's cease-use date. Upon closure, unrecoverable costs are included in integration and facility closure reserves on the Consolidated Balance Sheets and include provisions for the present value of future lease obligations, less contractual or estimated sublease income. Accretion expense is recognized over the life of the lease payments.

Integration and facility closure reserve account activity during the first quarter of 2008 and 2007 was as follows:

	Lease\ Contract Terminations	Severance\ Retention	Other	Total
		(thousands)		
Balance at December 29, 2007	$ 73,231	$ 2,414	$ 1,417	$ 77,062
Changes to estimated costs included in income	478	—	—	478
Cash payments	(7,462)	(418)	(449)	(8,329)
Accretion	755	—	—	755
Balance at March 29, 2008	$ 67,002	$ 1,996	$ 968	$ 69,966

	Lease\ Contract Terminations	Severance\ Retention	Other	Total
		(thousands)		
Balance at December 30, 2006	$ 107,824	$ 10,838	$ 3,142	$ 121,804
Changes to estimated costs included in income	—	—	—	—
Cash payments	(15,125)	(3,019)	(351)	(18,495)
Accretion	1,044	—	—	1,044
Balance at March 31, 2007	$ 93,743	$ 7,819	$ 2,791	$ 104,353

At March 29, 2008, approximately $18.3 million of the reserve for integration and facility closures was included in accrued expenses and other current liabilities and $51.7 million was included in other long-term obligations in the Consolidated Balance Sheets. At March 29, 2008, the integration and facility closure reserve included $67.0 million for estimated future lease obligations, which represents the estimated net present value of the lease obligations and is net of anticipated sublease income of $68.3 million.

4. Net Income Per Common Share

The computation of basic and diluted income per common share for the first quarter of 2008 and 2007 is as follows:

	Quarter Ended	
	March 29, 2008	March 31, 2007
	(thousands, except per-share amounts)	
Net income	$ 63,343	$ 58,539
Preferred dividends	(975)	(1,008)
Income	**$ 62,368**	**$ 57,531**
Average shares — basic	75,646	74,992
Restricted stock, stock options and other	907	752
Average shares — diluted(a)(b)	76,553	75,744
Income per common share:		
Basic	$ 0.82	$ 0.77
Diluted	$ 0.81	$ 0.76

(a) The assumed conversion of outstanding preferred stock was anti-dilutive in both periods presented, and therefore no adjustment was required to determine diluted income or average shares — diluted.

(b) Options to purchase 1.6 million shares of common stock were outstanding during 2008, but were not included in the computation of diluted income per common share because the impact would have been anti-dilutive as the option price was higher than the average market price during the quarter.

5. Other Operating (Income) Expense, Net

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

	Quarter Ended	
	March 29, 2008	March 31, 2007
	(thousands)	
Severance, reorganization and other related activities(a)	$ 4,174	$ —
Earnings from affiliates (see Note 10)	(1,560)	(1,576)
	$ 2,614	**$ (1,576)**

(a) During the first quarter of 2008, the Company recorded pre-tax charges of $2.4 million related to the consolidation of the OfficeMax, Contract segment's manufacturing facilities in New Zealand, and $1.8 million related to employee severance costs for reorganization of the OfficeMax, Retail segment's field and ImPress print and document services management organization.

6. Other Income (Expense), Net (Non-Operating)

The components of Other income (expense), net (non-operating) in the Consolidated Statements of Income are as follows:

	Quarter Ended	
	March 29, 2008	March 31, 2007
	(thousands)	
Receivable securitization program costs	—	(2,637)
Distributions from affiliates (see Note 10)	20,480	2,147
Other	137	(2,957)
	$ 20,617	**$ (3,447)**

7. Income Taxes

The Company adopted FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109" effective at the beginning of fiscal year 2007. This Interpretation clarifies the accounting for uncertainty in income taxes recognized in accordance with SFAS No. 109, "Accounting for Income Taxes." The Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of March 29, 2008, the Company had $18.7 million of total gross unrecognized tax benefits. The reconciliation of the beginning and ending gross unrecognized tax benefits is as follows:

	Amount
	(thousands)
Balance at December 29, 2007	$ 33,128
Increase related to prior year tax positions	978
Decrease related to prior year tax positions	(3,128)
Increase related to current year tax positions	538
Settlements	(12,779)
Balance at March 29, 2008	$ 18,737

Of the total gross unrecognized tax benefits at March 29, 2008, approximately $15.5 million (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. The remaining balance of approximately $3.2 million, if recognized, would be recorded as an adjustment to goodwill and would not affect the effective tax rate. It is possible that the Company's liability for uncertain tax positions will be reduced by as much as $1.6 million by the end of 2008. Approximately $1.3 million of this amount would impact the Company's effective tax rate, and the remaining $0.3 million would affect goodwill. Such reductions would result from the effective settlement of tax positions with various tax authorities. The effective tax rate for the first quarter of 2008 benefited from the recognition of $8.7 million in previously unrecognized tax benefits due to the settlement of a federal income tax audit through the 2005 tax year.

The Company or its subsidiaries file income tax returns in the U.S. Federal jurisdiction, and multiple state and foreign jurisdictions. The Company has substantially concluded all U.S. Federal income tax matters for 2005 and prior years. Years prior to 2006 are no longer subject to U.S. Federal income tax examination. The Company is no longer subject to state income tax examinations by tax authorities in its major state jurisdictions for years before 2002.

The Company recognizes accrued interest and penalties associated with uncertain tax positions as part of income tax expense. As of March 29, 2008, the Company had $2.0 million of accrued interest and penalties associated with uncertain tax positions. Income tax expense for first three months of 2008 includes a benefit of $1.4 million related to interest and penalties, reflecting interest accrued less the effect of adjustments on settlement.

During the first quarter of 2008 and 2007, the Company paid income taxes, net of refunds received, of $29.2 million and $6.4 million, respectively.

8. Comprehensive Income

Comprehensive income includes the following:

	Quarter Ended	
	March 29, 2008	**March 31, 2007**
	(thousands)	
Net income	$ 63,343	$ 58,539
Other comprehensive income:		
Foreign currency translation adjustments	(620)	4,942
Amortization of unrecognized retirement and benefit costs, net of tax	1,230	2,622
Comprehensive income	**$ 63,953**	**$ 66,103**

9. Sales of Accounts Receivable

Prior to July 2007, the Company sold, on a revolving basis, an undivided interest in a defined pool of receivables while retaining a subordinated interest in a portion of the receivables. The receivables were sold without legal recourse to third party conduits through a wholly owned bankruptcy-remote special purpose entity that was consolidated for financial reporting purposes. The Company continued servicing the sold receivables and charged the third party conduits a monthly servicing fee at market rates. The program qualified for sale treatment under SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities." Expenses associated with the securitization program totaled $2.6 million for the first quarter of 2007. These expenses related primarily to the loss on sale of receivables and discount on retained interests, facility fees and professional fees associated with the program, and were included in the Consolidated Statements of Income.

On July 12, 2007, the Company entered into a new loan agreement that amended the Company's existing revolving credit facility and replaced the Company's accounts receivable securitization program. The transferred accounts receivable under the accounts receivable securitization program at that date were refinanced with borrowings under the new loan agreement and excess cash. The Company no longer sells any of its accounts receivable. For additional information on the new loan agreement, see Note 13, Debt.

10. Investments in Affiliates

In connection with the sale of the paper, forest products and timberland assets in 2004 (the "Sale"), the Company invested $175 million in the equity units of affiliates of the buyer, Boise Cascade, L.L.C. A portion (approximately $66 million) of the equity units received in exchange for the Company's investment carries no voting rights. This investment is accounted for under the cost method as Boise Cascade, L.L.C. does not maintain separate ownership accounts for its members, and the Company does not have the ability to significantly influence its operating and financial policies. This investment is included in investments in affiliates in the Consolidated Balance Sheets. The Company has determined that it is not practicable to estimate the fair value of this investment. However, the Company did not observe any events or changes in circumstances that would have had a significant adverse effect on the fair value of the investment during the first quarter of 2008.

The Boise Cascade, L.L.C. non-voting equity units accrue dividends daily at the rate of 8% per annum on the liquidation value plus accumulated dividends. Dividends accumulate semiannually to the extent not paid in cash on the last day of June and December. The Company recognized dividend income on this investment of $1.6 million in each of the quarters ended March 29, 2008 and March 31, 2007. These amounts were recorded as other operating (income) expense, net in the Consolidated Statements of Income.

The Company receives distributions from affiliates of Boise Cascade, L.L.C. for the income tax liability associated with allocated earnings of Boise Cascade, L.L.C. The portion of the tax distributions received related to non-voting equity units is recorded in the Consolidated Balance Sheets as a reduction in dividends receivable. The portion associated with voting equity units is recorded as income in other income (expense), net (non-operating) in the Consolidated Statements of Income. During the first quarter of 2008 and 2007, the Company received distributions of $23.0 million and $2.8 million, respectively. The distribution received in 2008 included an amount related to the income tax liability associated with the allocated gain on the sale by Boise Cascade, L.L.C. of a majority interest in its paper and packaging and newsprint businesses during the first quarter of 2008.

11. Goodwill and Intangible Assets

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. In accordance with the provisions of SFAS 142, "Goodwill and Other Intangible Assets," we assess our acquired goodwill and intangible assets with indefinite lives for impairment at least annually in the absence of an indicator of possible impairment, and immediately upon an indicator of possible impairment. We completed our annual assessment in accordance with the provisions of the standard during the first quarters of 2008 and 2007, and concluded there was no impairment. During the first quarters of 2008 and 2007, we also evaluated the remaining useful lives of our finite-lived purchased intangible assets to determine if any adjustments to the useful lives were necessary or if any of these assets had indefinite lives. We determined that no adjustments to the useful lives of our finite-lived purchased intangible assets were necessary.

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

	OfficeMax, Contract	OfficeMax, Retail	Total
		(thousands)	
Balance at December 29, 2007	$ 556,885	$ 659,919	$ 1,216,804
Effect of foreign currency translation	(465)	—	(465)
Balance at March 29, 2008	**$ 556,420**	**$ 659,919**	**$ 1,216,339**

Acquired Intangible Assets

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

	March 29, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(thousands)		
Trade names	$ 173,150	$ —	$ 173,150
Customer lists and relationships	43,821	(24,236)	19,585
Noncompete agreements	12,876	(11,381)	1,495
Exclusive distribution rights	7,137	(2,916)	4,221
	$ 236,984	**$ (38,533)**	**$ 198,451**

	December 29, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(thousands)		
Trade names	$ 173,150	$ —	$ 173,150
Customer lists and relationships	43,381	(23,072)	20,309
Noncompete agreements	12,884	(10,842)	2,042
Exclusive distribution rights	6,977	(2,758)	4,219
	$ 236,392	**$ (36,672)**	**$ 199,720**

Intangible asset amortization expense totaled $1.5 million and $1.8 million for the quarters ended March 29, 2008 and March 31, 2007, respectively.

12. Timber Notes Receivable

In October 2004, OfficeMax sold its timberlands as part of the Sale. In exchange for the timberlands, the Company received timber installment notes receivable in the amount of $1,635 million, which were credit enhanced with guarantees. The guarantees were issued by highly-rated financial institutions and were secured by the pledge of underlying collateral notes issued by the credit enhancement banks. The timber installment notes receivable are 15-year non-amortizing. There are two notes that total $817.5 million bearing interest at 4.982% and a third note in the amount of $817.5 million bearing interest at 5.112%. Interest earned on all of the notes is received semiannually. See the sub-caption "Timber Notes" in Note 13, Debt, for additional information concerning a securitization transaction involving the timber installment notes receivable.

13. Debt

Credit Agreements

On July 12, 2007, the Company entered into an Amended and Restated Loan and Security Agreement (the "Loan Agreement") with a group of banks. The Loan Agreement amended the Company's existing revolving credit facility and replaced the Company's accounts receivable securitization program. The Loan Agreement permits the Company to borrow up to a maximum of

$700 million subject to a borrowing base calculation that limits availability to a percentage of eligible accounts receivable plus a percentage of the value of eligible inventory less certain reserves. The revolving credit facility may be increased (up to a maximum of $800 million) at the Company's request or reduced from time to time, in each case according to terms detailed in the Loan Agreement. There were no borrowings outstanding under the Company's revolving credit facilities as of March 29, 2008 or December 29, 2007. There were no borrowings outstanding during the first quarter of 2008 or 2007. Letters of credit, which may be issued under the revolving credit facility up to a maximum of $250 million, reduce available borrowing capacity under the revolving credit facility. Letters of credit issued under the revolving credit facility totaled $70.5 million as of March 29, 2008 and $85.5 million as of December 29, 2007. As of March 29, 2008, the maximum aggregate borrowing amount available under the revolving credit facility was $652.6 million and excess availability under the revolving credit facility totaled $582.1 million. The Loan Agreement allows the payment of dividends subject to availability restrictions and so long as no default has occurred. At March 29, 2008, the Company was in compliance with all covenants under the Loan Agreement. The Loan Agreement expires on July 12, 2012.

Borrowings under the revolving credit facility bear interest at rates based on either the prime rate or the London Interbank Offered Rate ("LIBOR"). Margins are applied to the applicable borrowing rates and letter of credit fees under the revolving credit facility depending on the level of average excess availability. Fees on letters of credit issued under the revolving credit facility were charged at a weighted average rate of 0.875% during the first quarter of 2008. The Company is also charged an unused line fee of 0.25% on the amount by which the maximum available credit exceeds the average daily outstanding borrowings and letters of credit.

As of March 29, 2008, Grupo OfficeMax, our 51% owned joint venture in Mexico, had short term borrowings of $16.3 million consisting of three loans with balances of $6.8 million, $4.8 million and $4.7 million, respectively. Two of these loans are promissory notes payable in the second quarter of 2008. The third loan is a simple revolving loan. As of December 29, 2007, Grupo OfficeMax had short term borrowings of $14.2 million consisting of three loans with balances of $4.6 million, $4.6 million and $5.0 million, respectively. Two of these loans were promissory notes that were refinanced in the first quarter of 2008. The third loan was a simple revolving loan. The financing for Grupo OfficeMax is unsecured with no recourse against the Company.

Timber Notes

In October 2004, the Company sold its timberlands as part of the Sale and received credit-enhanced timber installment notes receivable in the amount of $1,635 million. In December 2004, the Company completed a securitization transaction in which its interests in the timber installment notes receivable and related guarantees were transferred to wholly-owned bankruptcy remote subsidiaries that were designated to be qualifying special purpose entities (the "OMXQ's"). The OMXQ's pledged the timber installment notes receivable and related guarantees and issued securitization notes in the amount of $1,470 million. Recourse on the securitization notes is limited to the pledged timber installment notes receivable. The securitization notes are 15-year non-amortizing, and were issued in two equal $735 million tranches paying interest of 5.42% and 5.54%, respectively.

As a result of these transactions, OfficeMax received $1,470 million in cash from the OMXQ's, and over 15 years will earn approximately $82.5 million per year in interest income on the timber installment notes receivable and incur annual interest expense of approximately $80.5 million on the securitization notes. The pledged timber installment notes receivable and nonrecourse securitization notes will mature in 2020 and 2019, respectively. The securitization notes have an initial term that is approximately three months shorter than the installment notes. The Company expects to refinance its ownership of the installment notes in 2019 with a short-term secured borrowing to bridge the period from initial maturity of the securitization notes to the maturity of the installment notes.

The original entities issuing the credit enhanced timber installment notes are variable-interest entities (the "VIE's") under FASB Interpretation 46R, "Consolidation of Variable Interest Entities." The OMXQ's are considered to be the primary beneficiary, and therefore, the VIE's are required to be consolidated with the OMXQ's, which are also the issuers of the securitization notes. As a result, the accounts of the OMXQ's have been consolidated into those of their ultimate parent, OfficeMax. The effect of the Company's consolidation of the OMXQ's is that the securitization transaction is treated as a financing, and both the timber notes receivable and the securitization notes payable are reflected in the Consolidated Balance Sheets.

Note Agreements

In October 2003, the Company issued 6.50% senior notes due in 2010 and 7.00% senior notes due in 2013. At the time of issuance, the senior note indentures contained a number of restrictive covenants, substantially all of which have since been eliminated through the execution of supplemental indentures as described below. On November 5, 2004, the Company repurchased substantially all of the outstanding 6.50% senior notes and received the requisite consents to adopt amendments to the indenture pursuant to a tender offer for these securities. As a result, the Company and the trustee executed a supplemental indenture that eliminated substantially all of the restrictive covenants, certain events of default and related provisions, and replaced them with the covenants contained in the Company's other public debt. Those covenants include a limitation on mergers and similar transactions, a restriction on secured transactions involving Principal Properties, as defined, and a restriction on sale and leaseback transactions involving Principal Properties.

In December 2004, both Moody's Investors Service, Inc. and Standard & Poor's Rating Services upgraded the credit rating on the Company's 7.00% senior notes to investment grade as a result of actions the Company took to collateralize the notes by granting the note holders a security interest in certain investments maturing in 2008 (the "Pledged Instruments"). These Pledged Instruments are reflected as restricted investments in the Consolidated Balance Sheets. As a result of these ratings upgrades, the original 7.00% senior note covenants have been replaced with the covenants found in the Company's other public debt. The remaining Pledged Instruments continue to be subject to the security interest, and are reflected as restricted investments in the Consolidated Balance Sheets. Upon the maturity of the Pledged Instruments in the fourth quarter of 2008, the Company intends to reinvest the proceeds for a five year term.

Other

Cash payments for interest, net of interest capitalized, were $4.9 million and $9.4 million for the quarters ended March 29, 2008 and March 31, 2007, respectively.

14. Retirement and Benefit Plans

The following represents the components of net periodic pension and other postretirement benefit costs (income):

	Pension Benefits		Other Benefits	
	Quarter Ended		Quarter Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
	(thousands)			
Service cost	$ 533	$ 419	$ 73	$ 226
Interest cost	19,517	19,271	324	400
Expected return on plan assets	(22,520)	(22,254)	—	—
Recognized actuarial loss	2,949	5,055	65	129
Amortization of prior service costs and other	—	—	(1,002)	(893)
Net periodic benefit cost (income)	**$ 479**	**$ 2,491**	**$ (540)**	**$ (138)**

The minimum contribution requirement for 2008 is approximately $9.4 million, of which $0.9 million has been contributed as of March 29, 2008.

15. Segment Information

The Company manages its business using three reportable segments: OfficeMax, Contract; OfficeMax, Retail; and Corporate and Other. Management reviews the performance of the Company based on these segments.

OfficeMax, Contract distributes a broad line of items for the office, including office supplies and paper, technology products and solutions and office furniture. OfficeMax, Contract sells directly to large corporate and government offices, as well as small and medium-sized offices in the United States, Canada, Australia and New Zealand. This segment markets and sells through field salespeople, outbound telesales, catalogs, the Internet and in some markets, including Canada, Hawaii, Australia and New Zealand, through office products stores.

OfficeMax, Retail is a retail distributor of office supplies and paper, print and document services, technology products and solutions and office furniture. OfficeMax, Retail has operations in the United States, Puerto Rico and the U.S. Virgin Islands. OfficeMax, Retail office supply stores feature OfficeMax ImPress, an in-store module devoted to print-for-pay and related services. The retail segment also operates office supply stores in Mexico through a 51% owned joint venture.

Substantially all products sold by OfficeMax, Contract and OfficeMax, Retail are purchased from independent third-party manufacturers or industry wholesalers, except office papers. These segments purchase office papers primarily from the paper operations of Boise Cascade, L.L.C. under a 12-year paper supply contract. (see Note 17, Commitments and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 29, 2007 for additional information related to the paper supply contract).

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

Management evaluates the segments based on operating profits before interest expense, income taxes, minority interest, extraordinary items and cumulative effect of accounting changes. The income and expense related to certain assets and liabilities that are reported in the Corporate and Other segment have been allocated to the Contract and Retail segments. Certain expenses that management considers unusual or non-recurring are not allocated to the Contract and Retail segments.

An analysis of our operations by segment is as follows:

	Sales		Income Before Taxes and Minority Interest(a)	
	Quarter Ended		Quarter Ended	
	March 29, 2008	March 31, 2007	March 29, 2008	March 31, 2007
	(thousands)			
OfficeMax, Contract	$ 1,195,097	$ 1,264,495	$ 59,614	$ 59,876
OfficeMax, Retail	1,107,824	1,171,758	29,414	64,590
Corporate and Other	—	—	(10,410)	(14,371)
	$ 2,302,921	**$ 2,436,253**	78,618	110,095
Interest expense			(29,680)	(30,116)
Interest income and other			42,516	19,590
			$ 91,454	**$ 99,569**

(a) See Note 5, Other Operating (Income) Expense, Net and Note 6, Other Income (Expense), Net (Non-Operating) for an explanation of certain unusual items occurring during the first quarter of 2008.

16. Commitments and Guarantees

In addition to commitments for leases and long-term debt, and purchase obligations for goods and services and capital expenditures entered into in the normal course of business, the Company has various other commitments, guarantees and obligations that are described in Note 17, Commitments and Guarantees, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 29, 2007. Except as discussed below, at March 29, 2008, there had not been a material change to the information regarding commitments, guarantees and contractual obligations disclosed in the Company's Annual Report on Form 10-K for the year ended December 29, 2007.

In accordance with the terms of a joint-venture agreement between the Company and the minority owner of the Company's subsidiary in Mexico (Grupo OfficeMax), the Company can be required to purchase the minority owner's 49% interest in the subsidiary if certain earnings targets are achieved. At March 29, 2008, Grupo OfficeMax had met these earnings targets. The earnings targets are calculated quarterly on a rolling four-quarter basis. Accordingly, the targets can be achieved in one quarter but not in the next. If the earnings targets are achieved and the minority owner elects to put its ownership interest to the Company, the purchase price would be equal to fair value, calculated based on the subsidiary's earnings before interest, taxes and depreciation and amortization for the last four quarters, and the current market multiples for similar companies. The fair value purchase price at March 29, 2008 is estimated to be $50 million to $55 million.

17. Legal Proceedings and Contingencies

We are involved in 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 would not materially affect our financial position or results of operations. For information concerning legal proceedings, see "Item 3. Legal Proceedings" and Note 18, Legal Proceedings and Contingencies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 29, 2007. In addition, on March 26, 2008, the court entered an order dismissing the putative derivative action, Homstrom v Harad, et. al.

18. Share Based Payments

The Company sponsors several share-based compensation plans, which are described below. Compensation costs associated with these plans are accounted for in accordance with the provisions of SFAS No. 123R, "Share Based Payments." Compensation costs related to the Company's share-based plans were $1.6 million and $7.5 million for the first quarter of 2008 and 2007, respectively. Compensation expense is generally recognized on a straight-line basis over the vesting period of grants. The total income tax benefit recognized in the Consolidated Statements of Income for share-based compensation arrangements was $0.6 million and $2.9 million for the first quarter of 2008 and 2007, respectively.

2003 Director Stock Compensation Plan and OfficeMax Incentive and Performance Plan

In February 2003, the Company's Board of Directors adopted the 2003 Director Stock Compensation Plan (the "2003 DSCP") and the 2003 OfficeMax Incentive and Performance Plan (the "2003 Plan"), formerly named the 2003 Boise Incentive and Performance Plan, which were approved by shareholders in April 2003.

A total of 57,187 shares of common stock are reserved for issuance under the 2003 DSCP. Prior to December 8, 2005, the 2003 DSCP permitted non-employee directors to elect to receive some or all of their annual retainer and meeting fees in the form of options to purchase shares of the Company's common stock. Non-employee directors who elected to receive a portion of their compensation in the form of stock options did not receive cash for that portion of their compensation. The difference between the $2.50-per-share exercise price of the options and the market value of the common stock on the date of grant was equal to the cash compensation that participating directors elected to forego and was recognized as compensation expense in the Consolidated Statements of Income. On December 8, 2005, the Board of Directors amended the 2003 DSCP to require the exercise price of any options issued to be fair market value. On February 14, 2007, the Board of Directors amended the 2003 DSCP to eliminate the choice to receive stock options. All options granted under the 2003 DSCP expire three years after the holder ceases to be a director.

The 2003 Plan was effective January 1, 2003, and replaced the Key Executive Performance Plan for Executive Officers, Key Executive Performance Plan for Key Executives/Key Managers, 1984 Key Executive Stock Option Plan ("KESOP"), Key Executive Performance Unit Plan ("KEPUP") and Director Stock Option Plan ("DSOP"). No grants or awards have been made under the Key Executive Performance Plans, KESOP, KEPUP, or DSOP since 2003 and no future grants or awards will be made under these plans. A total of 4,417,544 shares of common stock are reserved for issuance under the 2003 Plan. The Company's executive officers, key employees and nonemployee directors are eligible to receive awards under the 2003 Plan at the discretion of the Executive Compensation Committee of the Board of Directors. Eight types of awards may be granted under the 2003 Plan, including stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, annual incentive awards and stock bonus awards.

Restricted Stock and Restricted Stock Units

In the first quarter of 2008, the Company granted to employees 1,155,670 restricted stock units ("RSUs"). The weighted-average grant-date fair value of the RSUs was $23.73. As of March 29, 2008, 1,131,450 of these RSUs remained outstanding which vest after defined service periods as follows: 277,480 in 2010 and 853,970 in 2011. Nearly half of the RSUs granted in 2008 also require certain performance criteria to be met. The remaining compensation expense to be recognized related to this grant, net of estimated forfeitures, is $11.5 million.

In 2007, the Company granted to employees and non-employee directors 786,282 RSUs. The weighted-average grant-date fair value of the RSUs was $50.09. As of March 29, 2008, 651,347 of these RSUs remained outstanding which vest after defined service periods as follows: 42,434 units in 2008, 304,457 in 2009 and 304,456 in 2010. Nearly all of the RSUs granted to employees in 2007 also require certain performance criteria to be met. The remaining compensation expense to be recognized related to these grants, net of estimated forfeitures, is $5.3 million.

In 2006, the Company granted to employees and non-employee directors 1,621,235 RSUs. The weighted-average grant-date fair value of the RSUs was $27.36. As of March 29, 2008, 575,019 of these RSUs remained outstanding all of which vest after defined service periods in 2009. All of the RSUs granted to employees in 2006 also require certain performance criteria to be met. The remaining compensation expense to be recognized related to these grants, net of estimated forfeitures, is $4.6 million.

In 2005, the Company granted to employees and non-employee directors 728,123 RSUs. The weighted-average grant-date fair value of the RSUs was $33.15. As of March 29, 2008, 51,900 of these RSUs remained outstanding, which vest after defined service periods as follows: 45,900 units in 2008 and 3,000 units in both 2009 and 2010. The remaining compensation expense to be recognized related to these grants, net of estimated forfeitures, is $0.2 million.

In 2004, the Company granted 14,765 shares of restricted stock to non-employee directors. The restricted stock granted to directors vests six months from their termination or retirement from board service, and 7,170 of these restricted stock shares remain outstanding at March 29, 2008.

Restricted stock shares are restricted until they vest and cannot be sold by the recipient until the restriction has lapsed. RSUs are convertible into one common share after the restriction has lapsed. No entries are made in the financial statements on the grant date of restricted stock and RSU awards. The Company recognizes compensation expense related to these awards over the vesting periods based on the closing prices of the Company's common stock on the grant dates. If these awards contain performance criteria, management periodically reviews actual performance against the criteria and adjusts compensation expense accordingly. For the first quarter of 2008 and 2007, the Company recognized $1.5 million and $7.4 million, respectively, of pretax compensation expense and additional paid-in capital related to restricted stock and RSU awards.

Restricted shares and RSUs are not included as shares outstanding in the calculation of basic earnings per share, but are included in the number of shares used to calculate diluted earnings per share as long as all applicable performance criteria are met, and their effect is dilutive. When the restriction lapses on restricted stock, the par value of the stock is reclassified from additional paid-in-capital to common stock. When the restriction lapses on RSUs, the units are converted to unrestricted common shares and the par value of the stock is reclassified from additional paid-in-capital to common stock. Unrestricted shares are included in shares outstanding for purposes of calculating both basic and diluted earnings per share. Depending on the terms of the applicable grant agreement, restricted stock and RSUs may be eligible to receive all dividends declared on the Company's common shares during the vesting period; however, such dividends are not paid until the restrictions lapse.

Stock Units

The Company has a shareholder approved deferred compensation program for certain of its executive officers that allows them to defer a portion of their cash compensation. Previously, these officers could allocate their deferrals to a stock unit account. Each stock unit was equal in value to one share of the Company's common stock. The Company matched deferrals used to purchase stock units with a 25% Company allocation of stock units. The value of deferred stock unit accounts is paid in shares of the Company's common stock when an officer retires or terminates employment. There were 8,522 and 9,377 stock units allocated to the accounts of these executive officers at March 29, 2008 and December 29, 2007, respectively. As a result of an amendment to the plan, no additional deferrals can be allocated to the stock unit accounts.

Stock Options

In addition to the 2003 DSCP and the 2003 Plan discussed above, the Company has the following shareholder-approved stock option plans: the Key Executive Stock Option Plan ("KESOP"), the Director Stock Option Plan ("DSOP") and the Director Stock Compensation Plan ("DSCP"). No further grants will be made under the KESOP, DSOP or DSCP.

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

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

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

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

A summary of stock option activity for the quarters ended March 29, 2008 and March 31, 2007 is presented in the table below:

	2008		2007	
	Shares	**Weighted Avg. Exercise Price**	**Shares**	**Weighted Avg. Exercise Price**
Balance at beginning of period	1,596,295	$ 31.84	1,753,188	$ 31.81
Options granted	—	—	—	—
Options exercised	—	—	(124,532)	31.94
Options forfeited and expired	(3,100)	35.60	—	—
Balance at end of period	1,593,195	$ 31.83	1,628,656	$ 31.80
Exercisable at end of period	1,410,129		1,401,191	

The following table provides summarized information about stock options outstanding at March 29, 2008:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding	Weighted Average Contractual Life (Years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$2.50	11,171	—	$ 2.50	11,171	$ 2.50
$18.00 - $28.00	569,664	2.4	27.65	569,664	27.65
$28.01 - $39.00	1,012,360	3.9	34.50	829,294	35.00

The remaining compensation expense to be recognized related to outstanding stock options, net of estimated forfeitures, is $0.5 million. At March 29, 2008, the aggregate intrinsic value was approximately $0.2 million for outstanding stock options and exercisable stock options. The aggregate intrinsic value represents the total pre-tax intrinsic value (i.e. the difference between the Company's closing stock price on the last trading day of the first quarter of 2008 and the exercise price, multiplied by the number of in-the-money options at the end of the quarter).

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

Summary

The following discussion contains statements about our future financial performance. These statements are only predictions. Our actual results may differ materially from these predictions. In evaluating these statements, you should review Part II, Item 1A, "Risk Factors" of this Form 10-Q, including "Cautionary and Forward-Looking Statements."

Financial Performance

Sales for the first quarter of 2008 decreased 5.5% to $2,302.9 million from $2,436.3 million in the first quarter of 2007. Gross profit margin decreased by 0.1% of sales to 25.5% of sales for the first quarter of 2008 compared to 25.6% of sales for the first quarter of 2007. Net income for the first quarter of 2008 was $63.3 million, or $0.81 per diluted share compared to $58.5 million, or $0.76 per diluted share in the same period last year.

Our results for the first quarter of 2008 and 2007 include several items which we do not consider to be indicative of our core operating activities, herein referred to as unusual items. These items include:

- During the first quarter of 2008, we recorded $20.5 million of pre-tax income related to a distribution received from affiliates of Boise Cascade, L.L.C. We receive distributions from Boise Cascade, L.L.C. for the income tax liability associated with allocated earnings of Boise Cascade, L.L.C. The distribution received was primarily related to the income tax liability associated with the allocated gain on the sale by Boise Cascade, L.L.C. of a majority interest in its paper and packaging and newsprint businesses during the first quarter of 2008. This income was included in other income (expense), net (non-operating) in the Consolidated Statements of Income, and resulted in an increase in after-tax income of $12.5 million, or $0.16 per diluted share.

- Also during the first quarter of 2008, we recorded pre-tax charges of $2.4 million related to the consolidation of the Contract segment's manufacturing facilities in New Zealand, and $1.8 million related to employee severance costs for reorganization of the Retail field and ImPress print and document services management organization. These charges were included in other operating (income) expense, net in the Consolidated Statements of Income. The cumulative effect of these two items was a reduction in after-tax income of $2.7 million, or $0.03 per diluted share.

- Results for the first quarter of 2007 included a $1.1 million loss, net of tax, from the sale of OfficeMax, Contract's operations in Mexico to Grupo OfficeMax, our 51% owned joint venture. This loss is reported in minority interest, net of income tax in the Consolidated Statements of Income and caused a reduction in after-tax income of $1.1 million, or $0.01 per diluted share. Grupo OfficeMax's results of operations are included in our consolidated results of operations.

Results of Operations, Consolidated
($ in millions, except per share amounts)

	Quarter Ended	
	March 29, 2008	**March 31, 2007**
Sales	$ 2,302.9	$ 2,436.3
Income before income taxes and minority interest	$ 91.5	$ 99.6
Net income	$ 63.3	$ 58.5
Diluted income per common share	$ 0.81	$ 0.76

	(percentage of sales)	
Gross profit margin	25.5%	25.6%
Operating and selling expenses	18.4%	17.3%
General and administrative expenses	3.6%	3.9%
Other operating (income) expense, net	0.1%	(0.1)%
Operating profit margin	3.4%	4.5%

Sales for the first quarter of 2008 decreased 5.5% to $2,302.9 million from $2,436.3 million for the first quarter of 2007. The year-over-year sales decrease reflects a 7.1% decrease in same-store sales related primarily to the weaker domestic economic environment and to our more disciplined, analysis-driven approach to sales generation and retention.

Gross profit margin decreased by 0.1% of sales to 25.5% of sales for the first quarter of 2008 compared to 25.6% of sales for the first quarter of 2007. The gross profit margin decrease reflects lower gross margins in our Retail segment partially offset by improved gross margins in our Contract segment. For more information about our segment results, see the discussion of segment results below.

Operating and selling expenses increased by 1.1% of sales to 18.4% of sales in the first quarter of 2008 from 17.3% of sales a year earlier. The increase in operating and selling expenses as a percent of sales was primarily the result of deleveraging fixed costs due to lower sales.

General and administrative expenses were 3.6% of sales for the first quarter of 2008 and 3.9% of sales for the first quarter of 2007. The year-over-year decrease in general and administrative expenses as a percentage of sales was due primarily to decreased incentive compensation expense and lower legacy costs.

Other operating (income) expense, net for the first quarter of 2008 was an expense of $2.6 million compared to income of $1.6 million in 2007. The first quarter of 2008 included an unusual charge of $2.4 million related to the consolidation of the Contract segment's manufacturing facilities in New Zealand, and an unusual charge of $1.8 million related to employee severance costs for reorganization of the Retail field and ImPress print and document services management organization. For more information about our segment results, see the discussion of segment results below. Other operating (income) expense, net also included dividends earned on our investment in affiliates of Boise Cascade, L.L.C., which were $1.6 million for the first quarter of 2008 and 2007.

Interest expense was $29.7 million in the first quarter of 2008 compared to $30.1 million for the prior year. The year-over-year decrease in interest expense was a result of lower average borrowings and lower interest rates. Interest expense includes interest related to the timber securitization notes of approximately $20.1 million for the first quarter of 2008 and 2007. The interest expense associated with the timber securitization notes is offset by interest income earned on the timber notes receivable of approximately $20.6 million for the first quarter of 2008 and 2007. The interest income on the timber notes receivable is included in interest income and is not netted against the related interest expense in our Consolidated Statements of Income. Excluding the interest income earned on the timber notes receivable, interest income was $1.2 million and $2.4 million for the quarters ended March 29, 2008 and March 31, 2007, respectively.

Other income (expense), net (non-operating) was $20.6 million of income for the first quarter of 2008 compared to expense of $3.4 million in 2007. The income in 2008 was driven by a $20.5 million unusual item related to a distribution received from affiliates of Boise Cascade, L.L.C. for the income tax liability associated with the allocated gain on the sale by Boise Cascade, L.L.C. of a majority interest in its paper and packaging and newsprint businesses during the first quarter of 2008. The first quarter of 2007 included a $2.1 million distribution from affiliates of Boise Cascade, L.L.C. for the income tax liability associated with allocated income from Boise Cascade, L.L.C.

Our effective tax rate for the first quarter of 2008 was 29.8% compared to 39.0% for the comparable period of 2007. Income taxes for both periods were affected by the impact of state income taxes, non-deductible expenses and the mix of domestic and foreign sources of income. In addition, in the first quarter of 2008, we closed a federal income tax audit through the 2005 tax year. As a result, we were able to recognize $8.7 million in previously unrecognized tax benefits which impacted our effective tax rate for the quarter.

Minority interest, net of income tax was $0.9 million in the first quarter of 2008 compared to $2.2 million in the first quarter of 2007. The 2007 results included a $1.1 million unusual loss, net of tax, from the sale of OfficeMax, Contract's operations in Mexico to Grupo OfficeMax, our 51% owned joint venture in Mexico.

Net income for the first quarter of 2008 was $63.3 million, or $0.81 per diluted share compared to $58.5 million, or $0.76 per diluted share for the first quarter of 2007. The cumulative effect of unusual items recognized in the first quarter of 2008 was an increase in net income of $9.8 million or $0.13 per diluted share. The unusual item recognized in the first quarter of 2007 reduced net income by $1.1 million, or $0.01 per diluted share.

OfficeMax, Contract
($ in millions)

	Quarter Ended	
	March 29, 2008	March 31, 2007
Sales	$ 1,195.1	$ 1,264.5
Segment income	$ 59.6	$ 59.9
Sales by Product Line		
Office supplies and paper	$ 690.9	$ 712.0
Technology products	$ 367.3	$ 408.9
Office furniture	$ 136.9	$ 143.6
Sales by Geography		
United States	$ 826.4	$ 943.0
International	$ 368.7	$ 321.5
Sales growth	(5.5)%	2.7%
Same-location sales growth	(5.6)%	2.7%
	(percentage of sales)	
Gross profit margin	22.7%	22.1%
Operating expenses	17.7%	17.4%
Operating profit margin	5.0%	4.7%

For the first quarter of 2008, Contract segment sales decreased 5.5% to $1,195.1 from $1,264.5 million for the first quarter of 2007, reflecting a U.S. sales decline of 12.4%, partially offset by International Contract operations' sales growth of 14.7% in U.S. dollars (a sales decrease of 0.9% in local currencies). U.S. sales declined compared to the prior year period primarily due to our increased discipline in account acquisition and retention, weaker U.S. business spending that impacted sales from existing customer accounts, and lower sales from small market customers.

Contract segment gross profit margin increased by 0.6% of sales to 22.7% of sales in the first quarter of 2008 compared to 22.1% of sales in the first quarter of 2007. The increase in gross profit margin was primarily due to increased discipline in account acquisition and retention.

Operating expenses for the Contract segment increased by 0.3% of sales to 17.7% of sales for the first quarter of 2008, compared to 17.4% of sales for the first quarter of 2007. During the first quarter of 2008, Contract segment operating expense included a $2.4 million unusual item, which represented 0.2% of sales, related to the consolidation of manufacturing facilities in New Zealand. The remaining operating expense increase was primarily due to deleveraging of fixed expenses from lower sales, mostly offset by targeted cost controls and reduced incentive compensation expense.

Contract segment income decreased to $59.6 million, however, operating income margin increased to 5.0% of sales in the first quarter of 2008, from operating income of $59.9 million, or 4.7% of sales, in the first quarter of 2007.

OfficeMax, Retail
($ in millions)

	Quarter Ended	
	March 29, 2008	**March 31, 2007**
Sales	$ 1,107.8	$ 1,171.8
Segment income	$ 29.4	$ 64.6
Sales by Product Line		
Office supplies and paper	$ 420.7	$ 423.7
Technology products	$ 582.1	$ 629.1
Office furniture	$ 105.0	$ 119.0
Sales by Geography		
United States	$ 1,038.9	$ 1,113.7
International	$ 68.9	$ 58.1
Sales growth	(5.5)%	(1.8)%
Same-location sales growth	(8.7)%	0.5%
	(percentage of sales)	
Gross profit margin	28.5%	29.3%
Operating expenses	25.8%	23.8%
Operating profit margin	2.7%	5.5%

Retail segment sales decreased 5.5% to $1,107.8 million for the first quarter of 2008 from $1,171.8 for the first quarter of 2007, reflecting a same-store sales decrease of 8.7%, partially offset by sales from new stores. Retail same-store sales for the first quarter of 2008 declined across all major product categories primarily due to weaker U.S. consumer and small business spending and the negative impact of the Easter holiday occurring in the first quarter of 2008. During the first quarter of 2008, we opened six new retail stores in the U.S. ending the period with 914 retail stores. Grupo OfficeMax, our majority owned joint venture in Mexico, opened six new stores during the first quarter of 2008 ending the period with 74 retail stores.

Retail segment gross profit margin decreased by 0.8% of sales to 28.5% of sales for the first quarter of 2008 compared to 29.3% of sales in the first quarter of 2007, primarily due to deleveraging of fixed occupancy-related costs, partially offset by a sales mix shift to an increased percentage of higher-margin core office supplies category sales.

Retail segment operating expenses increased by 2.0% of sales to 25.8% of sales for the first quarter of 2008 compared to 23.8% of sales for the first quarter of 2007. First quarter of 2008 Retail segment operating expense included a $1.8 million unusual item, which represented 0.2% of sales, related to employee severance costs for reorganization of the Retail field and ImPress print and document services management organization. The remaining operating expense increase was primarily due to deleveraging of expenses from the same-store sales decrease and new stores, partially offset by reduced incentive compensation expense.

Retail segment operating income decreased to $29.4 million, or 2.7% of sales in the first quarter of 2008, compared to $64.6 million, or 5.5% of sales, in the first quarter of 2007.

Corporate and Other

Corporate and Other expenses decreased to $10.4 million in the first quarter of 2008 from $14.4 million in the first quarter of 2007, due primarily to lower incentive compensation expense and reduced legacy-related costs.

Integration Activities and Facility Closures

The Company conducts regular reviews of its real estate portfolio to identify underperforming facilities, and closes those facilities that are no longer strategically or economically viable. The Company records a liability for the cost associated with a facility closure at its fair value in the period in which the liability is incurred. At March 29, 2008, $18.3 million of the reserve for integration and facility closures was included in accrued expenses and other liabilities, and $51.7 million was included in other long-term obligations in the Consolidated Balance Sheets. The integration and facility closure reserve included $67.0 million for estimated future lease obligations, which represents the estimated net present value of the lease obligations and is net of anticipated sublease income of approximately $68.3 million.

Integration and facility closure reserve account activity during the first quarter of 2008 and 2007, was as follows:

	Lease\ Contract Terminations	Severance\ Retention	Other	Total
		(Thousands)		
Balance at December 29, 2007	$ 73,231	$ 2,414	$ 1,417	$ 77,062
Changes to estimated costs included in income	478	—	—	478
Cash payments	(7,462)	(418)	(449)	(8,329)
Accretion	755	—	—	755
Balance at March 29, 2008	$ 67,002	$ 1,996	$ 968	$ 69,966

	Lease\ Contract Terminations	Severance\ Retention	Other	Total
		(Thousands)		
Balance at December 30, 2006	$ 107,824	$ 10,838	$ 3,142	$ 121,804
Changes to estimated costs included in income	—	—	—	—
Cash payments	(15,125)	(3,019)	(351)	(18,495)
Accretion	1,044	—	—	1,044
Balance at March 31, 2007	$ 93,743	$ 7,819	$ 2,791	$ 104,353

Liquidity and Capital Resources

As of March 29, 2008, we had $211.4 million of cash and cash equivalents and $368.3 million of short-term and long-term debt, excluding the $1.5 billion of timber securitization notes. We also had $22.4 million of restricted investments on deposit which are pledged to secure a portion of the outstanding debt. As of December 29, 2007, we had $152.6 million of cash and cash equivalents, $398.4 million of short-term and long-term debt, excluding the $1.5 billion of timber securitization notes, and $22.4 million of restricted investments. During the first quarter of 2008 we decreased our net debt (total debt excluding the timber securitization notes less cash and restricted investments) by $88.9 million.

Our ratio of current assets to current liabilities was 1.68:1 at March 29, 2008 compared with a ratio of 1.61:1 at December 29, 2007.

Our primary ongoing cash requirements relate to working capital, expenditures for property and equipment, lease obligations and debt service. We expect to fund these requirements through a combination of cash flow from operations and seasonal borrowings under our revolving credit facility. The sections that follow discuss in more detail our operating, investing, and financing activities, as well as our financing arrangements.

Operating Activities

OfficeMax's operating activities generated $142.4 million of cash during the first quarter of 2008, while using $80.9 million of cash during the first quarter of 2007. For the first quarter of 2008, items in net income provided $100.2 million of cash and included $23.0 million of distributions received from affiliates of Boise Cascade, L.L.C. Changes in working capital in the first quarter of 2008 provided $42.2 million in cash primarily due to reduced receivables and inventories resulting from the decreased sales and improved inventory purchasing, planning and fulfillment, which were partially offset by reduced accounts payable. In the first quarter of 2007, items in net income provided $101.5 million of cash, and changes in working capital used $182.4 million of cash, primarily due to a reduction in accounts payable and included $2.8 million related to distributions received from affiliates of Boise Cascade, L.L.C.

Investment Activities

Our investing activities used $33.0 million of cash during the first quarter of 2008, compared to $28.1 million during the first quarter of 2007. Investment activities during the first quarter of 2008 consisted of expenditures for property and equipment. We expect our capital investments in 2008 to total between $200 and $220 million, excluding acquisitions. Our capital spending in 2008 is expected to be for leasehold improvements, new stores, remodeling projects, quality and efficiency projects, replacement projects and integration projects. In 2008, we expect to open up to 40 new domestic stores, mostly in existing markets, and to remodel approximately 60 domestic stores.

Financing Activities

Our financing activities used $50.3 million of cash during the first quarter of 2008, compared with $33.9 million during the first quarter of 2007. Dividend payments totaled $11.5 million and $11.2 million during the first quarter of 2008 and 2007, respectively. In both years, our quarterly dividend was 15 cents per common share. During the first quarter of 2008, we used $30.5 million of cash to reduce debt as compared to $25.7 million for the same period in 2007. Excluding the timber securitization notes, our debt-to-equity ratio was 0.16:1 at March 29, 2008 and 0.17:1 at December 29, 2007.

Our debt structure consists of credit agreements, note agreements and other borrowings. Information regarding our debt structure is included below. For additional information, see Note 12, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of our Annual Report on Form 10-K for the year ended December 29, 2007.

Credit Agreements

On July 12, 2007, we entered into an Amended and Restated Loan and Security Agreement (the "Loan Agreement") with a group of banks. The Loan Agreement amended our existing revolving credit facility and replaced our accounts receivable securitization program. The Loan Agreement permits us to borrow up to a maximum of $700 million subject to a borrowing base calculation that limits availability to a percentage of eligible accounts receivable plus a percentage of the value of eligible inventory less certain reserves. The revolving credit facility may be increased (up to a maximum of $800 million) at our request or reduced from time to time, in each case according to terms detailed in the Loan Agreement. There were no borrowings outstanding under our revolving credit facilities as of March 29, 2008 or December 29, 2007. There were no borrowings outstanding during the first quarter of 2008 or 2007. Letters of credit, which may be issued under the revolving credit facility up to a maximum of $250 million, reduce available borrowing capacity under the revolving credit facility. Letters of credit issued under the revolving credit facility totaled $70.5 million as of March 29, 2008 and $85.5 million as of December 29, 2007. As of March 29, 2008, the maximum aggregate borrowing amount available under the revolving credit facility was $652.6 million and excess availability under the revolving credit facility totaled $582.1 million. The Loan Agreement allows the payment of dividends subject to availability restrictions and so long as no default has occurred. At March 29, 2008, we were in compliance with all covenants under the Loan Agreement. The Loan Agreement expires on July 12, 2012.

Borrowings under the revolving credit facility bear interest at rates based on either the prime rate or the London Interbank Offered Rate ("LIBOR"). Margins are applied to the applicable borrowing rates and letter of credit fees under the revolving credit facility depending on the level of average excess availability. Fees on letters of credit issued under the revolving credit facility were charged at a weighted average rate of 0.875% during the first quarter of 2008. We are charged an unused line fee of 0.25% on the amount by which the maximum available credit exceeds the average daily outstanding borrowings and letters of credit.

As of March 29, 2008, Grupo OfficeMax, our 51%-owned joint venture in Mexico, had short term borrowings of $16.3 million consisting of three loans with balances of $6.8 million, $4.8 million and $4.7 million, respectively. Two of these loans are promissory notes payable during the second quarter of 2008. The third loan is a simple revolving loan. As of December 29, 2007, Grupo OfficeMax had short term borrowings of $14.2 million consisting of three loans with balances of $4.6 million, $4.6 million and $5.0 million, respectively. Two of these loans were promissory notes that were refinanced in the first quarter of 2008. The third loan was a simple revolving loan. The financing for Grupo OfficeMax is unsecured with no recourse against the Company.

Timber Notes

In October 2004, we sold our timberlands as part of the Sale and received credit-enhanced timber installment notes receivable in the amount of $1,635 million. In December 2004, we completed a securitization transaction in which our interests in the timber installment notes receivable and related guarantees were transferred to wholly-owned bankruptcy remote subsidiaries that were designated to be qualifying special purpose entities (the "OMXQ's"). The OMXQ's pledged the timber installment notes receivable and related guarantees and issued securitization notes in the amount of $1,470 million. Recourse on the securitization notes is limited to the pledged timber installment notes receivable. The securitization notes are 15-year non-amortizing, and were issued in two equal $735 million tranches paying interest of 5.42% and 5.54%, respectively.

As a result of these transactions, we received $1,470 million in cash from the OMXQ's, and over 15 years will earn approximately $82.5 million per year in interest income on the timber installment notes receivable and incur annual interest expense of approximately $80.5 million on the securitization notes. The pledged timber installment notes receivable and nonrecourse securitization notes will mature in 2020 and 2019, respectively. The securitization notes have an initial term that is approximately three months shorter than the installment notes. We expect to refinance our ownership of the installment notes in 2019 with a short-term secured borrowing to bridge the period from initial maturity of the securitization notes to the maturity of the installment notes.

The original entities issuing the credit enhanced timber installment notes are variable-interest entities (the "VIE's") under FASB Interpretation 46R, "Consolidation of Variable Interest Entities." The OMXQ's are considered to be the primary beneficiary, and therefore, the VIE's are required to be consolidated with the OMXQ's, which are also the issuers of the securitization notes. As a result, the accounts of the OMXQ's have been consolidated into those of their ultimate parent, OfficeMax. The effect of our consolidation of the OMXQ's is that the securitization transaction is treated as a financing, and both the timber notes receivable and the securitization notes payable are reflected in the Consolidated Balance Sheets.

Note Agreements

In October 2003, we issued 6.50% senior notes due in 2010 and 7.00% senior notes due in 2013. At the time of issuance, the senior note indentures contained a number of restrictive covenants, substantially all of which have since been eliminated through the execution of supplemental indentures as described below. On November 5, 2004, we repurchased substantially all of the outstanding 6.50% senior notes and received the requisite consents to adopt amendments to the indenture pursuant to a tender offer for these securities. As a result, we and the trustee executed a supplemental indenture that eliminated substantially all of the restrictive covenants, certain events of default and related provisions, and replaced them with the covenants contained in our other public debt. Those covenants include a limitation on mergers and similar transactions, a restriction on secured transactions involving Principal Properties, as defined, and a restriction on sale and leaseback transactions involving Principal Properties.

In December 2004, both Moody's Investors Service, Inc. and Standard & Poor's Rating Services upgraded the credit rating on our 7.00% senior notes to investment grade as a result of actions we took to collateralize the notes by granting the note holders a security interest in certain investments maturing in 2008 (the "Pledged Instruments"). These Pledged Instruments are reflected as restricted investments in the Consolidated Balance Sheets. As a result of these ratings upgrades, the original 7.00% senior note covenants have been replaced with the covenants found in our other public debt. The remaining Pledged Instruments continue to be subject to the security interest, and are reflected as restricted investments in the Consolidated Balance Sheets. Upon the maturity of the Pledged Instruments in 2008, we intend to reinvest the proceeds for a five year term.

Other

Cash payments for interest, net of interest capitalized and including interest payments related to the timber securitization notes, were $4.9 million and $9.4 million for the quarters ended March 29, 2008 and March 31, 2007, respectively.

Contractual Obligations

For information regarding contractual obligations, see the caption "Contractual Obligations" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 29, 2007. In the first quarter of 2007, we adopted Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of Financial Accounting Standards Board (FASB) Statement No. 109", see Note 7, Income Taxes, of "Notes to Quarterly Consolidated Financial Statements (Unaudited)" in this Form 10-Q. As of March 29, 2008, we had approximately $18.7 million of total gross unrecognized tax benefits.

In accordance with the terms of a joint-venture agreement between the Company and the minority owner of the Company's subsidiary in Mexico (Grupo OfficeMax), the Company can be required to purchase the minority owner's 49% interest in the subsidiary if certain earnings targets are achieved. At March 29, 2008, Grupo OfficeMax had met these earnings targets. The earnings targets are calculated quarterly on a rolling four-quarter basis. Accordingly, the targets can be achieved in one quarter but not in the next. If the earnings targets are achieved and the minority owner elects to put its ownership interest to the Company, the purchase price would be equal to fair value, calculated based on the subsidiary's earnings before interest, taxes and depreciation and amortization for the last four quarters, and the current market multiples for similar companies. The fair value purchase price at March 29, 2008 is estimated to be $50 million to $55 million.

Off-Balance-Sheet Activities and Guarantees

Prior to July 2007, we sold, on a revolving basis, an undivided interest in a defined pool of receivables while retaining a subordinated interest in a portion of the receivables. The receivables were sold without legal recourse to third party conduits through a wholly owned bankruptcy-remote special purpose entity that was consolidated for financial reporting purposes. We continued servicing the sold receivables and charged the third party conduits a monthly servicing fee at market rates. The program qualified for sale treatment under FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities."

On July 12, 2007, we entered into a new loan agreement (See Note 12, Debt, of the notes to Consolidated Financial Statements in "Item 8, Financial Statements and Supplementary Data" in our Annual Report on Form 10-K for the year ended December 29, 2007.) The new loan agreement amended our existing revolving credit facility and replaced our accounts receivable securitization program. The transferred accounts receivable under the accounts receivable securitization program at that date were refinanced with borrowings under the new loan agreement and excess cash. We no longer sell any of our accounts receivable.

For information regarding off-balance-sheet activities and guarantees, see Note 9, Sales of Accounts Receivable, of "Notes to Quarterly Consolidated Financial Statements (Unaudited)" in this Form 10-Q and the caption "Off-Balance-Sheet Activities and Guarantees" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 29, 2007. Except as discussed below, at March 29, 2008, there had not been a material change to the information regarding off-balance-sheet-activities and guarantees disclosed in our Annual Report on Form 10-K for the year ended December 29, 2007.

Inflationary and Seasonal Influences

We believe that neither inflation nor deflation has had a material effect on our financial condition or results of operations; however, there can be no assurance that we will not be affected by inflation or deflation in the future.

Our business is seasonal, with OfficeMax, Retail showing a more pronounced seasonal trend than OfficeMax, Contract. Sales in the second quarter and summer months are historically the slowest of the year. Sales are stronger during the first, third and fourth quarters that include the important new-year office supply restocking month of January, the back-to-school period and the holiday selling season, respectively.

Environmental

For information regarding environmental issues, see the caption "Environmental" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 29, 2007.

Critical Accounting Estimates

For information regarding critical accounting estimates, see the caption "Critical Accounting Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 29, 2007.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding market risk see the caption "Disclosures of Financial Market Risk" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 29, 2007. At March 29, 2008, there had not been a material change to the information regarding market risk disclosed in the Company's Annual Report on Form 10-K for the year ended December 29, 2007.

ITEM 4. CONTROLS AND PROCEDURES

(a) *Disclosure Controls and Procedures*

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on that evaluation, these officers have concluded that the Company's disclosure controls and procedures are effective for the purpose of ensuring that material information required to be included in this quarterly report is made known to them by others on a timely basis and that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) *Changes in Internal Controls over Financial Reporting*

There was no change in the Company's internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act, during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are involved in 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 would not materially affect our financial position or results of operations. For information concerning legal proceedings, see "Item 3. Legal Proceedings" and Note 18, Legal Proceedings and Contingencies, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in the Company's Annual Report on Form 10-K for the year ended December 29, 2007. In addition, on March 26, 2008, the court entered an order dismissing the putative derivative action, Homstrom v Harad, et. al.

ITEM 1A. RISK FACTORS

Cautionary and Forward-Looking Statements

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

Intense competition in our markets could harm our ability to maintain profitability. Domestic and international office products markets are highly and increasingly competitive. Customers have many options when purchasing office supplies and paper, print and document services, technology products and solutions and office furniture. We compete with worldwide contract stationers, office supply superstores, mass merchandisers, wholesale clubs, computer and electronics superstores, Internet merchandisers, direct-mail distributors, discount retailers, drugstores, supermarkets and thousands of local and regional contract stationers. In addition, an increasing number of manufacturers of computer hardware, software and peripherals, including some of our suppliers, have expanded their own direct marketing efforts. The other large office supply superstores have increased their presence in close proximity to our stores in recent years and are expected to continue to do so in the future. In addition, many of our competitors have expanded their office products assortment, and we expect they will continue to do so. In recent years, two package delivery companies have established retail stores that compete directly with us for copy, printing, packaging and shipping business, and offer a limited assortment of office products and services similar to the ones we offer. We anticipate increasing competition from our two domestic office supply superstore competitors and various other competitors, including the two package delivery companies, for print-for-pay and related services. Print and documents services, or print-for-pay, and related services have historically been a key point of difference for OfficeMax stores and are expected to become an increasingly more important part of our future strategies. Any or all of our competitors may become even more aggressive in the future. Increased competition in the office products markets, together with increased advertising, has heightened price awareness among end-users. Such heightened price awareness has led to margin pressure on office products and impacted the results of both our Retail and Contract segments. In addition to price, competition is also based on customer service, the quality and breadth of product selection, and convenient locations. Some of our competitors are larger than us and have greater financial resources, which affords them greater purchasing power, increased financial flexibility and more capital resources for expansion and improvement, which may enable them to compete more effectively than we can.

We may be unable to open and remodel stores successfully. Our business plans include the opening and remodeling of a significant number of retail stores. For these plans to be successful, we must identify and lease favorable store sites, develop remodeling plans, hire and train associates and adapt management and systems to meet the needs of these operations. These tasks are difficult to manage successfully. If we are not able to open and remodel stores as quickly as we have planned, our future financial performance could be materially and adversely affected. Further, we cannot ensure that the new or remodeled stores will achieve the sales or profit levels that we anticipate. This is particularly true as we introduce different store designs, formats and sizes or enter into new market areas. In particular, the "Advantage" prototype store format we intend to utilize for new and remodeled stores was new in 2006 and there can be no assurance as to whether or to what extent that format will be successful.

Economic conditions directly influence our operating results. Economic conditions, both domestically and abroad, directly influence our operating results. Current and future economic conditions, including the level of unemployment, energy costs, inflation, availability of credit, and the financial condition and growth prospects of our customers may adversely affect our business and the results of our operations.

Our expanding international operations expose us to the unique risks inherent in foreign operations. During 2007, we expanded our operations in international markets, and we may also seek to expand further into other international markets. Our foreign operations encounter risks similar to those faced by our U.S. operations, as well as risks inherent in foreign operations, such as local customs and regulatory constraints, foreign trade policies, competitive conditions, foreign currency fluctuations and unstable political and economic conditions.

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

We may be unable to attract and retain qualified associates. We attempt to attract and retain an appropriate level of personnel in both field operations and corporate functions. As a retailer, we face the challenge of filling many positions at lower wage scales which are appropriate for our industry and in light of competitive factors. As a result, we face many external risks and internal factors in meeting our labor needs, including competition for qualified personnel, overall unemployment levels, prevailing wage rates, as well as rising employee benefit costs, including insurance costs and compensation programs. Changes in any of these factors, including especially a shortage of available workforce in the areas in which we operate, could interfere with our ability to adequately provide services to customers and result in increasing our labor costs, which could have an adverse effect on our business and results of our operations.

Our expanded offering of proprietary branded products may not improve our financial performance and may expose us to product liability claims. Our product offering includes many proprietary branded products. While we have focused on the quality of our proprietary branded products, we rely on third-party manufacturers for these products. Such third party manufacturers may prove to be unreliable, or the quality of our globally sourced products may not meet our expectations. Furthermore, economic and political conditions in areas of the world where we source such products may adversely affect the availability and cost of such products. In addition, our proprietary branded products compete with other manufacturers' branded items that we offer. As we continue to increase the number and types of proprietary branded products that we sell, we may adversely affect our relationships with our vendors, who may decide to reduce their product offerings through OfficeMax and increase their product offerings through our competitors. Finally, if any of our customers are harmed by our proprietary branded products, they may bring product liability and other claims against us. Any of these circumstances could have an adverse effect on our business and financial performance.

We are more leveraged than some of our competitors, which could adversely affect our business plans. A relatively greater portion of our cash flow is used to service debt and other financial obligations including leases. This reduces the funds we have available for working capital, capital expenditures, acquisitions, new stores, store remodels and other purposes. Similarly, our relatively greater leverage increases our vulnerability to, and limits our flexibility in planning for, adverse economic and industry conditions and creates other competitive disadvantages compared with other companies with relatively less leverage.

Fluctuations in our effective tax rate may adversely affect our business and results of operations. We are a multi-national, multi-channel provider of office products and services. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which we operate. Our effective tax rate may be lower or higher than our tax rates have been in the past due to numerous factors, including the sources of our income, any agreements we may have with taxing authorities in various jurisdictions, and the tax filing positions we take in various jurisdictions. We base our estimate of an effective tax rate at any given point in time upon a calculated mix of the tax rates applicable to our company and to estimates of the amount of business likely to be done in any given jurisdiction. The loss of one or more agreements with taxing jurisdictions, a change in the mix of our business from year to year and from country to country, changes in rules related to accounting for income taxes, changes in tax laws in any of the multiple jurisdictions in which we operate or adverse outcomes from tax audits that we may be subject to in any of the jurisdictions in which we operate could result in an unfavorable change in our effective tax rate, which change could have an adverse effect on our business and results of our operations.

Compromises of our information security may adversely affect our business. Through our sales and marketing activities, we collect and store certain personal information that our customers provide to purchase products or services, enroll in promotional programs, register on our website, or otherwise communicate and interact with us. We also gather and retain information about our associates in the normal course of business. We may share information about such persons with vendors that assist with certain aspects of our business. Despite instituted safeguards for the protection of such information, we cannot be certain that all of our systems are entirely free from vulnerability to attack. Computer hackers may attempt to penetrate our or our vendors' network security and, if successful, misappropriate confidential customer or business information. In addition, a Company employee, contractor or other third party with whom we do business may attempt to circumvent our security measures in order to obtain such information or inadvertently cause a breach involving such information. Loss of customer or business information could disrupt our operations and expose us to claims from customers, financial institutions, payment card associations and other persons, which could have a material adverse effect on our business, financial condition and results of operations.

We cannot ensure new systems and technology will be implemented successfully. Our acquisition of OfficeMax, Inc., in December 2003, required the integration and coordination of our existing contract stationer systems with the retail systems of the acquired company. Integrating and coordinating these systems has been complex and still requires a number of system enhancements and conversions that, if not done properly, could divert the attention of our workforce during development and implementation and constrain for some time our ability to provide the level of service our customers demand. Also, when implemented, the systems and technology enhancements may not provide the benefits anticipated and could add costs and complications to our ongoing operations. A failure to effectively implement changes to these systems or to realize the intended efficiencies could have an adverse effect on our business and results of our operations.

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

Our business may be adversely affected by the actions of and risks associated with our third-party vendors. We are a reseller of other manufacturer's branded items and are therefore dependent on the availability and pricing of key products including ink, toner, paper and technology products. As a reseller, we cannot control the supply, design, function or cost of many of the products we offer for sale. Disruptions in the availability of these products may adversely affect our sales and result in customer dissatisfaction. Further, we cannot control the cost of manufacturers' products and cost increases must either be passed along to our customers or will result in erosion of our earnings. Failure to identify desirable products and make them available to our customers when desired and at attractive prices could have an adverse effect on our business and results of operations.

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

We have substantial business operations in states in which the regulatory environment is particularly challenging. Our operations in California and other similar states expose us to many regulations relating to the conduct of our business, including, without limitation, consumer protection laws, advertising regulations, and employment and wage and hour regulations. This regulatory environment requires the Company to maintain a heightened compliance effort and exposes us to defense costs, possible fines and penalties, and liability to private parties for monetary recoveries and attorneys' fees, any of which could have an adverse effect on our business and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Information concerning our stock repurchases during the three months ended March 29, 2008 is below. All stock was withheld to satisfy our tax withholding obligations upon vesting of restricted stock awards.

Period	Total Number of Shares (or Units) Purchased	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
December 29, 2007 - January 26, 2008	1,185	$ 20.00	—	—
January 27 - February 23, 2008	260,263	$ 23.73	—	—
February 24 - March 29, 2008	5,927	$ 20.31	—	—
Total	267,375	$ 23.57	—	—

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None

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

None

ITEM 5. OTHER INFORMATION

The form of 2008 Restricted Stock Unit Award Agreement pursuant to which long-term incentive grants are made, first filed by the Company as Exhibit 99.3 to the Company's Current Report on Form 8-K dated February 26, 2008, has been amended to state that participants must be employed by the Company in order for the restricted stock units to vest (subject to exceptions in certain circumstances including involuntary termination, death, disability or retirement, in which case a pro rata amount of units will vest and be paid if the participant was employed with the Company for a minimum of six months during fiscal years 2008 and/or 2009). This disclosure and the amended Time Based RSU Award Agreement are included in this Item 5 in lieu of amending the Form 8-K dated February 26, 2008. The form of the amended Time Based RSU Award Agreement is filed as Exhibit 10.3 to this Quarterly Report on Form 10-Q and is incorporated herein by reference. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the text of the form of Time Based RSU Award Agreement.

ITEM 6. EXHIBITS

Required exhibits are listed in the Index to Exhibits and are incorporated by reference.

SIGNATURES

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

OFFICEMAX INCORPORATED

/s/ DON CIVGIN

Don Civgin
Executive Vice President and Chief Financial Officer
(As Duly Authorized Officer and Principal
Financial Officer)

Date: May 7, 2008

OFFICEMAX INCORPORATED
INDEX TO EXHIBITS

Filed With the Quarterly Report on Form 10-Q for the Quarter Ended March 29, 2008

Number	Description
3.1(1)	Restated Certificate of Incorporation, as amended and restated to date
3.2(2)	Bylaws, as amended April 23, 2008
10.1(3)	Form of 2008 Annual Incentive Award Agreement
10.2(4)	Form of 2008 Restricted Stock Unit Award Agreement (Performance Based)
10.3*	Form of 2008 Restricted Stock Unit Award Agreement (Time Based)
31.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32*	Section 906 Certifications of Chief Executive Officer and Chief Financial Officer of OfficeMax Incorporated

* Filed with this Form 10-Q.

(1) Exhibit 3.1 was filed under the same exhibit number in our Current Report on Form 8-K dated May 1, 2007, and is incorporated herein by reference.

(2) Exhibit 3.2 was filed under exhibit number 3.2 in our Current Report on Form 8-K dated April 29, 2008, and is incorporated herein by reference.

(3) Exhibit 10.1 was filed under exhibit number 99.1 in our Current Report on Form 8-K dated February 26, 2008, and is incorporated herein by reference.

(4) Exhibit 10.2 was filed under exhibit number 99.2 in our Current Report on Form 8-K dated February 26, 2008, and is incorporated herein by reference.

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Exhibit 10.3

OFFICEMAX INCORPORATED
2008 Restricted Stock Unit Award Agreement—Time Based
Elected Officers (U.S.)

This **Restricted Stock Unit** Award (the "Award") is granted on «**insert award date**» (the "Award Date") by OfficeMax Incorporated ("OfficeMax") to «**insert name**» ("Awardee" or "you") pursuant to the 2003 OfficeMax Incentive and Performance Plan (the "Plan") and the following terms of this agreement (the "Agreement"):

1. **Terms and Conditions**. The Award is subject to all the terms and conditions of the Plan. All capitalized terms not defined in this Agreement shall have the meaning stated in the Plan. If there is any inconsistency between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control unless this Agreement explicitly states that an exception to the Plan is being made.

2. **Award**. You are hereby awarded «**insert RSUs**» restricted stock units, at no cost to you, subject to the restrictions set forth in the Plan and this Agreement.

3. **Restriction Period**. Your Award is subject to a three-year restriction period (the "Restriction Period"). Subject to the provisions of this Agreement and the Plan, 100% of the restricted stock units granted pursuant to this Award shall vest on February 19, 2011 and be paid as soon as practical thereafter. In no event shall payment be made later than March 15, 2012. Notwithstanding any provision in the Plan or this Agreement to the contrary, however, if, in the good faith determination of OfficeMax (which shall be made immediately prior to the scheduled vesting date), some or all of the remuneration attributable to the payment of the Award shall fail to be deductible by OfficeMax for federal income tax purposes pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the nondeductible amount of such payment shall be automatically deferred (the "Automatic Deferral") until the first day following the three month anniversary of your termination of employment. However, if you are a "specified employee," as determined pursuant to Code Section 409A, payment shall be automatically deferred until the first day following the six month anniversary of your termination of employment. Except as provided in paragraph 4, upon your voluntary or involuntary termination of employment for any reason prior to completing three years of service, all restricted stock units will be immediately forfeited.

4. **Termination of Employment During Restriction Period**.

   a. *Pro Rata Vesting*. Notwithstanding paragraph 3, if your termination of employment occurs before February 19, 2011 and:

      i. you terminate employment as a result of your death or total and permanent disability,

      ii. you are involuntarily terminated in a situation qualifying you for severance payments under an OfficeMax plan, or

      iii. you voluntarily terminate employment and, at the time of your termination, you are at least age 55 and have at least 10 years of employment with OfficeMax,

   then a pro rata portion of the unvested restricted stock units that would have otherwise vested as determined under paragraph 3 on February 19, 2011 will vest based on the number of full months of your employment with OfficeMax since the Award Date over 36 months. Following such pro rata vesting, any remaining unvested restricted stock units will be immediately forfeited.

Except as provided in paragraph 6, this pro rata amount will be paid during the 90 days following February 19, 2011.

b. *Six-Month Minimum Employment Requirement*. Notwithstanding subparagraph a. above, you must be employed with OfficeMax for a minimum of six months during fiscal years 2008 and/or 2009 to be eligible for pro rata vesting.

5. **Share Payment**. Vested restricted stock units will be paid to you in whole shares of OfficeMax common stock. Partial shares, if any, will be paid in cash.

6. **Change in Control**. In the event of a Change in Control prior to February 19, 2011, the continuing entity may either continue this Award or replace this Award with an award of substantially equivalent value with terms and conditions not less favorable than the terms and conditions provided in this Agreement, in which case the Award will vest according to the terms of the applicable Award Agreement. Notwithstanding the terms of the Plan, if the continuing entity does not so continue or replace this Award, or if you experience a "qualifying termination" all units not vested at the time of the Change in Control or your termination (as applicable) will vest immediately. Payment shall be made as soon as practical but in no event later than March 15 of the year following the year in which the Change in Control or "qualifying termination" (as applicable) occurred. However, if you are a "specified employee," as determined pursuant to Code Section 409A and regulations issued thereunder, to the extent amounts are (i) payable to you upon a "qualifying termination" and (ii) such amounts are subject to Code Section 409A, payment shall be made on the first day following the six month anniversary of your termination of employment. "Change in Control" and "qualifying termination" shall be defined in an agreement providing specific benefits upon a change in control or in the Plan. Notwithstanding the foregoing, to the extent any amount payable pursuant to paragraph 3 constitutes deferred compensation under Code Section 409A, the definition of "Change in Control" provided in Appendix A shall apply.

7. **Nontransferability**. The units awarded pursuant to this Agreement cannot be sold, assigned, pledged, hypothecated, transferred, or otherwise encumbered prior to vesting. Any attempt to transfer your rights in the awarded units prior to vesting will result in the immediate forfeiture of the units. Subject to the approval of OfficeMax in its sole discretion, units may be transferable to members of the immediate family of the participant and to one or more trusts for the benefit of such family members, partnerships in which such family members are the only partners, or corporations in which such family members are the only stockholders.

8. **Stockholder Rights**. You will not receive dividends or dividend units on the awarded units. With respect to the awarded units, you are not a shareholder and do not have any voting rights until the units vest and shares are recorded as issued on OfficeMax's official stockholder records.

9. **Payment of Taxes**. The amount of shares to be paid to you will be reduced by that number of shares having a Fair Market Value equal to the required minimum federal and state withholding amounts triggered by the lapse of restrictions. To the extent a fractional share is needed to satisfy such tax withholding, the number of shares withheld will be rounded up to the next whole number. Alternatively, you may elect within 60 calendar days from the Award Date to satisfy such withholding requirements in cash. You acknowledge and agree that you are responsible for the tax consequences associated with the award of units and lapse of the Restriction Period.

10. **Non-Solicitation and Non-Compete**. For the period beginning on the Award Date and ending one year following your termination of employment with OfficeMax, you will not (i) directly or indirectly employ, recruit or solicit for employment any person who is (or was within six (6) months prior to your employment termination date) an employee of OfficeMax, an Affiliate or Subsidiary; or (ii) commence Employment with any Competitor in a substantially similar capacity to any position you held with OfficeMax during the last 12 months of your employment with

OfficeMax. If you violate the terms of this section at any time, you will forfeit, as of the first day of any such violation, all right, title and interest to the units and any shares you own in settlement of your restricted stock units on or after such date. OfficeMax shall have the right to issue a stop transfer order and other appropriate instructions to its transfer agent with respect to these restricted stock units, and OfficeMax further will be entitled to reimbursement of any fees and expenses (including attorneys' fees) incurred by or on behalf of OfficeMax in enforcing its rights under this paragraph 10. By accepting this Award, you consent to a deduction from any amounts OfficeMax, an Affiliate or Subsidiary owes to you (including wages or other compensation, fringe benefits, or vacation pay, as well as other amounts owed to you), to the extent of any amounts that you owe to OfficeMax under this paragraph 10. If OfficeMax does not recover by means of set-off the full amount owed to OfficeMax, you agree to pay immediately the unpaid balance to OfficeMax.

a. "Competitor" means any business, foreign or domestic, which is engaged, at any time relevant to the provisions of this Agreement, in the sale or distribution of products, or in the provision of services in competition with the products sold or distributed or services provided by OfficeMax, an Affiliate, Subsidiary, partnership, or joint venture of OfficeMax. The determination of whether a business is a Competitor shall be made by OfficeMax's General Counsel, in his or her sole discretion.

b. "Employment" means providing significant services as an employee or consultant, or otherwise rendering services of a significant nature for remuneration, to a Competitor.

11. **Use of Personal Data**. By executing this Agreement, you hereby agree freely, and with your full knowledge and consent, to the collection, use, processing and transfer (collectively, the "Use") of certain personal data such as your name, salary, nationality, job title, position evaluation rating along with details of all past awards and current awards outstanding under the Plan (collectively, the "Data"), for the purpose of managing and administering the Plan. You further acknowledge and agree that OfficeMax and/or any of its Affiliates may make Use of the Data amongst themselves and/or any other third parties assisting OfficeMax in the administration and management of the Plan (collectively, the "Data Recipients"). In keeping therewith, you hereby further authorize any Data Recipient, including Data Recipients located in foreign jurisdictions, to continue to make Use of the Data, in electronic or other form, for the purposes of administering and managing the Plan, including without limitation, any necessary Use of such Data as may be required for the subsequent holding of shares on your behalf by a broker or other third party with whom you may elect to deposit any shares acquired through the Plan.

OfficeMax shall, at all times, take all commercially reasonable efforts to ensure that appropriate safety measures shall be in place to ensure the confidentiality of the Data, and that no Use will be made of the Data for any purpose other than the administration and management of the Plan. You may, at any time, review your Data and request necessary amendments to such Data. You may withdraw your consent to Use of the Data herein by notifying OfficeMax in writing at the address specified in paragraph 12; however by withdrawing your consent to use Data, you may affect your eligibility to participate in the Plan.

By executing this Agreement you hereby release and forever discharge OfficeMax from any and all claims, demands, actions, causes of action, damages, liabilities, costs, losses and expenses arising out of, or in connection with, the Use of the Data including, without limitation, any and all claims for invasion of privacy, defamation and any other personal, moral and/or property rights.

12. **Acceptance of Terms and Conditions. You must sign this Agreement and return it to OfficeMax's Compensation Department on or before «insert date», or the Award will be forfeited. Return your executed Agreement to: Latrice Greyer by mail at OfficeMax, 263 Shuman Boulevard, Naperville, Illinois 60563 or by fax at 1-630-647-3722.**

OfficeMax Incorporated	Awardee
By: ______________________	Signature: ______________________
Perry Zukowski Executive Vice President, Human Resources	
	Printed Name: ______________________
	Employee ID: ______________________

APPENDIX A

To the extent any amount payable under this Award constitutes deferred compensation subject to Code Section 409A, the following definition of "Change in Control" shall apply:

1. **Change in Control**. A "Change in Control" means, with respect to OfficeMax or Subsidiary, the occurrence of any one of the following dates, interpreted consistent with Treasury Regulation Section 1.409A-3(i)(5).

   a. *Change in Ownership*. The date any one Person, or more than one Person Acting as a Group, acquires ownership of stock of OfficeMax or Subsidiary that, together with stock held by such Person or Group, constitutes more than 50% of the total fair market value or total voting power of the stock of OfficeMax or Subsidiary, as the case may be. Notwithstanding the foregoing, for purposes of this paragraph, if any one Person, or more than one Person Acting as a Group, is considered to own more than 50% of the total fair market value or total voting power of the stock of OfficeMax or Subsidiary, as the case may be, the acquisition of additional stock by the same Person or Persons is not considered to cause a Change in Control.

   b. *Change in Effective Control*.

      i. The date any one Person, or more than one Person Acting as a Group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of OfficeMax or Subsidiary possessing 30% or more of the total voting power of the stock of OfficeMax or Subsidiary, as the case may be. Notwithstanding the foregoing, for purposes of this subparagraph, if any one Person, or more than one Person Acting as a Group, is considered to effectively control OfficeMax or Subsidiary, as the case may be, the acquisition of additional control of OfficeMax or Subsidiary, as the case may be, by the same Person or Persons is not considered to cause a Change in Control; or

      ii. The date a majority of the members of OfficeMax's Board is replaced during any one year period by directors whose appointment or election is not endorsed by a majority of the members of OfficeMax's Board before the date of the appointment or election.

   c. *Change in Ownership of a Substantial Portion of OfficeMax's or Subsidiary's Assets*. The date any one Person, or more than one Person Acting as a Group, acquires (or has acquired during the one year period ending on the date of the most recent acquisition by such Person or Persons) assets from OfficeMax or Subsidiary that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of OfficeMax or Subsidiary, as the case may be, immediately before such acquisition or acquisitions. For purposes of this paragraph (c), "gross fair market value" means the value of the assets of OfficeMax or Subsidiary, as the case may be, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Notwithstanding the foregoing, a transfer of assets is not treated as a Change in Control if the assets are transferred to:

      i. An entity that is controlled by the shareholders of the transferring corporation;

      ii. A shareholder of OfficeMax or Subsidiary, as the case may be, (immediately before the asset transfer) in exchange for or with respect to its stock;

      iii. An entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by OfficeMax or Subsidiary, as the case may be;

      iv. A Person, or more than one Person Acting as a Group, that owns, directly or indirectly, 50% or more of the total value or voting power of all the outstanding stock of OfficeMax or Subsidiary, as the case may be; or

v. An entity, at least 50% of the total value or voting power of which is owned, directly or indirectly, by a Person described in clause iv.

2. **Definitions of "Person" and "Acting as a Group."** For purposes of this Appendix, "Person" shall have the meaning set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For purposes of this Appendix, Persons shall be considered to be "Acting as a Group" if they are owners of a corporation that enter into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with OfficeMax or Subsidiary. If a Person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be Acting as a Group with the other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Notwithstanding the foregoing, Persons shall not be considered to be Acting as a Group solely because they purchase or own stock of the same corporation at the same time, or as a result of the same public offering.

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Exhibit 10.3

Exhibit 31.1

**CEO CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Sam K. Duncan, chief executive officer of OfficeMax Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OfficeMax Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

    d. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2008

/s/ SAM K. DUNCAN

Sam K. Duncan
Chief Executive Officer

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Exhibit 31.1

CEO CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 31.2

**CFO CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Don Civgin, chief financial officer of OfficeMax Incorporated, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OfficeMax Incorporated;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   d. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2008

/s/ DON CIVGIN

Don Civgin
Chief Financial Officer

Exhibit 32

SECTION 906 CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF OFFICEMAX INCORPORATED

We are providing this Certificate pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C., Section 1350. It accompanies OfficeMax Incorporated's quarterly report on Form 10-Q for the quarter ended March 29, 2008.

I, Sam K. Duncan, OfficeMax Incorporated's chief executive officer, certify that:

(i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, OfficeMax Incorporated's financial condition and results of operations.

/s/ SAM K. DUNCAN

Sam K. Duncan
Chief Executive Officer

I, Don Civgin, OfficeMax Incorporated's chief financial officer, certify that:

(i) the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

(ii) the information contained in the Form 10-Q fairly presents, in all material respects, OfficeMax Incorporated's financial condition and results of operations.

/s/ DON CIVGIN

Don Civgin
Chief Financial Officer

Dated: May 7, 2008

A signed original of this written statement required by Section 906 has been provided to OfficeMax Incorporated and will be retained by OfficeMax Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.