# 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 September 30, 2004**

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

**(630) 773-5000**
(Registrant's telephone number, including area code)

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

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

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 October 31, 2004** |
|---|---|
| Common Stock, $2.50 par value | 88,042,269 |

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**PART I - FINANCIAL INFORMATION**

## PART I - FINANCIAL INFORMATION

***ITEM 1. FINANCIAL STATEMENTS***

**OfficeMax Incorporated and Subsidiaries**
**Consolidated Statements of Income**
(thousands, except per-share amounts)

| | Three Months Ended September 30 | |
|---|---|---|
| | 2004 | 2003 |
| | (unaudited) | |
| **Sales** | $ 3,650,930 | $ 2,110,601 |
| **Costs and expenses** | | |
| Materials, labor and other operating expenses | 2,835,024 | 1,695,809 |
| Depreciation, amortization and cost of company timber harvested | 102,130 | 78,019 |
| Selling and distribution expenses | 496,229 | 224,405 |
| General and administrative expenses | 77,745 | 38,576 |
| Other (income) expense, net | (1,161) | 1,133 |
| | 3,509,967 | 2,037,942 |
| **Equity in net income of affiliates** | — | 4,038 |
| **Income from operations** | 140,963 | 76,697 |
| Interest expense | (39,945) | (31,657) |
| Interest income | 455 | 221 |
| Foreign exchange gain | 1,072 | 133 |
| | (38,418) | (31,303) |
| **Income before income taxes and minority interest** | 102,545 | 45,394 |
| Income tax provision | (40,267) | (12,510) |
| **Income before minority interest** | 62,278 | 32,884 |
| Minority interest, net of income tax | (1,145) | — |
| **Net income** | **61,133** | **32,884** |
| Preferred dividends | (3,242) | (3,191) |

| | | |
|---|---|---|
| **Net income applicable to common shareholders** | $ 57,891 | $ 29,693 |
| **Net income per common share** | | |
| Basic | **$ 0.67** | **$ 0.51** |
| Diluted | **$ 0.63** | **$ 0.48** |

See accompanying notes to consolidated financial statements.



**OfficeMax Incorporated and Subsidiaries**
**Consolidated Statements of Income**
(thousands, except per-share amounts)

| | Nine Months Ended September 30 | |
|---|---|---|
| | **2004** | **2003** |
| | **(unaudited)** | |
| **Sales** | $ 10,581,773 | $ 5,892,828 |
| **Costs and expenses** | | |
| Materials, labor and other operating expenses | 8,270,924 | 4,789,443 |
| Depreciation, amortization and cost of company timber harvested | 301,172 | 227,331 |
| Selling and distribution expenses | 1,480,676 | 656,039 |
| General and administrative expenses | 224,373 | 109,246 |
| Other (income) expense, net | (91,768) | 14,121 |
| | 10,185,377 | 5,796,180 |
| **Equity in net income of affiliates** | 6,311 | 4,453 |
| **Income from operations** | 402,707 | 101,101 |
| Interest expense | (121,029) | (94,911) |
| Interest income | 1,389 | 653 |
| Foreign exchange gain | 728 | 2,949 |
| | (118,912) | (91,309) |
| **Income before income taxes, minority interest and cumulative effect of accounting changes** | 283,795 | 9,792 |
| Income tax (provision) benefit | (106,423) | 415 |
| **Income before minority interest and cumulative effect of accounting changes** | 177,372 | 10,207 |
| Minority interest, net of income tax | (2,393) | — |
| **Income before cumulative effect of accounting changes** | 174,979 | 10,207 |
| Cumulative effect of accounting changes, net of income tax | — | (8,803) |
| **Net income** | **174,979** | **1,404** |
| Preferred dividends | (9,776) | (9,744) |
| **Net income (loss) applicable to common shareholders** | $ 165,203 | $ (8,340) |
| **Net income (loss) per common share** | | |
| Basic before cumulative effect of accounting changes | $ 1.91 | $ 0.01 |
| Cumulative effect of accounting changes, net of income tax | — | (0.15) |
| **Basic** | **$ 1.91** | **$ (0.14)** |
| Diluted before cumulative effect of accounting changes | $ 1.81 | $ 0.01 |
| Cumulative effect of accounting changes, net of income tax | — | (0.15) |
| **Diluted** | **$ 1.81** | **$ (0.14)** |

See accompanying notes to consolidated financial statements.

**OfficeMax Incorporated and Subsidiaries**
**Consolidated Balance Sheets**
(thousands)

| | September 30 2004 | September 30 2003 | December 31 2003 |
|---|---|---|---|
| | (unaudited) | | |
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | $ 168,306 | $ 94,544 | $ 124,879 |
| Receivables, less allowances of $10,360, $14,349 and $10,865 | 1,022,154 | 576,817 | 574,219 |
| Inventories | 1,512,066 | 643,391 | 1,609,811 |
| Deferred income taxes | 144,436 | 59,073 | 132,235 |
| Other | 72,392 | 36,943 | 60,148 |
| | 2,919,354 | 1,410,768 | 2,501,292 |
| **Property** | | | |
| Property and equipment | | | |
| Land and land improvements | 84,347 | 75,309 | 87,703 |
| Buildings and improvements | 908,248 | 758,515 | 890,871 |
| Machinery and equipment | 5,048,437 | 4,731,788 | 4,905,012 |
| | 6,041,032 | 5,565,612 | 5,883,586 |
| Accumulated depreciation | (3,283,711) | (3,060,970) | (3,058,527) |
| | 2,757,321 | 2,504,642 | 2,825,059 |
| Timber, timberlands and timber deposits | 296,595 | 319,470 | 330,667 |
| | 3,053,916 | 2,824,112 | 3,155,726 |
| **Goodwill** | 1,120,751 | 420,715 | 1,107,292 |
| **Intangible assets, net** | 210,249 | 25,056 | 218,196 |
| **Investments in equity affiliates** | 85 | 39,992 | 44,335 |
| **Other assets** | 514,361 | 346,187 | 349,318 |
| **Total assets** | **$ 7,818,716** | **$ 5,066,830** | **$ 7,376,159** |

See accompanying notes to consolidated financial statements.



**OfficeMax Incorporated and Subsidiaries**
**Consolidated Balance Sheets**
(thousands, except share amounts)

| | September 30 2004 | September 30 2003 | December 31 2003 |
|---|---|---|---|
| | (unaudited) | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current** | | | |
| Short-term borrowings | $ 452,429 | $ 7,167 | $ 5,188 |
| Current portion of long-term debt | 437,237 | 77,949 | 83,016 |
| Income taxes payable | — | 6,181 | 694 |
| Accounts payable | 1,098,342 | 555,843 | 1,255,303 |
| Accrued liabilities | | | |
| Compensation and benefits | 308,585 | 235,959 | 317,934 |
| Interest payable | 40,173 | 25,204 | 34,130 |
| Other | 424,785 | 131,387 | 280,646 |
| | 2,761,551 | 1,039,690 | 1,976,911 |
| **Debt** | | | |
| Long-term debt, less current portion | 1,416,673 | 1,517,049 | 1,999,876 |
| Adjustable conversion-rate equity securities (ACES) | 172,500 | 172,500 | 172,500 |
| Guarantee of ESOP debt | — | 40,504 | 19,087 |
| | 1,589,173 | 1,730,053 | 2,191,463 |
| **Other** | | | |
| Deferred income taxes | 135,734 | 157,682 | 43,311 |
| Compensation and benefits | 567,489 | 655,529 | 564,331 |
| Other long-term liabilities | 228,685 | 55,459 | 256,355 |
| | 931,908 | 868,670 | 863,997 |
| **Minority interest** | 22,523 | — | 20,154 |

| | | | |
|---|---|---|---|
| **Commitments and contingent liabilities** | | | |
| **Shareholders' equity** | | | |
| Preferred stock — no par value; 10,000,000 shares authorized; | | | |
| Series D ESOP: $.01 stated value; 3,907,702, 4,131,343 and 4,117,827 shares outstanding | 175,847 | 185,910 | 185,302 |
| Deferred ESOP benefit | — | (40,504) | (19,087) |
| Common stock — $2.50 par value; 200,000,000 shares authorized; 88,152,900, 59,548,948 and 87,137,306 shares outstanding | 217,378 | 146,120 | 214,805 |
| Additional paid-in capital | 1,275,422 | 480,044 | 1,228,694 |
| Retained earnings | 1,029,548 | 926,039 | 907,738 |
| Accumulated other comprehensive loss | (184,634) | (269,192) | (193,818) |
| **Total shareholders' equity** | 2,513,561 | 1,428,417 | 2,323,634 |
| **Total liabilities and shareholders' equity** | **$ 7,818,716** | **$ 5,066,830** | **$ 7,376,159** |

See accompanying notes to consolidated financial statements.



**OfficeMax Incorporated and Subsidiaries**
**Consolidated Statements of Cash Flows**
(thousands)

| | Nine Months Ended September 30 | |
|---|---|---|
| | 2004 | 2003 |
| | (unaudited) | |
| **Cash provided by (used for) operations** | | |
| Net income | $ 174,979 | $ 1,404 |
| Items in net income not using (providing) cash | | |
| Equity in net income of affiliates | (6,311) | (4,453) |
| Depreciation, amortization and cost of company timber harvested | 301,172 | 227,331 |
| Deferred income tax provision (benefit) | 86,186 | (12,056) |
| Minority interest, net of income tax | 2,393 | — |
| Gain on sale of assets | (106,660) | — |
| Pension and other postretirement benefits expense | 71,011 | 62,044 |
| Cumulative effect of accounting changes, net of income tax | — | 8,803 |
| Other | 17,354 | (875) |
| Receivables | (441,874) | (143,732) |
| Inventories | 96,587 | 66,824 |
| Accounts payable and accrued liabilities | (21,474) | 26,249 |
| Current and deferred income taxes | (14,811) | (10,218) |
| Pension and other postretirement benefits payments | (239,010) | (91,583) |
| Other | (39,914) | 37,723 |
| Cash provided by (used for) operations | (120,372) | 167,461 |
| **Cash provided by (used for) investment** | | |
| Expenditures for property and equipment | (228,141) | (148,379) |
| Expenditures for timber and timberlands | (6,056) | (6,682) |
| Proceeds from equity affiliates | 21 | 102 |
| Sale of assets | 186,946 | — |
| Other | 14,469 | (7,861) |
| Cash used for investment | (32,761) | (162,820) |
| **Cash provided by (used for) financing** | | |
| Cash dividends paid | | |
| Common stock | (38,832) | (26,233) |
| Preferred stock | (6,809) | (7,019) |
| | (45,641) | (33,252) |
| Short-term borrowings | 447,241 | (20,833) |
| Additions to long-term debt | 142 | 173,613 |
| Payments of long-term debt | (226,784) | (91,713) |
| Other | 21,602 | (3,064) |
| Cash provided by financing | 196,560 | 24,751 |
| **Increase in cash and cash equivalents** | 43,427 | 29,392 |
| **Balance at beginning of the year** | 124,879 | 65,152 |

| | | |
|---|---|---|
| **Balance at September 30** | **$ 168,306** | **$ 94,544** |

See accompanying notes to consolidated financial statements.



***Notes to Quarterly Consolidated Financial Statements (Unaudited)***

***1. Basis of Presentation***

On October 29, 2004, we completed the sale of our paper, forest products and timberland assets (the sale) for approximately $3.7 billion to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC. Effective November 1, 2004, Boise Cascade Corporation changed its company name to OfficeMax Incorporated ("OfficeMax" or "we"). We will continue to operate our office products distribution business as our principal business. We trade on the New York Stock Exchange under the ticker symbol OMX, and our corporate headquarters is in Itasca, Illinois. The new OfficeMax website address is www.officemax.com.

In connection with the name change, we changed the names of our office products segments to OfficeMax, Contract and OfficeMax, Retail. The Boise Cascade Corporation and Boise Office Solutions names were used in documents furnished to or filed with the Securities and Exchange Commission before November 1, 2004. References made to the OfficeMax, Inc., Acquisition and OfficeMax, Inc., Integration in these notes to quarterly consolidated financial statements refer to Boise Cascade Corporation's acquisition of OfficeMax, Inc., in December 2003 and the related integration activities. The financial data included in this report include the results of the paper, forest products and timberland assets through September 30, 2004, and our future reports will continue to include the results of these assets through October 28, 2004. On October 29, 2004, we invested $175 million in the securities of Boise Cascade, L.L.C., and affiliates. This investment represents continuing involvement as defined in Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Accordingly, we do not show the historical results of the sold paper, forest products and timberland assets as discontinued operations.

We have prepared the quarterly consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Some information and footnote disclosures, which would normally be included in 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 statements should be read together with the consolidated statements and the accompanying notes included in Boise Cascade Corporation's Annual Report on Form 10-K for the year ended December 31, 2003.

The quarterly consolidated financial statements have not been audited by an independent registered public accounting firm, but in the opinion of management, we have included all adjustments necessary to present fairly the results for the periods. Net income for the three and nine months ended September 30, 2004 and 2003, involved estimates and accruals. Actual results may vary from those estimates. 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 that may be expected for the year.

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

***2. OfficeMax, Inc., Acquisition***

On December 9, 2003, we completed our acquisition of OfficeMax, Inc. We acquired 100% of the voting equity interest. The results of OfficeMax, Inc.'s, operations after December 9, 2003, are included in our consolidated financial statements.



The aggregate consideration paid for the acquisition was as follows:

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

We summarized the estimated fair values of assets acquired and liabilities assumed for the OfficeMax, Inc., acquisition in Note 2, OfficeMax, Inc., Acquisition, in "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Annual Report on Form 10-K. The initial purchase price allocations may be adjusted within one year of the purchase date for changes in estimates of the fair value of assets acquired and liabilities assumed. During the nine months ended September 30, 2004, we recorded $11.5 million of purchase price adjustments that increased the recorded amount of goodwill. The adjustments were related to fair value adjustments, liability accruals, accruals related to facility closures and consolidation of headquarters administrative staff.

*Pro Forma Financial Information*

The following table summarizes unaudited pro forma financial information assuming we had acquired OfficeMax, Inc., on January 1, 2003. The unaudited pro forma financial information uses OfficeMax, Inc., data for the months corresponding to our September 30 period-end. This unaudited pro forma financial information does not necessarily represent what would have occurred if the transaction had taken place on the dates presented and should not be taken as representative of our future consolidated results of operations or financial position. We have not finalized our integration plans. Accordingly, this pro forma

information does not include all costs related to the integration. When the costs are determined, they either increase the amount of goodwill recorded or decrease net income, depending on the nature of the costs. We are realizing operating synergies. Synergies come from offering more products and services across more customer channels, purchasing leverage from increased scale and reduced costs in logistics, marketing and administration. The pro forma information does not reflect these expenses and synergies.



| | Three Months Ended September 30, 2003 | Nine Months Ended September 30, 2003 |
|---|---|---|
| | (thousands, except per-share amounts) | |
| Sales | $ 3,360,188 | $ 9,531,933 |
| Net income before cumulative effect of accounting changes | $ 29,329 | $ 960 |
| Cumulative effect of accounting changes, net of income tax | — | (8,803) |
| Net income (loss) | **$ 29,329** | **$ (7,843)** |
| Net income (loss) per common share | | |
| Basic before cumulative effect of accounting changes | $ 0.30 | $ (0.11) |
| Cumulative effect of accounting changes, net of income tax | — | (0.10) |
| Basic | **$ 0.30** | **$ (0.21)** |
| Diluted before cumulative effect of accounting changes | $ 0.29 | $ (0.11) |
| Cumulative effect of accounting changes, net of income tax | — | (0.10) |
| Diluted | **$ 0.29** | **$ (0.21)** |

***3. OfficeMax, Inc., Integration***

*Integration Charges*

Increased scale as a result of the OfficeMax, Inc., acquisition has allowed us to evaluate the combined office products business to determine what opportunities for consolidating operations may be appropriate. Closures and consolidation of acquired facilities identified in the integration planning process are accounted for as exit activities in connection with the acquisition and charged to goodwill. Charges for all other closures and consolidations have been recognized in our Consolidated Statements of Income.

During the three and nine months ended September 30, 2004, we charged approximately $6.9 million and $24.1 million of integration costs to our Consolidated Statements of Income. Integration costs occurred primarily in the contract segment as the business consolidated distribution centers, customer service centers and administrative staff. For the three and nine months ended September 30, 2004, approximately $1.1 million and $9.3 million of the costs are included in “Other (income) expense, net,” and $5.8 million and $14.8 million are included in “Selling and distribution expenses.” Integration costs are as follows:



| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|---|---|---|
| | (thousands) | |
| Severance | $ 925 | $ 6,717 |
| Lease termination costs | (8) | 1,041 |
| Vendor transition costs | 1,924 | 3,158 |
| Professional fees | 1,226 | 4,840 |
| Payroll, benefits and travel | 1,188 | 3,408 |
| Write-down of long-lived assets | 138 | 1,582 |
| Other integration costs | 1,506 | 3,360 |
| | **$ 6,899** | **$ 24,106** |

*Facility Closure Reserves*

During the nine months ended September 30, 2004, we closed six U.S. distribution centers, two customer service centers and two retail stores (in addition to the 45 retail stores discussed below), eliminating approximately 470 employee positions. We expect to close two more distribution centers during fourth quarter 2004. At September 30, 2004, we had accrued for approximately $7.0 million of costs associated with these closures in our Consolidated Balance Sheet. We are working on a plan to reduce the total number of continental U.S. distribution centers from 55 at December 31, 2003, to 25 to 30 by the end of 2006. We will account for the additional closures when management formalizes their plans. When the costs are determined, they will either increase the amount of goodwill recorded if the closures relate to acquired OfficeMax, Inc., operations, or decrease net income.

Prior to our acquisition, OfficeMax, Inc., had identified and closed underperforming facilities. As part of our purchase price allocation, at December 31, 2003, we had $58.7 million of reserves recorded for the estimated fair value of future liabilities associated with these closures. These reserves related primarily to future lease termination costs, net of estimated sublease income. Most of the expenditures for these facilities will be made over the

remaining lives of the operating leases, which range from three to 16 years. At September 30, 2004, the remaining reserve in our Consolidated Balance Sheet was $52.3 million.

In addition to these store closures, at December 31, 2003, we identified 45 OfficeMax retail facilities that were no longer strategically or economically viable. In accordance with the provisions of Emerging Issues Task Force (EITF) 95-3, Recognition of Liabilities in Connection With a Purchase Business Combination, at December 31, 2003, we had $69.4 million of reserves recorded in our Consolidated Balance Sheet. We closed these stores during first quarter 2004, eliminating approximately 995 employee positions, of which approximately 310 people were offered transfers to other stores. These charges were accounted for as exit activities in connection with the acquisition, and we did not recognize a charge to income in our Consolidated Statements of Income. Most of the cash expenditures for the facilities described above will be made over the remaining lives of the operating leases, which range from four months to 12 years. At September 30, 2004, the remaining reserve in our Consolidated Balance Sheet was $50.6 million.



At September 30, 2004, approximately $36.0 million of the facility closure reserve liability was included in “Accrued liabilities, other,” and $73.9 million was included in “Other long-term liabilities.” Facility closure reserve account activity was as follows:

| | Lease Termination Costs | Severance | Other | Total |
|---|---|---|---|---|
| | | (thousands) | | |
| Facility closure reserve at December 31, 2003 | $ 126,922 | $ 794 | $ 412 | $ 128,128 |
| Costs incurred and charged to expense/goodwill | 5,644 | 4,690 | 245 | 10,579 |
| Charges against the reserve | (25,452) | (3,098) | (248) | (28,798) |
| Facility closure reserve at September 30, 2004 | **$ 107,114** | **$ 2,386** | **$ 409** | **$ 109,909** |

***4. Net Income (Loss) Per Common Share***

Net income (loss) per common share was determined by dividing net income (loss), as adjusted, by weighted average shares outstanding. For the nine months ended September 30, 2003, the computation of diluted loss per share was antidilutive; therefore, the amounts reported for basic and diluted loss were the same.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands, except per-share amounts) | | | |
| **Basic** | | | | |
| Income before cumulative effect of accounting changes | $ 61,133 | $ 32,884 | $ 174,979 | $ 10,207 |
| Preferred dividends (a) | (3,242) | (3,191) | (9,776) | (9,744) |
| Basic income before cumulative effect of accounting changes | 57,891 | 29,693 | 165,203 | 463 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (8,803) |
| Basic income (loss) | **$ 57,891** | **$ 29,693** | **$ 165,203** | **$ (8,340)** |
| Average shares used to determine basic income (loss) per common share | **86,864** | **58,411** | **86,472** | **58,334** |
| Basic income per common share before cumulative effect of accounting changes | $ 0.67 | $ 0.51 | $ 1.91 | $ 0.01 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (0.15) |
| Basic income (loss) per common share | **$ 0.67** | **$ 0.51** | **$ 1.91** | **$ (0.14)** |



| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands, except per-share amounts) | | | |
| **Diluted** | | | | |
| Basic income before cumulative effect of accounting changes | $ 57,891 | $ 29,693 | $ 165,203 | $ 463 |
| Preferred dividends eliminated | 3,242 | 3,191 | 9,776 | — |
| Supplemental ESOP contribution | (2,971) | (2,891) | (8,903) | — |
| Diluted income before cumulative effect of accounting changes | 58,162 | 29,993 | 166,076 | 463 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (8,803) |
| Diluted income (loss) (b) | **$ 58,162** | **$ 29,993** | **$ 166,076** | **$ (8,340)** |
| Average shares used to determine basic income (loss) per common share | 86,864 | 58,411 | 86,472 | 58,334 |
| Restricted stock, stock options and other | 1,982 | 956 | 1,947 | — |
| Series D Convertible Preferred Stock | 3,170 | 3,330 | 3,244 | — |

| | | | | |
|---|---|---|---|---|
| Average shares used to determine diluted income (loss) per common share (b) (c) | **92,016** | **62,697** | **91,663** | **58,334** |
| Diluted income per common share before cumulative effect of accounting changes | $ 0.63 | $ 0.48 | $ 1.81 | $ 0.01 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (0.15) |
| Diluted income (loss) per common share | **$ 0.63** | **$ 0.48** | **$ 1.81** | **$ (0.14)** |

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

(b) Adjustments totaling $0.9 million for the nine months ended September 30, 2003, which would have reduced the basic loss to arrive at diluted loss, were excluded because the calculation of diluted loss per share was antidilutive. Also, for the nine months ended September 30, 2003, potentially dilutive common shares of 3.8 million were excluded from average shares because they were antidilutive.

(c) Options to purchase 3.8 million and 7.3 million shares of common stock were outstanding during the three months ended September 30, 2004 and 2003, but were not included in the computation of diluted income per share because the exercise prices of the options were greater than the average market price of the common shares. Forward contracts to purchase 5.3 million and 5.4 million shares of common stock were outstanding during the three months ended September 30, 2004 and 2003, but were not included in the computation of diluted income per share because the securities were not dilutive under the treasury stock method. These forward contracts are related to our adjustable conversion-rate equity securities.

Options to purchase 3.6 million and 8.1 million shares of common stock were outstanding during the nine months ended September 30, 2004 and 2003, but were not included in the computation of diluted income (loss) per share because the exercise prices of the options were greater than the average market price of the common shares. Forward contracts to purchase 5.1 million and 5.4 million shares of common stock were outstanding during the nine months ended September 30, 2004 and 2003, but were not included in the computation of diluted income (loss) per share because the securities were not dilutive under the treasury stock method. These forward contracts are related to our adjustable conversion-rate equity securities.



***5. Stock-Based Compensation***

In 2003, we adopted the fair-value-based method of accounting for stock-based employee compensation under the provisions of SFAS No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure. We used the prospective method of transition for all employee awards granted on or after January 1, 2003. Awards under our plans vest over periods up to three years. Therefore, the cost related to stock-based employee compensation included in the determination of net income for the three and nine months ended September 30, 2003, is less than that which would have been recognized if the fair-value-based method had been applied to all awards since the original effective date of SFAS No. 123, Accounting for Stock-Based Compensation. During the three and nine months ended September 30, 2004, in our Consolidated Statements of Income, we recognized $5.8 million and $18.8 million of pretax compensation expense, of which $5.7 million and $18.4 million related to restricted stock.

The following table illustrates the effect on net income (loss) and net income (loss) per share if we had applied the fair-value-based method to all outstanding and unvested awards in 2003.

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands, except per-share amounts) | | | |
| Reported net income | $ 61,133 | $ 32,884 | $ 174,979 | $ 1,404 |
| Add: Total stock-based employee compensation expense included in reported net income, net of related tax effects | 3,550 | 1,306 | 11,467 | 1,398 |
| Deduct: Total stock-based employee compensation expense determined under the fair value method, for all awards, net of related tax effects | (3,550) | (2,057) | (11,467) | (6,471) |
| Pro forma net income (loss) | **61,133** | **32,133** | **174,979** | **(3,669)** |
| Preferred dividends | (3,242) | (3,191) | (9,776) | (9,744) |
| Pro forma net income (loss) applicable to common shareholders | $ 57,891 | $ 28,942 | $ 165,203 | $ (13,413) |
| Basic and diluted income (loss) per share | | | | |
| Basic | | | | |
| As reported | $ 0.67 | $ 0.51 | $ 1.91 | $ (0.14) |
| Pro forma | 0.67 | 0.50 | 1.91 | (0.23) |
| Diluted | | | | |
| As reported | $ 0.63 | $ 0.48 | $ 1.81 | $ (0.14) |
| Pro forma | 0.63 | 0.47 | 1.81 | (0.23) |

To calculate stock-based employee compensation expense under SFAS No.123, we estimated the fair value of each option grant on the date of grant, using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2003 and 2002: risk-free interest rates of 4.0%, expected dividends of 15 cents per share per quarter, expected lives of 4.3 years in both periods and expected stock price volatility of 40%. No options were granted during the three and nine months ended September 30, 2004.

We calculate compensation expense for restricted stock awards based on the fair value of our stock on the date of grant. We recognize the expense over the vesting period.

***6. Other (Income) Expense, Net***

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

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands) | | | |
| Sale of interest in Voyageur Panel (Note 11) | $ — | $ — | $ (46,498) | $ — |
| Sale of Louisiana timberlands (a) | — | — | (59,915) | — |
| OfficeMax, Inc., integration costs (Note 3) | 1,055 | — | 9,340 | — |
| Costs related to sale of paper, forest products and timberland assets | 8,796 | — | 10,825 | — |
| Sale of other timberlands | (13,163) | (5,614) | (16,059) | (6,620) |
| Sale of plywood and lumber operations (b) | — | — | 7,123 | — |
| 2003 cost-reduction program (Note 18) | — | — | (278) | 10,114 |
| Sales of receivables (Note 10) | 1,425 | 752 | 3,325 | 2,442 |
| Loss on sale of assets | 1,153 | 2,088 | 3,111 | 3,506 |
| Other, net | (427) | 3,907 | (2,742) | 4,679 |
| | **$ (1,161)** | **$ 1,133** | **$ (91,768)** | **$ 14,121** |

(a) In March 2004, we sold approximately 79,000 acres of timberland in western Louisiana for $84 million and recorded a $59.9 million pretax gain in our Consolidated Statement of Income for the nine months ended September 30, 2004.

(b) In February 2004, we sold our plywood and lumber facilities in Yakima, Washington. In connection with the sale, we recorded $7.1 million of costs in "Other (income) expense, net" in our Consolidated Statement of Income for the nine months ended September 30, 2004. However, the sale also resulted in a $7.4 million reduction in our estimated LIFO reserve, which we recorded in "Materials, labor and other operating expenses."

***7. Income Taxes***

Our estimated annual effective tax provision rate for the nine months ended September 30, 2004, was 37.5%, compared with an effective tax benefit rate of 4.2% for the nine months ended September 30, 2003. In 2003, we recorded a $10.1 million pretax charge for the 2003 cost-reduction program and a $2.9 million gain, which included a one-time tax benefit related to a favorable tax ruling, net of changes in other tax items. Before these items, our 2003 tax provision rate was within 5% of our 2004 tax provision rate. This difference was due to the sensitivity of the rates to changing income levels and the mix of domestic and foreign sources of income.

For the three and nine months ended September 30, 2004, we paid income taxes, net of refunds received, of $7.0 million and $22.7 million. We paid $3.4 million and $25.9 million for the same periods in 2003.



***8. Comprehensive Income***

Comprehensive income for the periods included the following:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands) | | | |
| Net income | $ 61,133 | $ 32,884 | $ 174,979 | $ 1,404 |
| Other comprehensive income (loss) | | | | |
| Cumulative foreign currency translation adjustment | 19,130 | 2,566 | 9,277 | 27,089 |
| Cash flow hedges | (2,497) | (561) | (93) | 824 |
| Comprehensive income, net of income taxes | **$ 77,766** | **$ 34,889** | **$ 184,163** | **$ 29,317** |

***9. Accounting Changes***

*Asset Retirement Obligations*

Effective January 1, 2003, we adopted the provisions of SFAS No. 143, Accounting for Asset Retirement Obligations, which affects the way we account for landfill closure costs. This statement requires us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. Effective January 1, 2003, we recorded a one-time after-tax charge of $4.1 million, or 7 cents per share, as a cumulative-effect adjustment for the difference between the amounts recognized in our consolidated financial statements prior to the adoption of this statement and the amount recognized after adopting the provisions of SFAS No. 143.

We record liabilities when assessments and/or remedial efforts are probable and the cost can be reasonably estimated. These liabilities are based on the best estimate of current costs and are updated periodically to reflect current technology, laws and regulations, inflation and other economic factors.

*Vendor Rebates and Allowances*

We participate in various cooperative advertising and other vendor marketing programs with our vendors. We also participate in various volume purchase rebate programs. Effective January 1, 2003, we adopted an accounting change for vendor allowances to comply with the guidelines issued by the Financial Accounting Standards Board's (FASB) EITF 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor. Under EITF 02-16, consideration received from a vendor is presumed to be a reduction of the cost of the vendor's products or services, unless it is for a specific incremental cost to sell the product. In addition, under the new guidance, vendor allowances reside in inventory with the product and are recognized when the product is sold, changing the timing of our recognition of these items. For the nine months ended September 30, 2003, this change resulted in a one-time, noncash, after-tax charge of $4.7 million, or 8 cents per share.

***10. Receivables***

We have sold fractional ownership interests in a defined pool of trade accounts receivable. At September 30, 2004, $120 million of sold accounts receivable were excluded from "Receivables" in our Consolidated Balance Sheet, compared with $200 million excluded at September 30, 2003, and $250 million excluded at December 31, 2003. During third quarter 2004, in anticipation of the sale of our



paper, forest products and timberland assets, we stopped selling the receivables related to these businesses, reducing the receivables sold as part of this program at the end of the quarter (see Note 23). The portion of fractional ownership interest we retain is included in "Receivables" in the Consolidated Balance Sheets. The decrease at September 30, 2004, in sold accounts receivable of $130 million from the amount at December 31, 2003, used cash from operations in 2004. This program consists of a revolving sale of receivables for 364 days and is subject to renewal. Costs related to the program are included in "Other (income) expense, net" in the Consolidated Statements of Income; see Note 6, Other (Income) Expense, Net. Under the accounts receivable sale agreements, the maximum amount available from time to time may not exceed $300 million and is subject to change based on the level of eligible receivables, restrictions on concentrations of receivables and the historical performance of the receivables.

***11. Investments in Equity Affiliates***

In May 2004, we sold our 47% interest in Voyageur Panel, which owned an oriented strand board (OSB) plant in Barwick, Ontario, Canada, to Ainsworth Lumber Co. Ltd. for $91.2 million in cash. We recorded a $46.5 million pretax gain in "Other (income) expense, net" in our Boise Building Solutions segment. This item increased net income $28.4 million after taxes for the nine months ended September 30, 2004.

Prior to the sale, we accounted for the joint venture under the equity method. Accordingly, segment results do not include the joint venture's sales but do include $6.3 million of equity in earnings during the nine months ended September 30, 2004, and $4.0 million and $4.4 million of equity in earnings during the three and nine months ended September 30, 2003. Our investment in this venture was $39.9 million at September 30, 2003, and $44.2 million at December 31, 2003. We had an agreement with Voyageur Panel under which we operated the plant and marketed its product. During the nine months ended September 30, 2004, Voyageur Panel paid us sales commissions of $2.1 million, and during the three and nine months ended September 30, 2003, Voyageur Panel paid us sales commissions of $1.2 million and $2.5 million, respectively. Management fees paid to us by Voyageur Panel were $0.4 million during the nine months ended September 30, 2004, and $0.3 million and $0.9 million during the three and nine months ended September 30, 2003.

***12. Inventories***

Inventories include the following:

| | September 30 | | December 31 |
|---|---|---|---|
| | 2004 | 2003 | 2003 |
| | | (thousands) | |
| Merchandise inventories | $ 1,158,047 | $ 308,488 | $ 1,246,058 |
| Finished goods and work in process | 201,844 | 198,392 | 210,956 |
| Logs | 39,416 | 30,990 | 51,572 |
| Other raw materials and supplies | 156,838 | 149,656 | 145,390 |
| LIFO reserve | (44,079) | (44,135) | (44,165) |
| | **$ 1,512,066** | **$ 643,391** | **$ 1,609,811** |

***13. Deferred Software Costs***

We defer internal-use software costs that benefit future years. These costs are amortized on the straight-line method over the expected life of the software, typically three to five years. "Other assets" in the Consolidated Balance Sheets includes deferred software costs of $59.8 million, $53.2 million and $69.1 million at September 30, 2004 and 2003, and December 31, 2003. Amortization of deferred software costs totaled $6.5 million and $18.5 million for the three and nine months ended September 30, 2004, and $5.6 million and $16.9 million for the three and nine months ended September 30, 2003.



***14. Goodwill and Intangible Assets***

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and intangible assets of businesses acquired. In accordance with the provisions of SFAS No. 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 first quarter 2004, and there was no impairment.

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

| | OfficeMax, | OfficeMax, | Boise | Total |
|---|---|---|---|---|

| | Contract | Retail | Building Solutions | |
|---|---|---|---|---|
| | | (thousands) | | |
| Balance at December 31, 2003 | $ 487,997 | $ 607,656 | $ 11,639 | $ 1,107,292 |
| Effect of foreign currency translation | 3,718 | — | — | 3,718 |
| Purchase price adjustments | | | | |
| OfficeMax, Inc., acquisition (Note 2) | 1,147 | 10,323 | — | 11,470 |
| Other | (1,729) | — | — | (1,729) |
| Balance at September 30, 2004 | **$ 491,133** | **$ 617,979** | **$ 11,639** | **$ 1,120,751** |

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

| | Nine Months Ended September 30, 2004 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| | | (thousands) | |
| Trade names | $ 173,100 | $ — | $ 173,100 |
| Customer lists and relationships | 33,267 | (9,017) | 24,250 |
| Noncompete agreements | 13,010 | (2,438) | 10,572 |
| Exclusive distribution rights | 3,481 | (1,154) | 2,327 |
| | **$ 222,858** | **$ (12,609)** | **$ 210,249** |



| | Nine Months Ended September 30, 2003 | | |
|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| | | (thousands) | |
| Customer lists and relationships | $ 28,315 | $ (6,074) | $ 22,241 |
| Noncompete agreements | 5,171 | (4,741) | 430 |
| Exclusive distribution rights | 3,058 | (673) | 2,385 |
| | **$ 36,544** | **$ (11,488)** | **$ 25,056** |

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

Intangible asset amortization expense totaled $1.4 million and $4.4 million for the three and nine months ended September 30, 2004, and $0.8 million and $2.4 million for the three and nine months ended September 30, 2003. The estimated amortization expense is $6.0 million in 2004 and 2005 and $5.9 million, $5.8 million, $4.5 million and $1.8 million in 2006, 2007, 2008 and 2009, respectively.

***15. Debt***

*Credit Agreements*

In March 2002, we entered into a three-year, unsecured revolving credit agreement. The agreement permits us to borrow as much as $560 million at variable interest rates based on either the London Interbank Offered Rate (LIBOR) or the prime rate. Borrowings under the agreement were $50 million at September 30, 2004, and were classified in current portion of long-term debt. In addition to these borrowings, $76.5 million of letters of credit reduced our borrowing capacity at September 30, 2004, to $433.5 million. At September 30, 2004, our borrowing rate under the revolving credit agreement, including the facility fee on the drawn portion of the revolver, was 3.4%. Letters of credit issued under the terms of the revolving credit were charged at a rate of 1.75%, including the facility fee. In addition, we were charged a fee of 0.3% on the unused portion of our revolving credit balance. We are also charged a 0.25% utilization fee when we utilize over 50% of our borrowing capacity under the agreement. At September 30, 2004, we utilized less than 50% of our borrowing capacity. We have entered into interest rate swaps to hedge the cash flow risk from the variable interest payments on $50 million of LIBOR-based debt, which gave us an effective interest rate of 5.3% for outstanding borrowings under the revolving credit agreement at September 30, 2004. The revolving credit agreement contains customary conditions to borrowing, including compliance with financial covenants relating to minimum net worth, minimum interest coverage ratio and ceiling ratio of debt to capitalization. At September 30, 2004, we were in compliance with these covenants. Under this agreement, the payment of dividends depends on the existence and amount of net worth in excess of the defined minimum. Our net worth at September 30,

2004, exceeded the defined minimum by $1,142.2 million. When the agreement expires in June 2005, any amount outstanding will be due and payable.

In December 2003, we entered into a 19-month, unsecured credit agreement with 13 major financial institutions. Under the agreement, we borrowed $150 million at variable interest rates based on either the LIBOR or the prime rate. Borrowings under the agreement were $128.0 million at September 30, 2004. At September 30, 2004, our borrowing rate under the agreement was 3.9%. The credit agreement contains financial covenants that are essentially the same as those in our revolving credit agreement discussed above, except that the terms require that the net proceeds of asset sales in excess of the first $100 million be used to reduce the loan balance. The agreement also states that a lien of two times the outstanding balance will be applied to our inventory if our credit ratings fall to either BB- or Ba3 or lower. The credit agreement was paid in full on October 29, 2004.

*Adjustable Conversion-Rate Equity Securities*

In December 2001, we issued 3,450,000 7.5% adjustable conversion-rate equity security units (ACES) to the public at an aggregate offering price of $172.5 million. The units trade on the New York Stock Exchange under the ticker symbol BEP. At the time of issuance, there were two components of each unit. Investors received a preferred security issued by Boise Cascade Trust I (the trust), a statutory business trust wholly owned by the company, with a liquidation amount of $50. These preferred securities were mandatorily redeemable in December 2006. Investors also entered into a contract to purchase $50 worth of our common shares, subject to a collar arrangement. The trust used the proceeds from the offering to purchase debentures issued by Boise Cascade Corporation (now OfficeMax). These debentures were 7.5% senior, unsecured obligations that matured in December 2006.

On September 16, 2004, we dissolved the trust and distributed the debentures to the unit holders in exchange for their preferred securities. Also on that date, the remarketing of $144.5 million of these securities was completed. In connection with the remarketing, the 7.5% interest rate on the debentures was reset to 2.75% over the average of the interbank offered rates for three-month LIBOR on the third business day before the prior quarter's interest payment date. The 2.75% over LIBOR rate will decrease (or increase) by 0.25% if at any time Standard and Poor's Corporation's and Moody's Investor Service, Inc.'s rating agencies raise (or lower) their ratings of the debentures. The first interest payment on the debentures at the reset rate will be made on December 16, 2004 at a rate of 4.62% per annum (subject to changes for ratings changes). On November 5, 2004, we repurchased $144.5 million of these debentures pursuant to a tender offer for these securities. As of November 5, 2004, $28 million of the debentures remained outstanding. The outstanding debentures will mature in December 2006.

On December 16, 2004, investors will fulfill their purchase contracts and receive between 1.2860 and 1.5689 of our common shares for each unit, depending on the average trading price of our common stock over a 20 trading day period ending on the third trading day immediately preceding the stock purchase date. We will receive $50 per unit or $172.5 million as a result of these contract fulfillments.

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

*Other*

In April and May 2004, we entered into two interest rate swaps with notional amounts of $50 million each. These swaps converted $100 million of fixed-rate $150 million 7.50% debentures to variable-rate debt based on six-month LIBOR plus approximately 3.9% for the April swap and 3.8% for the May swap. In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converted $50 million of fixed-rate $150 million 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. In September 2004, we settled the swaps in anticipation of tendering for the underlying debt instruments.

At September 30, 2004 and 2003, we had $452.4 million and $7.2 million of short-term borrowings



outstanding. Changes in short-term borrowings primarily reflect the addition of two $200 million term loan facilities in September 2004 to fund incremental contributions to our pension plans (see Note 17) and to fund increases in our working capital related to no longer selling a portion of our accounts receivable. In addition, during second quarter 2004, we added two $20 million floating rate term loans. The interest rates on the $20 million term loans are variable rates based on either the LIBOR or the prime rate. The $20 million term loans were scheduled to expire in May 2005. On October 29, 2004, we repaid the two $200 million and two $20 million term loans with the proceeds from the sale. The minimum and maximum amounts of combined short-term borrowings outstanding were $6.2 million and $493.7 million during the nine months ended September 30, 2004, and were $0 and $117.4 million during the nine months ended September 30, 2003. The average amounts of short-term borrowings outstanding during the nine months ended September 30, 2004 and 2003, were $61.6 million and $40.2 million. The average interest rates for these borrowings were 2.6% for 2004 and 2.0% for 2003.

At September 30, 2004, we had $143 million of unused borrowing capacity registered with the SEC for additional debt securities.

Cash payments for interest, net of interest capitalized, were $30.3 million and $115.0 million for the three and nine months ended September 30, 2004, and $31.7 million and $99.9 million for the three and nine months ended September 30, 2003. The difference between the payments made during the nine months ended September 30, 2004, compared with the nine months ended September 30, 2003, was due to higher debt levels in 2004 related to additional borrowings to provide cash for the OfficeMax, Inc., acquisition.

See Note 23, Subsequent Events, for a discussion of the debt that has been paid off with the proceeds from the sale of our paper, forest products and timberland assets.

***16. Financial Instruments***

Changes in interest and currency rates expose us to financial market risk. Our debt is predominantly fixed-rate. We experience only modest changes in interest expense when market interest rates change. Most foreign currency transactions have been conducted in local currencies, limiting our exposure to changes in currency rates. Consequently, our market risk-sensitive instruments do not subject us to material market risk exposure. Changes in our debt and continued international expansion could increase these risks. To manage volatility relating to these exposures, we may enter into various derivative transactions,

such as interest rate swaps, rate hedge agreements, forward purchase contracts and forward exchange contracts. We do not use derivative financial instruments for trading purposes.

In April and May 2004, we entered into two interest rate swaps with notional amounts of $50 million each. These swaps converted $100 million of fixed-rate $150 million 7.50% debentures to variable-rate debt based on six-month LIBOR plus approximately 3.9% for the April swap and 3.8% for the May swap. In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converted $50 million of fixed-rate $150 million 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. In September 2004, we settled the swaps in anticipation of tendering for the underlying debt instruments.

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

See Note 12, Financial Instruments, in "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Annual Report on Form 10-K and "Item 3. Quantitative and Qualitative Disclosures About Market Risk" in this Form 10-Q for more information about our financial market risk.



### *17. Retirement and Benefit Plans*

The following represents the components of net periodic pension and postretirement benefit costs in accordance with the revised SFAS No. 132, Employers' Disclosures About Pensions and Other Postretirement Benefits:

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | Three Months Ended September 30 | | Three Months Ended September 30 | |
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands) | | | |
| Service cost | $ 7,568 | $ 10,424 | $ 479 | $ 411 |
| Interest cost | 26,289 | 26,383 | 1,614 | 1,743 |
| Expected return on plan assets | (25,181) | (25,608) | — | — |
| Recognized actuarial loss | 9,739 | 6,211 | 286 | 272 |
| Amortization of prior service costs and other | 1,295 | 1,532 | (169) | (532) |
| Company-sponsored plans | 19,710 | 18,942 | 2,210 | 1,894 |
| Multiemployer pension plans | 120 | 116 | — | — |
| Net periodic benefit cost | **$ 19,830** | **$ 19,058** | **$ 2,210** | **$ 1,894** |

| | Pension Benefits | | Other Benefits | |
|---|---|---|---|---|
| | Nine Months Ended September 30 | | Nine Months Ended September 30 | |
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands) | | | |
| Service cost | $ 22,759 | $ 30,530 | $ 1,431 | $ 1,223 |
| Interest cost | 78,858 | 79,176 | 4,827 | 5,191 |
| Expected return on plan assets | (75,542) | (76,920) | — | — |
| Recognized actuarial loss | 29,219 | 18,619 | 858 | 818 |
| Amortization of prior service costs and other | 8,702 | 4,598 | (509) | (1,591) |
| Company-sponsored plans | 63,996 | 56,003 | 6,607 | 5,641 |
| Multiemployer pension plans | 408 | 400 | — | — |
| Net periodic benefit cost | **$ 64,404** | **$ 56,403** | **$ 6,607** | **$ 5,641** |

We previously announced plans to make pension contributions of $80 million to $120 million during 2004. The transaction agreement with Boise Cascade, L.L.C., required us to fully fund the transferred spun off plans on an accumulated benefit obligation basis using a 6.25% liability discount rate. As a result of the sale and because of minimum contribution requirements earlier in 2004, we contributed $233 million to the plans by September 30, 2004. Of this amount, $200 million was contributed on September 14, 2004, in anticipation of the sale. A final contribution of $46 million was made to the spun off pension plans on October 29, 2004, when the actuarial work was completed and the asset balances were known.



### *18. 2003 Cost-Reduction Program*

In March 2003, we announced the termination of approximately 550 employees in connection with our 2003 cost-reduction program. At September 30, 2004, we had terminated approximately 530 employees. Under our severance policy, in first quarter 2003, we recorded a pretax charge of $10.1 million for employee-related costs in "Other (income) expense, net" in our Consolidated Statement of Loss. We recorded these costs in accordance with the provisions of SFAS No. 112, Employers' Accounting for Postemployment Benefits. We recorded $9.2 million in the OfficeMax, Contract segment; $0.2 million in the Boise Paper Solutions segment; and $0.7 million in our Corporate and Other segment. Employee-related costs are primarily for severance payments, most of which were paid in 2003, with the remainder to be paid in 2004. This item increased our net loss $6.1 million for the nine months ended September 30, 2003.

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

| | Employee-Related Costs |
|---|---|
| | (thousands) |
| 2003 expense recorded | $ 10,100 |
| Charges against the reserve | (7,800) |
| Balance at December 31, 2003 | 2,300 |
| Charges against the reserve | (1,400) |
| Reserves credited to income | (200) |
| Balance at September 30, 2004 | **$ 700** |

***19. Recently Adopted Accounting Standards***

On December 8, 2003, the President signed into law the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). The Act introduces a Medicare prescription drug benefit as well as a federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that is at least actuarially equivalent to the Medicare benefit. As allowed by FASB Staff Position (FSP) 106-1, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003, we had deferred recognizing the effects of the Act in the consolidated financial statements and notes to consolidated financial statements. In May 2004, the FASB issued FSP 106-2, which supersedes FSP 106-1 and provides guidance on the accounting of the effects of the Act. We adopted FSP 106-2 on July 1, 2004, and because it will not have a material impact on our financial position or results of operations, we did not view it as a "significant event" as defined by SFAS No. 106; therefore, the effects of the Act will be incorporated in the next measurement of plan assets and obligations, or October 29, 2004.

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

In November 2003, the FASB's EITF reached a consensus on EITF 03-10, Application of Issue No. 02-16 by Resellers to Sales Incentives Offered to Consumers by Manufacturers. The consensus required that consideration received by a reseller from a vendor that is a reimbursement by the vendor for honoring the vendor's sales incentives offered directly to consumers be recorded as revenue rather than



as a reduction of cost of goods sold. We adopted EITF 03-10 on January 1, 2004, and it did not have a material impact on our financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments With Characteristics of Both Liabilities and Equity. SFAS No. 150 requires issuers to classify as liabilities (or assets in some circumstances) three classes of free-standing financial instruments that embody obligations for the issuer. The statement was effective on July 1, 2003, for financial instruments entered into or modified after May 31, 2003, and otherwise effective for existing financial instruments entered into before May 31, 2003. We adopted this statement July 1, 2003, and it did not have a material impact on our financial position or results of operations.

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities. In December 2003, the FASB issued a revised FASB Interpretation No. 46. Interpretation No. 46, as revised, required us to reclassify $172.5 million of "Adjustable conversion-rate equity securities" from "Minority interest" to "Debt" in our Consolidated Balance Sheets and recognize distributions on these securities as "Interest expense" rather than "Minority interest, net of income tax" in our Consolidated Statements of Income (Loss). As allowed by the FASB's revised Interpretation No. 46, prior years' financial statements have been reclassified to conform with the current year's presentation. In all periods presented, there was no net effect on earnings, and the reclassification of these securities to debt did not affect our financial covenants.

See Note 9, Accounting Changes, for a discussion of SFAS No. 143, Accounting for Asset Retirement Obligations, and EITF 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor, and their effect on our consolidated financial statements.

***20. Segment Information***

There are no differences in our basis of segmentation or in our basis of measurement of segment profit or loss from that disclosed in Boise Cascade Corporation's 2003 Annual Report on Form 10-K. In connection with our name change, we changed the name of our office products segments to OfficeMax, Contract and OfficeMax, Retail (see Note 1). An analysis of our operations by segment is as follows:

| | Sales | | | Income (Loss) Before Taxes and Minority Interest (a) |
|---|---|---|---|---|
| | Trade | Intersegment | Total | |
| | | (thousands) | | |
| **Three Months Ended September 30, 2004** | | | | |
| OfficeMax, Contract | $ 1,095,596 | $ 596 | $ 1,096,192 | $ 31,442 |
| OfficeMax, Retail | 1,138,461 | — | 1,138,461 | 25,102 |
| Boise Building Solutions | 1,043,971 | 7,269 | 1,051,240 | 94,647 |
| Boise Paper Solutions | 365,722 | 165,415 | 531,137 | 20,765 |
| Corporate and Other | 7,180 | 913 | 8,093 | (29,466) |
| | 3,650,930 | 174,193 | 3,825,123 | 142,490 |

| | | | | |
|---|---|---|---|---|
| Intersegment eliminations | — | (174,193) | (174,193) | — |
| Interest expense | — | — | — | (39,945) |
| | **$ 3,650,930** | **$ —** | **$ 3,650,930** | **$ 102,545** |
| **Three Months Ended September 30, 2003** | | | | |
| OfficeMax, Contract | $ 933,520 | $ 530 | $ 934,050 | $ 30,961 |
| Boise Building Solutions | 821,841 | 6,256 | 828,097 | 56,445 |
| Boise Paper Solutions | 349,399 | 124,768 | 474,167 | 191 |
| Corporate and Other | 5,841 | 14,735 | 20,576 | (10,546) |
| | 2,110,601 | 146,289 | 2,256,890 | 77,051 |
| Intersegment eliminations | — | (146,289) | (146,289) | — |
| Interest expense | — | — | — | (31,657) |
| | **$ 2,110,601** | **$ —** | **$ 2,110,601** | **$ 45,394** |

(a) Interest income has been allocated to our segments in the amounts of $0.5 million and $0.2 million for the three months ended September 30, 2004 and 2003.



| | Sales | | | Income (Loss) Before Taxes, Minority Interest and Cumulative Effect of Accounting Changes (a) |
|---|---|---|---|---|
| | Trade | Intersegment | Total | |
| | | (thousands) | | |
| **Nine Months Ended September 30, 2004** | | | | |
| OfficeMax, Contract | $ 3,252,654 | $ 1,757 | $ 3,254,411 | $ 87,234 |
| OfficeMax, Retail | 3,326,121 | — | 3,326,121 | 43,769 |
| Boise Building Solutions | 2,935,403 | 22,643 | 2,958,046 | 289,728(b) |
| Boise Paper Solutions | 1,043,828 | 457,007 | 1,500,835 | 47,607(c) |
| Corporate and Other | 23,767 | 46,174 | 69,941 | (63,514) |
| | 10,581,773 | 527,581 | 11,109,354 | 404,824 |
| Intersegment eliminations | — | (527,581) | (527,581) | — |
| Interest expense | — | — | — | (121,029) |
| | **$ 10,581,773** | **$ —** | **$ 10,581,773** | **$ 283,795** |
| **Nine Months Ended September 30, 2003** | | | | |
| OfficeMax, Contract | $ 2,775,455 | $ 1,803 | $ 2,777,258 | $ 75,516(d) |
| Boise Building Solutions | 2,076,995 | 18,589 | 2,095,584 | 57,812 |
| Boise Paper Solutions | 1,022,842 | 378,914 | 1,401,756 | 529 |
| Corporate and Other | 17,536 | 41,222 | 58,758 | (29,154) |
| | 5,892,828 | 440,528 | 6,333,356 | 104,703 |
| Intersegment eliminations | — | (440,528) | (440,528) | — |
| Interest expense | — | — | — | (94,911) |
| | **$ 5,892,828** | **$ —** | **$ 5,892,828** | **$ 9,792** |

(a) Interest income has been allocated to our segments in the amount of $1.4 million and $0.7 million for the nine months ended September 30, 2004 and 2003.

(b) Includes a $46.5 million pretax gain for the sale of our 47% interest in Voyageur Panel (see Note 11) and a $16.1 million pretax gain for the sale of timberlands (see Note 6).

(c) Includes a $59.9 million pretax gain for the sale of approximately 79,000 acres of timberland in western Louisiana (see Note 6).

(d) Includes a $9.2 million pretax charge for employee-related costs incurred in connection with the 2003 cost-reduction program (see Note 18).



***21. Commitments and Guarantees***

*Commitments*

As of the date of our consolidated financial statements, we had commitments for timber contracts, leases and long-term debt. See Notes 1, 7, and 11 of "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Annual Report on Form 10-K. In addition, we have purchase

obligations for goods and services, capital expenditures and raw materials entered into in the normal course of business. On October 29, 2004, we sold our paper, forest products and timberland assets. After the sale, we remain contingently liable for contracts assigned to Boise Cascade, L.L.C. With the proceeds of the sale, we reduced our commitments for long-term debt (see Note 23).

Pursuant to an Additional Consideration Agreement between OfficeMax and Boise Cascade, L.L.C., we may be required to make substantial cash payments to, or receive substantial cash payments from, Boise Cascade, L.L.C. Under the Additional Consideration Agreement, the transaction proceeds may be adjusted upward or downward based on paper sales prices during the six years following the closing date. Over that period, we could pay Boise Cascade, L.L.C., a maximum annual amount of $45 million, subject to a maximum aggregate cap of $125 million, during the life of the contract, or Boise Cascade, L.L.C., could pay us a maximum annual amount of $45 million, subject to a maximum aggregate cap of $125 million, during the life of the contract, in each case net of payments received.

Operating leases represent a significant commitment to us. We lease our store space and other property and equipment under operating leases. The minimum lease requirements for OfficeMax leases are $92.9 million for the last quarter of 2004, $354.4 million for 2005, $320.8 million for 2006, $276.2 million for 2007 and $248.4 million for 2008, with total payments thereafter of $1,102.7 million, for leases with remaining terms of more than one year. These minimum lease payments do not include contingent rental expenses that may be paid based on percentages in excess of stipulated amounts. These future minimum lease payment requirements have not been reduced by minimum sublease rentals due in the future under noncancelable subleases.

In accordance with our joint-venture agreement, the minority owner of our subsidiary in Mexico, OfficeMax de Mexico, can require us to purchase its 49% interest in the subsidiary if earnings targets are achieved. At September 30, 2004, OfficeMax de Mexico had met these earnings targets. These earnings targets are calculated quarterly on a rolling four-quarter basis. Accordingly, the targets can be achieved in one quarter but not in the next. When the earnings targets are achieved and the minority owner elects to put its ownership interest, the purchase price would be equal to fair value, calculated based on both the subsidiary's earnings for the last four quarters before interest, taxes, and depreciation and amortization and the current market multiples of similar companies. The fair value purchase price estimate at September 30, 2004, was estimated to be $25 million to $30 million.

*Guarantees*

We provide guarantees, indemnifications and assurances to others, which constitute guarantees as defined under FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. Note 17, Commitments and Guarantees, of "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Annual Report on Form 10-K describes the nature of our guarantees, including the approximate terms of the guarantees, how the guarantees arose, the events or circumstances that would require us to perform under the guarantees and the maximum potential undiscounted amounts of future payments we could be required to make. The following represent changes to the guarantees disclosed in Boise Cascade Corporation's 2003 Annual Report on Form 10-K:

Boise Cascade Office Products Corporation and OfficeMax, Inc. (both wholly owned subsidiaries of OfficeMax Incorporated) guaranteed five of OfficeMax Incorporated's term loans. At September 30, 2004,



$460 million was outstanding under the term loans. These borrowings were paid on October 29, 2004, with the proceeds from the sale.

***22. 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 and contingencies, see Boise Cascade Corporation's 2003 Annual Report on Form 10-K.

***23. Subsequent Events***

On October 29, 2004, we completed the sale of our paper, forest products and timberland assets for approximately $3.7 billion to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC. Effective November 1, 2004, Boise Cascade Corporation changed its company name to OfficeMax Incorporated. We will continue to operate our office products distribution business as our principal business. We trade on the New York Stock Exchange under the ticker symbol OMX, and our corporate headquarters is in Itasca, Illinois. The new OfficeMax website address is www.officemax.com.

We expect to realize net cash proceeds of approximately $3.2 billion from the sale, after allowing for a $175 million reinvestment in Boise Cascade, L.L.C., and its affiliates and transaction-related settlements. The consideration for the timberlands portion of the transaction included $1.635 billion of timber installment notes and $15 million of cash. We expect to monetize the timber installment notes prior to year-end for proceeds of approximately $1.47 billion, which is included in the $3.2 billion of total net transaction proceeds noted above.

Through debt repurchases and retirements, we expect to reduce our balance sheet debt to between $250 million and $300 million over the coming months. On October 29, 2004, we repaid $588 million of bank term loans and we made a contribution to our spun off pension plans of $46 million. On November 5, 2004, we repurchased approximately $1.046 billion principal amount of our public debt securities and paid premiums of $125 million, as we completed our current debt tender offers. After the planned monetization of the timberland installment notes, we expect to make further reductions to our debt.

In addition to debt repayments, we expect to return $800 million to $1 billion of the overall transaction proceeds to shareholders through common and preferred stock buybacks, cash dividends or a combination of these alternatives. As part of this equity return, we redeemed $110 million of our Series D preferred stock on November 1, 2004, and paid related accrued dividends of $3 million. On December 16, 2004, we will issue common stock to redeem our adjustable conversion-rate equity security units. Following that settlement, we will announce our plans for further returning equity to shareholders.



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

***Sale of Paper, Forest Products and Timberland Assets***

On October 29, 2004, we completed the sale of our paper, forest products and timberland assets (the sale) for approximately $3.7 billion to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC. Effective November 1, 2004, Boise Cascade Corporation changed its company name to OfficeMax Incorporated ("OfficeMax" or "we"). We will continue to operate our office products distribution business as our principal business. We trade on the New York Stock Exchange under the ticker symbol OMX, and our corporate headquarters is in Itasca, Illinois. The new OfficeMax website address is www.officemax.com.

In connection with the name change, we changed the names of our office products segments to OfficeMax, Contract and OfficeMax, Retail. The Boise Cascade Corporation and Boise Office Solutions names were used in documents furnished to or filed with the Securities and Exchange Commission before November 1, 2004. References made to the OfficeMax, Inc., Acquisition and OfficeMax, Inc., Integration in this Management's Discussion and Analysis of Financial Condition and Results of Operations refer to Boise Cascade Corporation's acquisition of OfficeMax, Inc., in December 2003 and the related integration activities. The financial data included in this report include the results of the paper, forest products and timberland assets through September 30, 2004, and our future reports will continue to include the results of these assets through October 28, 2004. On October 29, 2004, we invested $175 million in securities of Boise Cascade, L.L.C., and affiliates. This investment represents continuing involvement as defined in Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Accordingly, we do not show the historical results of the sold paper, forest products and timberland assets as discontinued operations.

We expect to realize net cash proceeds of approximately $3.2 billion from the sale, after allowing for a $175 million reinvestment in Boise Cascade, L.L.C., and its affiliates and transaction-related settlements. The consideration for the timberlands portion of the transaction included $1.635 billion of timber installment notes and $15 million of cash. We expect to monetize the timber installment notes prior to year-end for proceeds of approximately $1.47 billion, which is included in the $3.2 billion of total net transaction proceeds noted above.

Through debt repurchases and retirements, we expect to reduce our balance sheet debt to between $250 million and $300 million over the coming months. On October 29, 2004, we repaid $588 million of bank term loans and we made a contribution to our spun off pension plans of $46 million (see Critical Accounting Estimates in this Management's Discussion and Analysis of Financial Condition and Results of Operations). On November 5, 2004, we repurchased approximately $1.046 billion principal amount of our public debt securities and paid premiums of $125 million, as we completed our current debt tender offers. After the planned monetization of the timberland installment notes, we expect to make further reductions to our debt.

In addition to debt repayments, we expect to return $800 million to $1 billion of the overall transaction proceeds to shareholders through common and preferred stock buybacks, cash dividends or a combination of these alternatives. As part of this equity return, we redeemed $110 million of our Series D preferred stock on November 1, 2004, and paid related accrued dividends of $3 million. On December 16, 2004, we will issue common stock to redeem our adjustable conversion-rate equity security units. Following that settlement, we will announce our plans for further returning equity to shareholders.

***Summary and Outlook***

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



*Financial Performance*

Sales in third quarter 2004 increased 73% to $3.7 billion, compared with $2.1 billion in the third quarter a year ago. Sales for the first nine months of 2004 increased 80% to $10.6 billion, compared with $5.9 billion in the same period of 2003. Sales increased in both periods primarily because of the acquisition of the retail office products business in December 2003 but were also aided by strong product prices in Boise Building Solutions and, to a lesser extent, increased sales in Boise Paper Solutions as a result of increased sales volume and prices.

Third quarter 2004 net income was $61.1 million, or 63 cents per diluted share, compared with net income of $32.9 million, or 48 cents per diluted share, in third quarter 2003. The increase in income from third quarter 2003 to third quarter 2004 resulted from increased income in the office products business primarily due to the OfficeMax acquisition in December 2003, increased income from operations in Boise Building Solutions due to strong product prices and increased income in the paper segment because of increased unit sales volumes and product prices.

Net income for the first nine months of 2004 was $175.0 million, or $1.81 per diluted share, compared with net income of $1.4 million, or a loss of 14 cents per diluted share, for the first nine months of 2003. Income increased in the first nine months of 2004, compared with the first nine months of 2003, because of increased income in the office products business primarily due to the OfficeMax acquisition, increased income from operations in Boise Building Solutions due to strong product prices and the positive impact of a $36.6 million after-tax gain on the sale of Louisiana timberland and a $28.4 million after-tax gain on the sale of our 47% interest in Voyageur Panel.

*OfficeMax, Contract and OfficeMax, Retail*

In our combined OfficeMax business, which includes the contract and retail segments, sales increased 139% to $2.2 billion, compared with $934.1 million in the same quarter a year ago. OfficeMax sales for the first nine months of 2004 increased 137% to $6.6 billion, compared with $2.8 billion in the first nine months of 2003. Sales increased, compared with both prior periods, primarily because of the OfficeMax acquisition.

OfficeMax combined operating income in third quarter 2004 was $56.5 million, up from $31.0 million in third quarter 2003. For the first nine months of 2004, OfficeMax operating income for both segments was $131.0 million, compared with $75.5 million in the first nine months of 2003. Operating income increased, compared with both prior periods, primarily because of the acquisition of the retail office products business. The results were, however, hampered by hurricanes in the southeastern United States. The storms caused temporary retail store closures, which led to lost sales and an estimated $3.0 million in lost income.

In third quarter 2004, OfficeMax achieved $30.8 million of integration synergies and recorded integration costs of $6.9 million. In the first nine months of 2004, synergies totaled $75.2 million, with nearly 60% of the synergies in the contract segment, and costs totaled $24.1 million, again mostly in the contract segment as we rationalized delivery warehouses, customer service centers and administrative staff.

We continue to expect to achieve $130 million of synergies by 2006, although the timing of expected synergy achievement has accelerated. We should see about $100 million of synergies in 2004, an additional $20 million in 2005 and another $10 million in 2006.

*Boise Building Solutions*

Boise Building Solutions reported third quarter 2004 sales of $1.1 billion, compared with $828.1 million in third quarter 2003. Sales for the first nine months of 2004 rose to $3.0 billion from $2.1 billion in the first nine months of 2003. Building materials distribution sales increased 34% in third quarter 2004 and 48% in the first nine months of 2004, compared with the same periods in 2003, due to strong pricing and increased sales volume. Sales of engineered wood products increased 36% in both periods, compared with the third quarter and first nine months of 2003. Prices for both plywood and lumber increased in both third quarter 2004 and the first nine months of 2004, compared with the same periods in 2003. Plywood unit sales volumes declined in both periods, and lumber unit sales volume declined slightly in the first nine months of 2004 because of the sale of our Yakima, Washington, plywood and lumber facilities in February 2004.



Boise Building Solutions reported operating income of $94.6 million in third quarter 2004, compared with $56.4 million in the prior-year third quarter, primarily due to increased product prices. Third quarter 2004 results were also aided by a pretax gain of $13.1 million on the sale of timberlands. Boise Building Solutions income for the first nine months of 2004 was $289.7 million, compared with $57.8 million for the same period in 2003. Results for the first nine months of 2004 included a pretax gain of $46.5 million on the sale of our interest in the Voyageur Panel joint venture as well as a $15.3 million gain on the sale of timberlands. Before the gains, segment income increased $170.1 million to $227.9 million, compared with the first nine months of 2003, again primarily due to increased product prices.

*Boise Paper Solutions*

Boise Paper Solutions reported third quarter 2004 sales of $531.1 million, compared with $474.2 million in third quarter 2003, due to a 7% increase in average paper prices and a 3% increase in sales volume. The amount of our office paper sold through OfficeMax in third quarter 2004 increased 26% from the year-ago third quarter. Sales for the first nine months of 2004 rose 7% to $1.5 billion, compared with $1.4 billion in the year-ago period, primarily because of increased sales volume. Sales volumes were up for all of our product categories except containerboard, which was flat year-over-year. Total sales volume increased 5%, while weighted average paper prices increased 1%. The amount of Boise's office paper sold through OfficeMax in the first nine months of 2004 increased 22% from the year-ago nine months. Market-related downtime during the first nine months of 2004 was 50,000 tons, compared with 139,000 tons during the same period a year ago.

Boise Paper Solutions posted operating income of $20.8 million in third quarter 2004, compared with $191,000 in third quarter 2003, because of increased average paper prices (7%) and sales volume (3%). A September 2004 hurricane cost the business approximately $2.8 million due to damage to the mill and timberland and lost production at our pulp and paper mill in Jackson, Alabama. Boise Paper Solutions income for the first nine months of 2004 was $47.6 million, compared with $529,000 during the same period in 2003. Results for the nine months ended September 30, 2004, include a $59.9 million pretax gain on the sale of 79,000 acres of timberland in western Louisiana in March 2004. Before this item, the segment lost $12.3 million in the first nine months of 2004 because of the costs related to the hurricane in September 2004, increased unit manufacturing costs and operating difficulties due to adverse weather conditions and other production issues in first quarter 2004.

*Outlook for Office Products Distribution Business*

Following a third quarter that included lost income caused by hurricanes and a back-to-school season that was softer than expected, we are cautious about the outlook for the fourth quarter. In our retail office products business, we are concerned that the impact on consumers of high energy costs and a continuation of current retail trends may lead to a weaker than expected holiday season. In our contract business, net margins may continue to be constrained as strong new account growth phases in and as we continue to lag in passing through paper price increases to our contract customers. In addition, OfficeMax Direct will continue to generate losses, as we ramp up sales efforts and continue consolidating our warehouses.

For full year 2004, we continue to expect same-store sales growth of approximately 4% for the office products business. Operating income should be in the range of $180 million to $190 million, and our net operating margin should be between 2.0% and 2.2%. We continue to make progress on the integration of OfficeMax, Retail and OfficeMax, Contract. We believe we will realize $100 million in synergies for full year 2004, and we anticipate integration costs to total approximately $35 million.

***OfficeMax, Inc., Acquisition***

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

The aggregate consideration paid for the acquisition was as follows:



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

We summarized the estimated fair values of assets acquired and liabilities assumed for the OfficeMax, Inc., acquisition in Note 2, OfficeMax, Inc., Acquisition, in "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Annual Report on Form 10-K. The initial purchase price allocations may be adjusted within one year of the purchase date for changes in estimates of the fair value of assets acquired and liabilities assumed. During the nine months ended September 30, 2004, we recorded $11.5 million of purchase price adjustments that increased the recorded amount of goodwill. The adjustments were related to fair value adjustments, liability accruals, accruals related to facility closures and consolidation of headquarters administrative staff.

*Pro Forma Financial Information*

The following table summarizes unaudited pro forma financial information assuming we had acquired OfficeMax, Inc., on January 1, 2003. The unaudited pro forma financial information uses OfficeMax, Inc., data for the months corresponding to our September 30 period-end. This unaudited pro forma financial information does not necessarily represent what would have occurred if the transaction had taken place on the dates presented and should not be taken as representative of our future consolidated results of operations or financial position. We have not finalized our integration plans. Accordingly, this pro forma information does not include all costs related to the integration. When the costs are determined, they either increase the amount of goodwill recorded or decrease net income, depending on the nature of the costs. We are realizing operating synergies. Synergies come from offering more products and services across more customer channels, purchasing leverage from increased scale and reduced costs in logistics, marketing and administration. The pro forma information does not reflect these expenses and synergies.

| | Three Months Ended September 30, 2003 | Nine Months Ended September 30, 2003 |
|---|---|---|
| | (millions, except per-share amounts) | |
| Sales | $ 3,360 | $ 9,532 |
| Net income before cumulative effect of accounting changes | $ 29.3 | $ 1.0 |
| Cumulative effect of accounting changes, net of income tax | — | (8.8) |
| Net income (loss) | **$ 29.3** | **$ (7.8)** |
| Net income (loss) per common share | | |
| Basic before cumulative effect of accounting changes | $ 0.30 | $ (0.11) |
| Cumulative effect of accounting changes, net of income tax | — | (0.10) |
| Basic | **$ 0.30** | **$ (0.21)** |
| Diluted before cumulative effect of accounting changes | $ 0.29 | $ (0.11) |
| Cumulative effect of accounting changes, net of income tax | — | (0.10) |
| Diluted | **$ 0.29** | **$ (0.21)** |



*Integration Charges*

Increased scale as a result of the OfficeMax, Inc., acquisition has allowed us to evaluate the combined office products business to determine what opportunities for consolidating operations may be appropriate. Closures or consolidation of acquired facilities identified in the integration planning process are accounted for as exit activities in connection with the acquisition and charged to goodwill. Charges for all other closures and consolidations have been recognized in our Consolidated Statements of Income.

During the three and nine months ended September 30, 2004, we charged approximately $6.9 million and $24.1 million of integration costs to our Consolidated Statements of Income. Integration costs occurred primarily in the contract segment as the business consolidated distribution centers, customer service centers and administrative staff. For the three and nine months ended September 30, 2004, approximately $1.1 million and $9.3 million of the costs are included in "Other (income) expense, net," and $5.8 million and $14.8 million are included in "Selling and distribution expenses." Integration costs are as follows:

| | Three Months Ended September 30, 2004 | Nine Months Ended September 30, 2004 |
|---|---|---|
| | (millions) | |
| Severance | $ 1.0 | $ 6.7 |
| Lease termination costs | — | 1.0 |
| Vendor transition costs | 1.9 | 3.2 |
| Professional fees | 1.3 | 4.8 |
| Payroll, benefits and travel | 1.2 | 3.4 |
| Write-down of long-lived assets | — | 1.6 |
| Other integration costs | 1.5 | 3.4 |
| | **$ 6.9** | **$ 24.1** |

*Facility Closure Reserves*

During the nine months ended September 30, 2004, we closed six U.S. distribution centers, two customer service centers and two retail stores (in addition to the 45 retail stores discussed below), eliminating approximately 470 employee positions. We expect to close two more distribution centers during fourth quarter 2004. At September 30, 2004, we had accrued for approximately $7.0 million of costs associated with these closures in our Consolidated Balance Sheet. We are working on a plan to reduce the total number of continental U.S. distribution centers from 55 at December 31, 2003, to 25 to 30 by the

end of 2006. We will account for the additional closures when management formalizes their plans. When the costs are determined, they will either increase the amount of goodwill recorded if the closures relate to the acquired OfficeMax, Inc., operations, or decrease net income.

Prior to our acquisition, OfficeMax, Inc., had identified and closed underperforming facilities. As part of our purchase price allocation, at December 31, 2003, we had $58.7 million of reserves recorded for the estimated fair value of future liabilities associated with these closures. These reserves related primarily to future lease termination costs, net of estimated sublease income. Most of the expenditures for these facilities will be made over the remaining lives of the operating leases, which range from three to 16 years. At September 30, 2004, the remaining reserve in our Consolidated Balance Sheet was $52.3 million.



In addition to these store closures, at December 31, 2003, we identified 45 OfficeMax retail facilities that were no longer strategically or economically viable. In accordance with the provisions of Emerging Issues Task Force (EITF) 95-3, Recognition of Liabilities in Connection With a Purchase Business Combination, at December 31, 2003, we had $69.4 million of reserves recorded in our Consolidated Balance Sheet. We closed these stores during first quarter 2004, eliminating approximately 995 employee positions, of which approximately 310 people were offered transfers to other stores. These charges were accounted for as exit activities in connection with the acquisition, and we did not recognize a charge to income in our Consolidated Statements of Income. Most of the cash expenditures for the facilities described above will be made over the remaining lives of the operating leases, which range from four months to 12 years. At September 30, 2004, the remaining reserve in our Consolidated Balance Sheet was $50.6 million.

At September 30, 2004, approximately $36.0 million of the facility closure reserve liability was included in “Accrued liabilities, other,” and $73.9 million was included in “Other long-term liabilities.” Facility closure reserve account activity was as follows:

| | Lease Termination Costs | Severance | Other | Total |
|---|---|---|---|---|
| | | (millions) | | |
| Facility closure reserve at December 31, 2003 | $ 126.9 | $ 0.8 | $ 0.4 | $ 128.1 |
| Costs incurred and charged to expense/goodwill | 5.7 | 4.7 | 0.2 | 10.6 |
| Charges against the reserve | (25.5) | (3.1) | (0.2) | (28.8) |
| Facility closure reserve at September 30, 2004 | **$ 107.1** | **$ 2.4** | **$ 0.4** | **$ 109.9** |

***Segment Discussion***

We report our business results using five reportable segments: OfficeMax, Contract; OfficeMax, Retail; Boise Building Solutions; Boise Paper Solutions; and Corporate and Other. Material increases in balance sheet items, such as inventories, goodwill, accounts payable and debt, are primarily due to the OfficeMax, Inc., acquisition.

OfficeMax, Contract, markets and sells office supplies and paper, technology products and office furniture through field salespeople, catalogs, the Internet and stores. OfficeMax, Retail, markets and sells office supplies and paper, technology products and office furniture through OfficeMax office supply superstores. These superstores feature CopyMax® and FurnitureMax® in-store modules devoted to print-for-pay services and office furniture. Boise Building Solutions manufactures, markets and distributes various products that are used for construction, while Boise Paper Solutions manufactures, markets and distributes uncoated free sheet papers, containerboard, corrugated containers, newsprint and market pulp. Corporate and Other includes support staff services and related assets and liabilities. The segments’ profits and losses are measured on operating profits before interest expense, income taxes, minority interest, extraordinary items and cumulative effect of accounting changes.



***Results of Operations, Consolidated***

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Sales | $ 3.7 billion | $ 2.1 billion | $ 10.6 billion | $ 5.9 billion |
| Income before cumulative effect of accounting changes | $ 61.1 million | $ 32.9 million | $ 175.0 million | $ 10.2 million |
| Cumulative effect of accounting changes, net of income tax | $ — | $ — | $ — | $ (8.8) million |
| Net income | $ 61.1 million | $ 32.9 million | $ 175.0 million | $ 1.4 million |
| **Diluted income (loss) per common share** | | | | |
| Diluted before cumulative effect of accounting changes | $ 0.63 | $ 0.48 | $ 1.81 | $ 0.01 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (0.15) |
| **Diluted** | **$ 0.63** | **$ 0.48** | **$ 1.81** | **$ (0.14)** |
| | | (percentage of sales) | | |
| Materials, labor and other operating expenses | 77.7% | 80.3% | 78.2% | 81.3% |
| Selling and distribution expenses | 13.6% | 10.6% | 14.0% | 11.1% |
| General and administrative expenses | 2.1% | 1.8% | 2.1% | 1.9% |

***Operating Results***

***Consolidated***

For the three and nine months ended September 30, 2004, total sales increased 73% and 80%, compared with the same periods a year ago. In both periods, total sales increased primarily because of the acquisition of OfficeMax, Inc., in December 2003 but were also aided by strong product prices in Boise Building Solutions and, to a lesser extent, increased sales in Boise Paper Solutions as a result of increased sales volume and prices.

For the three and nine months ended September 30, 2004, materials, labor and other operating expenses as a percentage of sales decreased 2.6% and 3.1%, respectively. The decline was primarily because our newly acquired retail office products business has higher gross margins as a percentage of sales. In both periods, excluding the impact of our retail office products segment, materials, labor and other operating expenses declined less than 1%. The decrease was primarily attributable to higher sales in Boise Building Solutions due to increased product prices.

For the three and nine months ended September 30, 2004, selling and distribution expenses increased about 3%, compared with the same periods a year ago. The increase was primarily because our retail office products segment has higher selling and distribution expenses as a percentage of sales. Excluding the impact of our retail office products segment, selling and distribution expenses declined about 0.5% during the three and nine months ended September 30, 2004, compared with the same periods a year ago. The decrease was primarily attributable to higher sales in Boise Building Solutions due to increased product prices.

During the three and nine months ended September 30, 2004, general and administrative expenses increased 0.3% and 0.2%, primarily due to higher payroll and benefit-related expenses.

During the nine months ended September 30, 2004, in "Other (income) expense, net," we reported $91.8 million of income, compared with $14.1 million of expense in the same period a year ago. In 2004, "Other (income) expense, net" included a $46.5 million pretax gain for the sale of our 47% interest in



Voyageur Panel to Ainsworth Lumber Co. Ltd., a $16.1 million pretax gain for the sale of timberlands, mostly in Idaho, and a $59.9 million pretax gain for the sale of approximately 79,000 acres of timberland in western Louisiana, offset by approximately $10.8 million of costs related to the sale of our paper, forest products and timberland assets, $9.3 million of OfficeMax integration costs, $7.1 million of costs related to the sale of our Yakima, Washington, plywood and lumber facilities and other miscellaneous income and expense items.

For the nine months ended September 30, 2003, "Other (income) expense, net" included a $10.1 million pretax charge for employee-related costs incurred in connection with our 2003 cost-reduction program. As part of this program, we announced the termination of approximately 550 employees. At September 30, 2004, we had terminated approximately 530 employees. Under our severance policy, in first quarter 2003, we recorded these costs in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 112, Employers' Accounting for Postemployment Benefits. We recorded $9.2 million in the OfficeMax, Contract segment; $0.2 million in the Boise Paper Solutions segment and $0.7 million in our Corporate and Other segment. Employee-related costs are primarily for severance payments, most of which were paid in 2003, with the remainder to be paid in 2004. This item increased our net loss $6.1 million for the nine months ended September 30, 2003.

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

| | Employee-Related Costs |
|---|---|
| | (millions) |
| 2003 expense recorded | $ 10.1 |
| Charges against the reserve | (7.8) |
| Balance at December 31, 2003 | 2.3 |
| Charges against the reserve | (1.4) |
| Reserves credited to income | (0.2) |
| Balance at September 30, 2004 | **$ 0.7** |

Equity in net income (loss) of affiliates was $0 and $4.0 million for the three months ended September 30, 2004 and 2003, and $6.3 million and $4.5 million for the nine months ended September 30, 2004 and 2003. The variances were due to increased equity in earnings of Voyageur Panel, in which we had a 47% interest and accounted for under the equity method. The increased equity in earnings of Voyageur Panel resulted from higher oriented strand board (OSB) prices in 2004 than in 2003. In May 2004, we sold our equity interest to Ainsworth Lumber Co. Ltd. for $91.2 million of cash. We recorded a $46.5 million pretax gain in "Other (income) expense, net" in our Boise Building Solutions segment. This item increased net income $28.4 million after taxes for the nine months ended September 30, 2004.

Interest expense was $39.9 million and $31.7 million for the three months ended September 30, 2004 and 2003, and $121.0 million and $94.9 million for the nine months ended September 30, 2004 and 2003. The variances were due to incremental interest expense directly related to higher debt levels in 2004, compared with 2003. The higher debt levels in 2004 related to additional borrowings to provide cash for the OfficeMax, Inc., acquisition.

Our estimated annual effective tax provision rate for the nine months ended September 30, 2004, was 37.5%, compared with an effective tax benefit rate of 4.2% for the nine months ended September 30, 2003. In 2003, we recorded a $10.1 million pretax charge for the 2003 cost-reduction program and a $2.9 million gain, which included a one-time tax benefit related to a favorable tax ruling, net of changes in other tax items. Before these items, our 2003 tax provision rate was within 5% of our 2004 tax provision rate. This difference was due to the sensitivity of the rates to changing income levels and the mix of domestic and foreign sources of income.

For the three and nine months ended September 30, 2004, income before the cumulative effect of accounting changes increased significantly, compared with the same periods a year ago. The increase in third quarter 2004 resulted from increased income in our office products business due primarily to the OfficeMax, Inc., acquisition, increased income from operations in Boise Building Solutions due to strong product prices and increased income in our paper segment as a result of increased unit sales volumes and product prices. The increase in income for the nine months ended September 30, 2004, compared with the same period a year ago, resulted from the same items listed for the three months ended, except that Boise Paper Solutions reported an operating loss before the timberlands sale during the nine months ended September 30, 2004, due to higher year-over-year manufacturing costs and operating difficulties experienced during first quarter 2004 (discussed below). The nine months ended September 30, 2004, was favorably impacted by recording a $36.6 million after-tax gain for a Louisiana timberland sale and a $28.4 million after-tax gain on the sale of our 47% interest in Voyageur Panel (discussed below).

For the nine months ended September 30, 2003, the $8.8 million recorded in "Cumulative effect of accounting changes, net of income tax" consisted of an after-tax charge of $4.1 million, or 7 cents per share, for the adoption of SFAS No. 143, Accounting for Asset Retirement Obligations, which affects the way we account for landfill closure costs. This statement requires us to record an asset and a liability (discounted) for estimated closure and closed-site monitoring costs and to depreciate the asset over the landfill's expected useful life. Previously, we accrued for the closure costs over the life of the landfill and expensed monitoring costs as incurred. We also recorded an after-tax charge of $4.7 million, or 8 cents per share, for the adoption of Emerging Issues Task Force (EITF) 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received From a Vendor. EITF 02-16 requires that vendor allowances reside in inventory with the product and be recognized when the product is sold, changing the timing of our recognition of these items and creating a one-time, noncash, cumulative-effect adjustment.

***OfficeMax, Contract***

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Sales | $ 1.1 billion | $ 0.9 billion | $ 3.3 billion | $ 2.8 billion |
| Segment income | $ 31.4 million | $ 31.0 million | $ 87.2 million | $ 75.5 million |
| | | (millions) | | |
| **Sales by Product Line** | | | | |
| Office supplies and paper | $ 611.0 | $ 555.0 | $ 1,829.3 | $ 1,661.3 |
| Technology products | 356.0 | 280.1 | 1,049.6 | 832.2 |
| Office furniture | 129.2 | 99.0 | 375.5 | 283.8 |
| **Sales by Geography** | | | | |
| United States | $ 864.8 | $ 712.4 | $ 2,530.9 | $ 2,103.6 |
| International | 231.4 | 221.7 | 723.5 | 673.7 |
| Sales growth | 17% | 4% | 17% | 5% |
| Same-location sales growth | 8% | 4% | 8% | 5% |
| | | (percentage of sales) | | |
| Gross profit margin | 23.4% | 24.2% | 23.9% | 23.9% |
| Operating expenses | 20.5% | 20.9% | 21.2% | 21.2% |
| Operating profit margin | 2.9% | 3.3% | 2.7% | 2.7% |

***Operating Results***

During the three and nine months ended September 30, 2004, our contract segment reported total sales of $1.1 billion and $3.3 billion, up 17% in each period from $934.1 million and $2.8 billion during the same periods a year ago. The total sales increase reflects incremental sales contributed by the



OfficeMax Direct business, which includes sales generated by OfficeMax field salespeople, catalogs and its E-commerce business. In both periods, total sales for locations operating in both periods, including OfficeMax Direct 2003 sales on a pro forma basis, increased 7% in each period. Period-over-period pro forma total sales comparisons increased in all product categories. Compared with the three and nine months ended September 30, 2003, pro forma sales of office supplies and paper increased 5% in each period. Pro forma sales of technology products increased 12% during the three months ended September 30, 2004, and 10% during the nine months ended September 30, 2004, while furniture sales increased 8% and 10%, respectively.

E-commerce sales increased over 40%, compared with E-commerce sales reported during the three and nine months ended September 30, 2003. In both periods, E-commerce sales represented about 50% of the contract segment's total sales. The growth in E-commerce sales is due to the addition of the OfficeMax E-commerce business and growth at all other locations.

Our reported gross profit margin for the three months ended September 30, 2004, was 23.4%, down 0.8% from 24.2% in third quarter 2003. The gross margin declined because we added OfficeMax Direct, which currently carries lower gross margins due to high occupancy and delivery costs. Our OfficeMax Direct business consists of our OfficeMax business-to-consumer website, the OfficeMax catalog and our middle-market sales effort. When we acquired OfficeMax, Inc., in December 2003, 17 delivery warehouses were serving its middle-market business. We are working to reduce excess warehouse capacity and consolidate these operations with our contract distribution centers. In addition, margins were constrained as new account growth was phased in during the quarter. During the nine months ended September 30, 2004, our gross profit margin was 23.9%, consistent with the prior year. Before the effect of the OfficeMax Direct business, our margins increased year over year, primarily due to increased purchasing synergies due to the OfficeMax, Inc., integration.

During third quarter 2004, operating expenses as a percentage of sales decreased 0.4%, compared with the same period a year ago, despite increased expenses associated with duplicative U.S. warehouse facilities. The decline in operating expenses as a percentage of sales was due to leveraging fixed costs over higher sales as well as lower benefit expenses. Year over year, operating expenses as a percentage of sales were flat, including 2004 OfficeMax integration

costs and the costs incurred in connection with the 2003 cost-reduction program. Excluding these items, operating expenses as a percentage of sales decreased 0.3% during the nine months ended September 30, 2004, compared with the same period a year ago. The decline in operating expenses as a percentage of sales was due to leveraging fixed costs over higher sales as well as lower benefit expenses.

Our contract segment reported $31.4 million of operating income in third quarter 2004, nearly the same as income in last year's third quarter but up 16% to $87.2 million from the $75.5 million reported during the nine months ended September 30, 2003. The increase during the nine months ended September 30, 2004, was attributable to higher sales.



***OfficeMax, Retail***

| | Three Months Ended September 25 2004 | Nine Months Ended September 25 2004 |
|---|---|---|
| Sales | $ 1.1 billion | $ 3.3 billion |
| Segment income | $ 25.1 million | $ 43.8 million |
| | (millions) | |
| **Sales by Product Line** | | |
| Office supplies and paper | $ 490.5 | $ 1,340.0 |
| Technology products | 542.7 | 1,685.8 |
| Office furniture | 105.2 | 300.3 |
| **Sales by Geography** | | |
| United States | $ 1,096.1 | $ 3,209.8 |
| International | 42.3 | 116.3 |
| | (percentage of sales) | |
| Gross profit margin | 26.7% | 26.3% |
| Operating expenses | 24.5% | 25.0% |
| Operating profit margin | 2.2% | 1.3% |

***Operating Results***

Sales for our retail office products segment, which consists of our OfficeMax office supply stores, were $1.1 billion, down 1% from pro forma sales in third quarter 2003. Pro forma sales consist of OfficeMax, Inc., sales for the 13 weeks ended September 27, 2003. The decrease was the result of closing 45 U.S. superstores during first quarter 2004. Compared with third quarter 2003, same-store sales on a pro forma basis increased 1%.

For the nine months ended September 25, 2004, the retail segment reported sales of $3.3 billion, down 1% from pro forma sales in the same period a year ago. Compared with the nine months ended September 27, 2003, same-store sales on a pro forma basis increased 2%. The increase resulted from a higher dollar amount per customer transaction.

Our reported gross profit margins for the three and nine months ended September 25, 2004, were 26.7% and 26.3%.

Our retail segment reported $25.1 million and $43.8 million of income during the three and nine months ended September 25, 2004. This year's back-to-school season was somewhat weaker than we had expected. In addition, results were hampered by hurricanes in the southeastern United States. The storms caused temporary retail store closures, which led to lost sales and an estimated $3.0 million in lost income.



***Boise Building Solutions***

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Sales | $ 1.1 billion | $ 828.1 million | $ 3.0 billion | $ 2.1 billion |
| Segment income | $ 94.6 million | $ 56.4 million | $ 289.7 million | $ 57.8 million |
| **Sales Volumes** | | | | |
| Plywood (1,000 sq ft) (3/8" basis) | 417,329 | 499,323 | 1,321,447 | 1,442,756 |
| Particleboard (1,000 sq ft) (3/4" basis) | 37,829 | 36,524 | 124,756 | 116,325 |
| Lumber (1,000 board feet) | 96,161 | 90,522 | 273,883 | 277,159 |
| LVL (100 cubic feet) | 32,902 | 28,431 | 91,292 | 74,179 |
| I-joists (1,000 equivalent lineal feet) | 63,152 | 60,275 | 174,819 | 154,080 |
| Engineered wood products (sales dollars) | $ 130.6 million | $ 96.3 million | $ 337.4 million | $ 248.8 million |
| Building materials distribution (sales dollars) | $ 805.5 million | $ 602.7 million | $ 2.2 billion | $ 1.5 billion |
| **Average Net Selling Prices** | | | | |
| Plywood (1,000 sq ft) (3/8" basis) | $ 331 | $ 291 | $ 340 | $ 247 |
| Particleboard (1,000 sq ft) (3/4" basis) | 320 | 243 | 305 | 230 |

| | | | | |
|---|---|---|---|---|
| Lumber (1,000 board feet) | 575 | 446 | 553 | 419 |
| LVL (100 cubic feet) | 1,706 | 1,440 | 1,625 | 1,446 |
| I-joists (1,000 equivalent lineal feet) | 1,029 | 865 | 974 | 864 |

***Operating Results***

Fueled by continued strong plywood and lumber markets, Boise Building Solutions reported income of $94.6 million and $289.7 million for the three and nine months ended September 30, 2004, compared with $56.4 million and $57.8 million a year ago. Third quarter 2004 results were aided by a $13.1 million pretax gain on the sale of timberlands, while year-to-date results were aided by a $15.3 million pretax gain on the sale of timberlands and by the sale of our 47% interest in Voyageur Panel in May 2004 to Ainsworth Lumber Co. Ltd. for $91.2 million of cash. We recorded a $46.5 million pretax gain in "Other (income) expense, net." Prior to the sale, we accounted for the joint venture under the equity method. Accordingly, segment results do not include the joint venture's sales but do include $6.3 million of equity in earnings during the nine months ended September 30, 2004, and $4.0 million and $4.4 million of equity in earnings during the three and nine months ended September 30, 2003. Before the gains recorded on the sale of timberlands and our interest in Voyageur Panel, segment income increased $25.1 million and $170.1 million, compared with the three and nine months ended September 30, 2003, due primarily to increased product prices.

Relative to the three and nine months ended September 30, 2003, building materials distribution sales increased 34% and 48% to $805.5 million and $2.2 billion due to strong pricing and increased sales volume because of strong demand in the building sector. Building materials manufacturing sales of engineered wood products (laminated veneer lumber, wood I-joists and laminated beams) increased 36% in both periods, also due to strong pricing and increased sales volume. As a result of increased demand from residential construction due to low interest rates, average plywood prices rose 14% to $331 per 1,000 square feet during third quarter 2004 and 38% to $340 per 1,000 square feet during the nine months ended September 30, 2004. Average lumber prices increased approximately 30% in each period. Lumber sales volume increased 6% due to stronger lumber markets in third quarter 2004 relative to third quarter 2003. The volume of lumber sold during the nine months ended September 30, 2004, decreased 1%, and the volume of plywood declined during both the three and nine months ended September 30, 2004, because of the sale of our Yakima, Washington, facilities in February 2004. The sale of our Yakima facilities did not have a material impact on our financial position or results of operations.

In 2001, we began construction of a new facility near Elma, Washington, to manufacture integrated wood-polymer building materials. The plant has had a very difficult start-up, in part due to its unique manufacturing processes. During the initial start-up, product quality met our expectations; however,



production did not reach anticipated levels due to several technical complexities. In February 2004, we announced we would temporarily discontinue production at the facility to allow us to make the technical improvements necessary to move to production status. We are in the process of making the last of these technical improvements, increasing production staffing and readying the plant to resume production status. This facility was not included in the sale to Boise Cascade, L.L.C.

***Boise Paper Solutions***

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| Sales | $ 531.1 million | $ 474.2 million | $ 1.5 billion | $ 1.4 billion |
| Segment income | $ 20.8 million | $ 0.2 million | $ 47.6 million | $ 0.5 million |
| | | (short tons) | | |
| **Sales Volumes** | | | | |
| Uncoated free sheet | 374,000 | 353,000 | 1,134,000 | 1,057,000 |
| Containerboard | 174,000 | 170,000 | 484,000 | 482,000 |
| Newsprint | 102,000 | 101,000 | 311,000 | 296,000 |
| Other | 44,000 | 47,000 | 122,000 | 111,000 |
| | **694,000** | **671,000** | **2,051,000** | **1,946,000** |
| | | (per short ton) | | |
| **Average Net Selling Prices** | | | | |
| Uncoated free sheet | $ 745 | $ 713 | $ 714 | $ 731 |
| Containerboard | 400 | 342 | 360 | 343 |
| Newsprint | 431 | 412 | 431 | 394 |

***Operating Results***

Boise Paper Solutions reported income of $20.8 million during third quarter 2004, compared with near-break-even results in third quarter 2003. During third quarter 2004, a September hurricane cost the business approximately $2.8 million due to timber and mill damage and lost production at our pulp and paper mill in Jackson, Alabama. Results were higher than those of a year ago because of higher unit sales volume (up 3%) and higher average paper prices (up 7%). Average quarterly prices for uncoated free sheet were $32 per ton higher than in third quarter a year ago. Average newsprint and containberboard prices increased $19 per ton and $58 per ton for the three months ended September 30, 2004, compared with the same period in 2003.

During the nine months ended September 30, 2004, Boise Paper Solutions reported operating income of $47.6 million. In March 2004, we sold approximately 79,000 acres of timberland in western Louisiana for $84 million and recorded a $59.9 million pretax gain in "Other (income) expense, net." Before this item, the segment lost $12.3 million, compared with income of $0.5 million during the nine months ended September 30, 2003. Contributing to the 2004 operating loss, before the timberland sale, were $2.8 million of costs and/or lost income due to timber and mill damage and lost production at our paper mill related to disruption from hurricanes in the southeastern United States, increased unit manufacturing costs and operating difficulties associated with adverse weather conditions and other production issues experienced during first quarter 2004. Unit manufacturing costs increased 2% during the period, primarily due to 8% and 2% increases in fiber and chemical costs.

As evidence of strengthening markets, sales increased 7% during the nine months ended September 30, 2004, due to increased sales volumes and increased product prices. During the nine months ended September 30, 2004, sales volumes were up in all of our product categories except containerboard, which was flat year over year. Total sales volume increased 5%. Weighted average paper prices increased 1%. Average prices for containerboard and newsprint increased 5% and 9%, while average prices for uncoated free sheet decreased 2%. We experienced less market-related downtime during the nine months ended September 30, 2004, than in the comparable period in 2003.



We took 50,000 tons of market-related downtime during the nine months ended September 30, 2004, compared with 139,000 tons during the nine months ended September 30, 2003. Less curtailment reflects growing market demand and about 26% and 22% increases in office paper sold through OfficeMax during the three and nine months ended September 30, 2004.

We increased sales of value-added papers produced on our smaller machines during the three and nine months ended September 30, 2004. Sales volumes for value-added grades produced on our smaller machines were up 16% and 12% for the three and nine months ended September 30, 2004. The greatest areas of growth in these grades were label, release, and specialty paper, whose volume increased 42% on an annualized basis. Value-added grades generally have higher unit costs than commodity grades but also have higher net sales prices and profit margins. Overall, the average net selling price of our value-added grades during the nine months ended September 30, 2004, was $186 per ton higher than the average net selling price of our uncoated commodity grades.

***Liquidity and Capital Resources***

As of September 30, 2004, we had $2.5 billion of short-term and long-term debt. With the proceeds from the sale of our paper, forest products and timberland assets, we repaid approximately $588 million of bank term loans and we made a contribution to our spun off pension plans of $46 million on October 29, 2004 (see Critical Accounting Estimates in this Management's Discussion and Analysis of Financial Condition and Results of Operations). On November 1, we redeemed $110 million of our Series D preferred stock. On November 5, 2004, we repurchased approximately $1.046 billion principal amount of our public debt securities and paid premiums of $125 million, as we completed our current debt tender offers. After the planned monetization of the timberland installment notes, we expect to make further reductions to our debt.

The following table summarizes the principal amount of debt repayments and premiums paid on October 29 and November 5, 2004:

| | Principal Amount Tendered | Premiums Paid | Total |
|---|---|---|---|
| | | (millions) | |
| **October 29, 2004 Debt Repayments** | | | |
| Term loan facilities | $ 460.0 | $ — | $ 460.0 |
| Credit agreement due June 2005 | 128.0 | — | 128.0 |
| | **$ 588.0** | **$ —** | **$ 588.0** |
| **November 5, 2004 Tender Settlement** | | | |
| 6.50% Senior Notes due 2010 | $ 286.3 | $ 38.5 | $ 324.8 |
| 7.00% Senior Notes due 2013 | 93.6 | 14.8 | 108.4 |
| 7.05% Notes due 2005 | 106.0 | 2.3 | 108.3 |
| 7.43% Notes due 2005 | 12.7 | 0.5 | 13.2 |
| 7.48% Notes due 2005 | 1.3 | — | 1.3 |
| 7.50% Notes due 2008 | 120.3 | 14.0 | 134.3 |
| 9.45% Debentures due 2009 | 114.3 | 26.4 | 140.7 |
| 7.45% Notes due 2011 | 49.6 | 6.8 | 56.4 |
| 7.90% Notes due 2012 | 17.0 | 2.8 | 19.8 |
| 7.35% Debentures due 2016 | 100.2 | 15.3 | 115.5 |
| Senior Floating Rate Debentures due 2006 (ACES) | 144.5 | 3.6 | 148.1 |
| | **$ 1,045.8** | **$ 125.0** | **$ 1,170.8** |



***Operating Activities***

For the first nine months of 2004, operations used $120.4 million in cash, compared with $167.5 million provided for the same period in 2003. For the nine months ended September 30, 2004, items included in net income provided $540.1 million of cash, and unfavorable changes in working capital items used $660.5 million. For the first nine months of 2003, items in net income provided $282.2 million of cash, and unfavorable changes in working capital items used $114.7 million. Compared with the first nine months of 2003, the change in working capital items was primarily attributable to the OfficeMax, Inc., acquisition.

We have sold fractional ownership interests in a defined pool of trade accounts receivable. At September 30, 2004, $120 million of sold accounts receivable were excluded from "Receivables" in our Consolidated Balance Sheet, compared with $250 million excluded at December 31, 2003. During third quarter 2004, in anticipation of the sale of our paper, forest products and timberland assets, we stopped selling the receivables related to these businesses, reducing the receivables sold as part of this program at the end of the quarter. The decrease at September 30, 2004, of $130 million in sold accounts receivable from the amount at December 31, 2003, used cash from operations in 2004.

Some of our U.S. employees are covered by noncontributory defined benefit pension plans. The assets of the pension plans are invested primarily in common stocks, fixed-income securities and cash equivalents. The market performance of these investments affects our recorded pension obligations, expense and cash contributions. Pension expense for the nine months ended September 30, 2004, was $64.4 million, compared with $56.4 million in the same period a

year ago. These are noncash charges in our consolidated financial statements. In 2004, the required minimum contribution to our pension plans was estimated to be $45 million to $50 million. We previously announced plans to make pension contributions of $80 million to $120 million during 2004. The transaction agreement with Boise Cascade, L.L.C., required us to fully fund the transferred spun off plans on an accumulated benefit obligation basis using a 6.25% liability discount rate. As a result of the sale and because of minimum contribution requirements earlier in 2004, we contributed $233 million to the plans by September 30, 2004. Of this amount, $200 million was contributed on September 14, 2004, in anticipation of the sale. A final contribution of $46 million was made to the spun off pension plans on October 29, 2004, when the actuarial work was completed and the asset balances were known. See "Critical Accounting Estimates" in this Management's Discussion and Analysis of Financial Condition and Results of Operations for more information related to the status of our pension plans after the sale.

Our ratio of current assets to current liabilities was 1.06:1 at September 30, 2004, compared with 1.36:1 at September 30, 2003, and 1.27:1 at December 31, 2003. The decrease in our ratio of current assets to current liabilities at September 30, 2004, resulted from incremental short-term borrowings to fund additional contributions to our pension plans and to fund increases in our working capital related to no longer selling a portion of our accounts receivable, and the reclassification of our revolver from "Long-term debt, less current portion" to "Current portion of long-term debt" in our September 30, 2004, Consolidated Balance Sheet.

***Investment Activities***

Cash used for investment activities was $32.8 million for the nine months ended September 30, 2004, compared with $162.8 million used for investment activities during the same period in 2003. Cash expenditures of $234.2 million for property and equipment and timber and timberlands were offset by $186.9 million of proceeds from the sale of timberlands in Louisiana, the sale of our Yakima, Washington, plywood and lumber facilities and the sale of our Barwick, Ontario, Canada, OSB joint venture during the nine months ended September 30, 2004. During the nine months ended September 30, 2003, cash expenditures for property and equipment and timber and timberlands totaled $155.1 million. In both years, our property and equipment expenditures reflected the cost of facility improvements, facility and equipment modernization, energy and cost-saving projects and environmental compliance. For the nine months ended September 30, 2004, property and equipment expenditures also included expenditures for leasehold improvements and new stores.

We previously announced plans to spend between $360 million and $380 million, excluding acquisitions, on capital investments in 2004. As a result of the sale of our paper, forest products and timberland assets, we now expect to spend between $310 million and $330 million, excluding acquisitions. Our capital spending in 2004 has been for leasehold improvements, new stores, quality and efficiency projects, replacement projects and ongoing environmental compliance. During 2003, we spent



$12 million on environmental compliance and we expect to spend approximately $7 million in 2004 for environmental compliance related to the sold paper, forest products and timberland assets.

***Financing Activities***

Cash provided by financing was $196.6 million for the first nine months of 2004. Cash provided by financing was $24.8 million for the first nine months of 2003. Dividend payments totaled $45.6 million and $33.3 million for the first nine months of 2004 and 2003. In both years, our quarterly dividend was 15 cents per common share. The increase in dividends paid in 2004 was the result of more common shareholders after the OfficeMax, Inc., acquisition.

There were relatively no additions to long-term debt for the nine months ended September 30, 2004. Payments of long-term debt in this period included $160 million under our revolving credit agreement, $40.0 million of medium-term notes and $22.0 million towards our unsecured credit agreement. Additions to long-term debt for the nine months ended September 30, 2003, included $90.0 million under our revolving credit agreement, $50.0 million of 7.45% medium-term notes and $33.5 million for the sale-leaseback of equipment at our *HomePlate*™ siding facility that was accounted for as a financing arrangement. Payments of long-term debt in this period included $90.0 million of medium-term notes.

At September 30, 2004 and 2003, we had $2.5 billion and $1.8 billion of debt outstanding. At December 31, 2003, we had $2.3 billion of debt outstanding. Our debt-to-equity ratio was 0.99:1 and 1.27:1 at September 30, 2004 and 2003. Our debt-to-equity ratio was 0.98:1 at December 31, 2003. Our September 30, 2004, debt-to-equity ratio decreased, compared with the same period a year ago, because the increase in equity from the stock issued in December 2003 for the OfficeMax, Inc., acquisition was greater than the increase in debt that resulted from the OfficeMax, Inc., acquisition.

We lease our store space and other property and equipment under operating leases. These operating leases are not included in debt; however, they represent a significant commitment. The minimum lease payment requirements for OfficeMax leases are $92.9 million for the last quarter of 2004, $354.4 million for 2005, $320.8 million for 2006, $276.2 million for 2007 and $248.4 million for 2008, with total payments thereafter of $1,102.7 million, for leases with remaining terms of more than one year. These minimum lease payments do not include contingent rental expenses that may be paid based on a percentage in excess of stipulated amounts. These future minimum lease payment requirements have not been reduced by minimum sublease rentals due in the future under noncancelable subleases.

As of the date of our consolidated financial statements, our debt structure consists of credit agreements, note agreements, adjustable conversion-rate equity securities and other borrowings. See Note 11, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" of Boise Cascade Corporation's 2003 Annual Report on Form 10-K for a listing of our debt. Pieces of our debt structure at September 30, 2004, that are subject to variable interest rates or have recently changed are as follows:

*Credit Agreements*

In March 2002, we entered into a three-year, unsecured revolving credit agreement. The agreement permits us to borrow as much as $560 million at variable interest rates based on either the London Interbank Offered Rate (LIBOR) or the prime rate. Borrowings under the agreement were $50 million at September 30, 2004, and were classified in current portion of long-term debt. In addition to these borrowings, $76.5 million of letters of credit reduced our borrowing capacity at September 30, 2004, to $433.5 million. At September 30, 2004, our borrowing rate under the revolving credit agreement, including the facility fee on the drawn portion of the revolver, was 3.4%. Letters of credit issued under the terms of the revolving credit were charged at a rate of 1.75%, including the facility fee. In addition, we were charged a fee of 0.3% on the unused portion of our revolving credit balance. We are also charged a 0.25% utilization fee when we utilize over 50% of our borrowing capacity under the agreement. At September 30, 2004, we utilized less than 50% of our borrowing capacity. We have entered into interest rate swaps to hedge the cash flow risk from the variable interest payments on $50 million of LIBOR-based debt, which gave us an effective interest rate of 5.3% for outstanding borrowings under the revolving credit agreement at September 30, 2004. The revolving credit

agreement contains customary conditions to borrowing, including compliance with financial covenants relating to minimum net worth, minimum interest coverage ratio and ceiling ratio of debt to capitalization. At September 30, 2004, we were in compliance with these covenants. Under this agreement, the payment of dividends depends on the



existence and amount of net worth in excess of the defined minimum. Our net worth at September 30, 2004, exceeded the defined minimum by $1,142.2 million. When the agreement expires in June 2005, any amount outstanding will be due and payable.

In December 2003, we entered into a 19-month, unsecured credit agreement with 13 major financial institutions. Under the agreement, we borrowed $150 million at variable interest rates based on either the LIBOR or the prime rate. Borrowings under the agreement were $128.0 million at September 30, 2004. At September 30, 2004, our borrowing rate under the agreement was 3.9%. The credit agreement contains financial covenants that are essentially the same as those in our revolving credit agreement discussed above, except that the terms require that the net proceeds of asset sales in excess of the first $100 million be used to reduce the loan balance. The agreement also states that a lien of two times the outstanding balance will be applied to our inventory if our credit ratings fall to either BB- or Ba3 or lower. The credit agreement was paid in full on October 29, 2004.

*Adjustable Conversion-Rate Equity Securities*

In December 2001, we issued 3,450,000 7.5% adjustable conversion-rate equity security units (ACES) to the public at an aggregate offering price of $172.5 million. The units trade on the New York Stock Exchange under the ticker symbol BEP. At the time of issuance, there were two components of each unit. Investors received a preferred security issued by Boise Cascade Trust I (the trust), a statutory business trust wholly owned by the company, with a liquidation amount of $50. These preferred securities were mandatorily redeemable in December 2006. Investors also entered into a contract to purchase $50 worth of our common shares, subject to a collar arrangement. The trust used the proceeds from the offering to purchase debentures issued by Boise Cascade Corporation (now OfficeMax). These debentures were 7.5% senior, unsecured obligations that matured in December 2006.

On September 16, 2004, we dissolved the trust and distributed the debentures to the unit holders in exchange for their preferred securities. Also on that date, the remarketing of $144.5 million of these securities was completed. In connection with the remarketing, the 7.5% interest rate on the debentures was reset to 2.75% over the average of the interbank offered rates for three-month LIBOR on the third business day before the prior quarter's interest payment date. The 2.75% over LIBOR rate will decrease (or increase) by 0.25% if at any time Standard and Poor's Corporation's and Moody's Investor Service, Inc.'s rating agencies raise (or lower) their ratings of the debentures. The first interest payment on the debentures at the reset rate will be made on December 16, 2004, at a rate of 4.62% per annum (subject to changes for ratings changes). On November 5, 2004, we repurchased $144.5 million of these debentures pursuant to a tender offer for these securities. As of November 5, 2004, $28 million of the debentures remained outstanding. The outstanding debentures will mature in December 2006.

On December 16, 2004, investors will fulfill their purchase contracts and receive between 1.2860 and 1.5689 of our common shares for each unit, depending on the average trading price of our common stock over a 20 trading day period ending on the third trading day immediately preceding the stock purchase date. We will receive $50 per unit or $172.5 million as a result of these contract fulfillments.

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

*Other*

In April and May 2004, we entered into two interest rate swaps with notional amounts of $50 million each. These swaps converted $100 million of fixed-rate $150 million 7.50% debentures to variable-rate debt based on six-month LIBOR plus approximately 3.9% for the April swap and 3.8% for the May swap. In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converted $50 million of fixed-rate $150 million 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. In September 2004, we settled the swaps in anticipation of tendering for the underlying debt instruments.



At September 30, 2004 and 2003, we had $452.4 million and $7.2 million of short-term borrowings outstanding. Changes in short-term borrowings primarily reflect the addition of two $200 million term loan facilities in September 2004 to fund incremental contributions to our pension plans and to decrease our accounts receivable financing. In addition, during second quarter 2004, we added two $20 million floating-rate term loans. The interest rates on the $20 million term loans are variable rates based on either the LIBOR or the prime rate. The $20 million term loans were scheduled to expire in May 2005. On October 29, 2004, we repaid the two $200 million and two $20 million term loans with the proceeds from the sale. The minimum and maximum amounts of combined short-term borrowings outstanding were $6.2 million and $493.7 million during the nine months ended September 30, 2004, and were $0 and $117.4 million during the nine months ended September 30, 2003. The average amounts of short-term borrowings outstanding during the nine months ended September 30, 2004 and 2003, were $61.6 million and $40.2 million. The average interest rates for these borrowings were 2.6% for 2004 and 2.0% for 2003.

At September 30, 2003, we had $143 million of unused borrowing capacity registered with the SEC for additional debt securities.

***Contractual Obligations***

In the table below, we set forth our enforceable and legally binding obligations as of September 30, 2004. As a result of the sale, we have a significant change in our long-term contractual obligations and commitments. To portray what management estimates will be OfficeMax's future contractual obligations and commitments, we have separated the obligations of OfficeMax and the paper, forest products and timberland operations below. Some of the figures we include in this table are based on management's estimates and assumptions about these obligations, including their duration, the possibility of renewal, anticipated actions by third parties and other factors. Because these estimates and assumptions are necessarily subjective, the enforceable and legally binding obligations we will actually pay in future periods may vary from those reflected in the table.

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | Remainder of 2004 | 2005-2006 | 2007-2008 | Thereafter | Total |
| | | | (millions) | | |
| Debt (a) | | | | | |
| OfficeMax | | | | | |
| Short-term borrowings | $ 412.4 | $ 40.0 | $ — | $ — | $ 452.4 |
| Long-term debt, including current portion | 41.0 | 458.3 | 188.4 | 1,166.2 | 1,853.9 |
| Adjustable conversion-rate equity securities | — | 172.5 | — | — | 172.5 |
| Operating leases (b) (c) | | | | | |
| OfficeMax | 92.9 | 675.2 | 524.6 | 1,102.7 | 2,395.4 |
| Forest products operations | 4.0 | 30.4 | 24.4 | 150.8 | 209.6 |
| Purchase obligations (d) | | | | | |
| OfficeMax | 6.6 | 13.2 | 1.4 | 1.3 | 22.5 |
| Forest products operations | 38.0 | 161.9 | 31.2 | 1.9 | 233.0 |
| Other long-term liabilities reflected on our consolidated balance sheet (e) | | | | | |
| OfficeMax | 15.1 | 104.1 | 44.6 | 621.1 | 784.9 |
| Forest products operations | 0.1 | 28.6 | 35.5 | 58.5 | 122.7 |
| | **$ 610.1** | **$ 1,684.2** | **$ 850.1** | **$ 3,102.5** | **$ 6,246.9** |

(a) Included in long-term debt are amounts owed on our note agreements, revenue bonds and credit agreements at September, 30, 2004. These borrowings are further explained in Note 11, Debt, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Form 10-K and in Note 15, Debt, of this Form 10-Q. The table assumes our long-term debt is held to maturity. However, subsequent to the sale, we repaid $1.6 billion principal amount of debt with the proceeds from the sale of our paper, forest products and timberland assets (see "Liquidity and Capital Resources" in this



Management's Discussion and Analysis of Financial Condition and Results of Operations).

(b) We enter into operating leases in the normal course of business. We lease our retail store space as well as other property and equipment under operating leases. Some of our retail store leases require percentage rentals on sales above specified minimums and contain escalation clauses. These minimum lease payments do not include contingent rental expense. Some lease agreements provide us with the option to renew the lease or purchase the leased property. Our future operating lease obligations would change if we exercised these renewal options and if we entered into additional operating lease agreements. For more information, see Note 7, Leases, of the Notes to Consolidated Financial Statements in "Item 8. Financial Statements and Supplementary Data" in Boise Cascade Corporation's 2003 Form 10-K. OfficeMax is contingently liable for the paper, forest products and timberland assets operating leases.

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

(d) Purchase obligations include obligations for raw materials, utilities, capital spending and other. These obligations are subject to change based on, among other things, the effect of governmental laws and regulations, our manufacturing operations not operating in the normal course of business and timber availability.

(e) The current portion of our pension liabilities are also included.

In accordance with our joint-venture agreement, the minority owner of our subsidiary in Mexico, OfficeMax de Mexico, can require us to purchase its 49% interest in the subsidiary if earnings targets are achieved. At September 30, 2004, OfficeMax de Mexico had met these earnings targets. These earnings targets are calculated quarterly on a rolling four-quarter basis. Accordingly, the targets can be achieved in one quarter but not in the next. When the earnings targets are achieved and the minority owner elects to put its ownership interest, the purchase price would be equal to fair value, calculated based on both the subsidiary's earnings for the last four quarters before interest, taxes, and depreciation and amortization and the current market multiples of similar companies. The fair value purchase price estimate at September 30, 2004, was estimated to be $25 million to $30 million. This contingent obligation is not included in the table above.

In addition to the enforceable and legally binding obligations quantified in the table above, we have other obligations for goods and services and raw materials entered into in the normal course of business. In addition, pursuant to an Additional Consideration Agreement between OfficeMax and Boise Cascade, L.L.C., we may be required to make substantial cash payments to, or receive substantial cash payments from, Boise Cascade, L.L.C. Under the Additional Consideration Agreement, the transaction proceeds may be adjusted upward or downward based on paper sales prices during the six years following the closing date. Over that period, we could pay Boise Cascade, L.L.C., a maximum annual amount of $45 million, subject to a maximum aggregate cap of $125 million, during the life of the contract, or Boise Cascade, L.L.C., could pay us a maximum annual amount of $45 million, subject to a maximum aggregate cap of $125 million, during the life of the contract, in each case net of payments received.

***Off-Balance-Sheet Activities and Guarantees***

For information on off-balance-sheet activities and guarantees, see Boise Cascade Corporation's Annual Report on Form 10-K for the year ended December 31, 2003. The following represent changes to the guarantees disclosed in Boise Cascade Corporation's 2003 Annual Report on Form 10-K:

Boise Cascade Office Products Corporation and OfficeMax, Inc. (both wholly owned subsidiaries of OfficeMax Incorporated) guaranteed five of OfficeMax Incorporated's term loan facilities. At September 30, 2004, $460 million was outstanding under the term loans. These borrowings were paid on October 29, 2004, with the proceeds from the sale.

***Inflationary and Seasonal Influences***

We believe inflation has not had a material effect on our financial condition or results of operations; however, there can be no assurance that we will not be affected by inflation in the future. Our office products businesses are seasonal. Sales in the second quarter and summer months are historically the slowest of the year.

***Environmental Issues***

For information on environmental issues, see Boise Cascade Corporation's Annual Report on Form 10-K for the year ended December 31, 2003. Environmental liabilities that do not relate to a sold location



continue to be liabilities of OfficeMax, including liabilities related to the 16 active sites referenced in Note 18, Legal Proceedings and Contingencies, in Item 8. "Financial Statements and Supplementary Data" in Boise Cascade Corporation's Annual Report on Form 10-K for the year ended December 31, 2003.

***Critical Accounting Estimates***

For information on critical accounting estimates, see Boise Cascade Corporation's Annual Report on Form 10-K for the year ended December 31, 2003, and the pension information disclosed below, which considers the effect of the asset sale on our pension plans.

***Pensions***

The transaction agreement with Boise Cascade, L.L.C., required us to spin off the portion of each of our pension plans relating to active employees who became employees of Boise Cascade, L.L.C., when the transaction closed. We spun off the required portion of each plan and on the date of sale, sponsorship of the spun off plans transferred to Boise Cascade, L.L.C. We continue to maintain the six qualified pension plans that existed immediately prior to the spin-off date for plan participants that did not become employees of Boise Cascade, L.L.C. All of the pension liabilities in the retained plans are frozen. Our active employees that are covered by the retained plans, as well as all of the inactive participants, are no longer accruing additional benefits.

We previously announced plans to make pension contributions of $80 million to $120 million during 2004. The transaction agreement with Boise Cascade, L.L.C., required us to fully fund the transferred spun off plans on an accumulated benefit obligation basis using a 6.25% liability discount rate. As a result of the sale and because of minimum contribution requirements earlier in 2004, we contributed $233 million to the plans by September 30, 2004. Of this amount, $200 million was contributed on September 14, 2004, in anticipation of the sale. A final contribution of $46 million was made to the spun off pension plans on October 29, 2004 when the actuarial work was completed and the asset balances were known.

Our September 30, 2004, balance sheet reflects $283.2 million of pension-related assets and $479.7 million of pension-related liabilities. On the October 29, 2004, we transferred sponsorship of the spun-off pension plans to Boise Cascade, L.L.C. The accumulated benefit obligation of the spun-off plans was $419 million based on a 6.25% liability discount rate. Assets in the spun off plans were also $419 million. Our retained accumulated benefit obligation, based on a 6.25% discount rate, and pension assets were $1.3 billion and $1.1 billion, respectively as of October 29, 2004.

***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 the Summary and Outlook section. We cannot guarantee that our actual results will be consistent with the forward-looking statements we make in this report. We have listed below inherent risks and uncertainties that could cause our actual results to differ materially from those we project. We do not assume an obligation to update any forward-looking statement.

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



Our retail business may face increased competition from well-established mass merchant retailers who have the financial and distribution abilities to compete effectively with us should they choose to (a) increase their presence in the office superstore, internet office supply or contract stationer business, or (b) substantially expand their office product offerings in their existing retail outlets. We may also encounter significant competition in the areas of price and selection from merchants that focus heavily on internet sales, some of whom may operate few, if any stores and thereby limit their fixed costs. In particular, they may be formidable competitors with respect to customers who are willing to look for the absolute lowest price without regard to the other attributes of our business model, including customer service. In addition, increasing numbers of manufacturers of computer hardware, software and peripherals, including certain of our suppliers, have expanded their own direct marketing of products, particularly over the internet. There is a possibility that any or all of these competitors could become more aggressive in the future, thereby increasing the number and breadth of our competitors, potentially having a material adverse effect on our retail business and results of our operations.

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

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

***We may be unable to open and remodel stores successfully.*** Our business plans include the opening and remodeling of a significant number of retail stores, including the opening of 50 new stores in 2005. For these plans to be successful, we must identify and lease favorable store sites, develop remodeling plans, hire and train associates and adapt management and operation systems to meet the needs of these operations. These tasks are difficult to manage successfully. If we are not able to open and remodel stores as quickly as we have planned, our future financial performance could be materially and adversely affected. Further, we cannot ensure the new or remodeled stores will achieve the same sales or profit levels that we anticipate. This is particularly true as we introduce different store formats and sizes or enter into new market areas.

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

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

***Our continued equity interest in Boise Cascade, L.L.C., subjects us to the risks associated with the paper and forest products industry.*** After the divestiture of our forest products businesses, we will have a continuing equity interest in Boise Cascade, L.L.C., and its affiliates. We will also have an ongoing obligation to purchase paper from Boise Cascade, L.L.C. These continuing interests subject us to market risks associated with the paper and forest products industry. These industries are subject to cyclical market pressures. Historical prices for products have been volatile, and industry participants



have limited influence over the timing and extent of price changes. The relationship between supply and demand in these industries significantly affects product pricing. Demand for building products is driven mainly by factors such as new construction and remodeling rates, interest rates and weather. The supply of paper and building products fluctuates based on manufacturing capacity, and excess capacity, both domestically and abroad, can result in significant variations in product prices. The level of supply and demand for forest products will affect the value of our interest in Boise Cascade, L.L.C., and will influence the price we pay for paper. Our exposure to these risks could decrease our ability to compete effectively with our competitors, who typically are not subject to such exposures.

## *ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

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

On October 27, 2004, OfficeMax and its subsidiary, Boise Southern Company, each entered into a interest rate swap contract with J. Aron & Company, an affiliate of Goldman, Sachs & Co. The contracts were entered to hedge the interest rate risk associated with the planned issuance of debt securities by qualified special purpose entities (“QSPEs”) to be formed by the company. The QSPEs will hold the $1.635 billion of 15-year timberland installment notes received in the company’s forest products divestiture transaction completed on October 29, 2004. The company intends to issue non-recourse debt from the QSPEs in order to monetize a significant portion of the value of the notes received.

The OfficeMax swap was for a notional amount of $1.238 billion and the Boise Southern Company swap was for a notional amount $232 million. Each contract is expected to be cash settled on or before December 20, 2004, in conjunction with the issuance of the QSPEs debt securities. The value of the contracts at the settlement date will be influenced by changes in interest rates between now and the time the contracts are settled. The settlement amount will be determined based on the settlement date market value of a 15-year floating-to-fixed rate interest rate swap with a fixed rate level of 4.9744%.

If long-term interest rates rise between now and the settlement date, the company would expect to receive a payment from J. Aron & Company largely offsetting the decline in the amount the company would be able to realize from the QSPEs debt issuance in the planned monetization transaction. If long-term interest rates decline significantly between now and the settlement date, the company would expect to pay J. Aron & Company upon settlement; however, the company would expect to be able to achieve a higher level of monetization proceeds from the QSPEs debt issuance.

In April and May 2004, we entered into two interest rate swaps with notional amounts of $50 million each. These swaps converted $100 million of fixed-rate $150 million 7.50% debentures to variable-rate debt based on six-month LIBOR plus approximately 3.9% for the April swap and 3.8% for the May swap. In March 2002, we entered into an interest rate swap with a notional amount of $50 million. This swap converted $50 million of fixed-rate $150 million 7.05% debentures to variable-rate debt based on six-month LIBOR plus approximately 2.2%. In September 2004, we settled the swaps in anticipation of tendering for the underlying debt instruments.

Effective January 2004, we entered into two electricity swaps that convert 7 and 36 megawatts of usage per hour to a fixed price. These swaps expire December 31, 2004. These swaps were designated as cash flow hedges. The changes in the fair value of the swaps, net of taxes, were recorded in “Accumulated other comprehensive loss” in our Consolidated Balance Sheet.

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



recorded in "Accumulated other comprehensive loss" in our Consolidated Balance Sheets. The swaps were fully effective in hedging the changes in the index price of the hedged items.

In February 2001, we entered into two interest rate swaps with notional amounts of $50 million each, one that matured in February 2003 and one that matured in February 2004. In November 2001, we entered into an interest rate swap with a notional amount of $50 million that will mature in November 2004. The swaps hedged the variable cash flow risk from the variable interest payments on $50 million of our LIBOR-based debt in 2004 and $100 million in 2003. The effective interest rates on the borrowings under the LIBOR-based unsecured revolving credit agreement, including the swaps, were 5.3% and 3.6% at September 30, 2004 and 2003. Changes in the fair value of these swaps, net of taxes, were recorded in "Accumulated other comprehensive loss" and reclassified to "Interest expense" as interest expense was recognized on the LIBOR-based debt. Amounts reclassified for the nine months ended September 30, 2004 and 2003, increased interest expense $1.2 million and $2.2 million, respectively. Ineffectiveness related to these hedges was not significant.

We are exposed to credit-related risks in the event of nonperformance by counterparties to these utility and interest rate swaps. However, we do not expect the counterparties, which are all major financial institutions, to fail to meet their obligations.

***ITEM 4. CONTROLS AND PROCEDURES***

(a) As of the end of the period covered by this report, the chief executive officer and chief financial officer directed and supervised an evaluation of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934. The evaluation was conducted to determine whether the company's disclosure controls and procedures were effective in bringing material information about the company to the attention of senior management. Based on that evaluation, our chief executive officer and chief financial officer concluded that the company's disclosure controls and procedures are effective in alerting them in a timely manner to material information that the company is required to disclose in its filings with the Securities and Exchange Commission.

(b) Since our evaluation, we have sold our forest products assets to Boise Cascade, L.L.C., and its affiliates. As part of this transaction we entered into a Mutual Administrative Services Agreement under which Boise Cascade, L.L.C., will provide corporate staff services to OfficeMax. These services include financial, legal, human resources and investor relations services. Because Boise Cascade, L.L.C., employees were previously providing many of these services to OfficeMax, we believe neither the sale of the forest products assets nor the resulting changes in the provision of administrative services will significantly affect the design or operation of our disclosure controls and procedures.



## PART II - OTHER INFORMATION

***ITEM 1. LEGAL PROCEEDINGS***

(c) For information concerning legal proceedings, see Boise Cascade Corporation's Annual Report on Form 10-K for the year ended December 31, 2003.

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

Information concerning our stock repurchases during the three months ended September 30, 2004:

| 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 |
|---|---|---|---|---|
| July 1 - July 31, 2004 | 315 | $ 34.80 | 315 | 4,253,298 |
| August 1 - August 31, 2004 | 80 | $ 31.43 | 80 | 4,253,218 |
| September 1 - September 30, 2004 | 102 | $ 31.76 | 102 | 4,253,116 |

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

***ITEM 6. EXHIBITS***

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/ Theodore Crumley
Theodore Crumley
Senior Vice President and Chief Financial Officer
(As Duly Authorized Officer and Principal Financial Officer)

Date: November 9, 2004



**OFFICEMAX INCORPORATED**

**INDEX TO EXHIBITS**

Filed With the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2004

| Number | | Description |
|---|---|---|
| 3.1 | | Restated Certificate of Incorporation, as restated to date |
| 3.2 | | Bylaws as amended October 29, 2004 |
| 10.1 | * | Paper Purchase Agreement between Boise White Paper, L.L.C., OfficeMax Contract, Inc., and OfficeMax North America, Inc. |
| 10.2 | | Additional Consideration Agreement between Boise Cascade Corporation and Boise Cascade, L.L.C., dated October 29, 2004 |
| 10.3 | | Installment Note for $559,500,000 between Boise Land & Timber, L.L.C. (Maker) and Boise Cascade Corporation (Initial Holder) dated October 29, 2004 |
| 10.4 | | Installment Note for $258,000,000 between Boise Land & Timer, L.L.C. (Maker) and Boise Southern Company (Initial Holder) dated October 29, 2004 |
| 10.5 | | Installment Note for $817,500,000 between Boise Land & Timber II, L.L.C. (Maker) and Boise Cascade Corporation (Initial Holder) dated October 29, 2004 |
| 10.6 | | Guaranty by Wachovia Corporation dated October 29, 2004 |
| 10.7 | | Guaranty by Lehman Brothers Holdings Inc. dated October 29, 2004 |
| 10.8 | | Employment Agreement between Boise Cascade Office Products Corporation and Gary Peterson dated December 10, 2003 |
| 10.9 | | Employment Agreement between Boise Cascade Office Products Corporation and Phillip P. DePaul dated December 10, 2003 |
| 10.10 | | Employment Agreement between Boise Cascade Corporation and George J. Harad dated October 29, 2004 |
| 10.11 | | Registration Rights Agreement among Boise Cascade Corporation, Forest Products Holdings, L.L.C., and Boise Cascade Holdings, L.L.C., dated October 29, 2004 |
| 10.12 | | Registration Rights Agreement among Kooskia Investment Corporation, Forest Products Holdings, L.L.C., and Boise Land & Timber Holdings Corp., dated October 29, 2004 |
| 10.13 | | Boise Cascade Holdings, L.L.C., Operating Agreement dated October 29, 2004 |
| 10.14 | | Securityholders Agreement among Boise Cascade Corporation, Forest Products Holdings, L.L.C., and Boise Cascade Holdings, L.L.C., dated October 29, 2004 |
| 10.15 | | Stockholders Agreement among Kooskia Investment Corporation, Forest Products Holdings, L.L.C., and Boise Land & Timber Holdings Corp., dated October 29, 2004 |
| 11 | | Computation of Per-Share Income (Loss) |
| 12.1 | | Ratio of Earnings to Fixed Charges |
| 12.2 | | Ratio of Earnings to Combined Fixed Charges and Preferred Dividend Requirements |
| 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 |

* Confidential treatment requested; confidential portions filed separately with the Securities and Exchange Commission.

**RESTATED CERTIFICATE OF INCORPORATION OF**
**OFFICEMAX INCORPORATED**

The corporation's present name is that shown above. The corporation was originally incorporated under the name of BOISE PAYETTE LUMBER COMPANY OF DELAWARE and the date of filing of its original Certificate of Incorporation with the Delaware Secretary of State was April 23, 1931. On May 28, 1957, the corporation's name was changed to BOISE CASCADE CORPORATION. This Restated Certificate of Incorporation was adopted by the board of directors of OfficeMax Incorporated on November 1, 2004, in accordance with the provisions of Section 245 of the General Corporation Law of the state of Delaware. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Certificate of Incorporation of the corporation as heretofore amended, supplemented, or restated, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation. The capital of the corporation will not be reduced under or by reason of this restatement of the Restated Certificate of Incorporation.

**FIRST:** The name of this corporation is OFFICEMAX INCORPORATED.

**SECOND:** Its registered office in the state of Delaware is located at Corporation Trust Center, 1209 Orange Street, in the city of Wilmington, county of New Castle. The name and address of its registered agent is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

**THIRD:** The nature of the business, or objects or purposes to be transacted, promoted, or carried on are:

(a) To engage in and carry on the business of acquiring, owning, buying, selling, leasing, mortgaging, and exchanging timber and timberlands, and in manufacturing, distributing, marketing, or otherwise dealing in timber and lumber and all of the various products thereof, and to carry on in any capacity any business pertaining to, or which in the judgment of the corporation may at any time be convenient and lawfully conducted in conjunction with, any of the matters aforesaid.

(b) To acquire, own, lease, occupy, use, or develop any lands containing timber or containing coal, iron, manganese, stone, or any other ores or minerals of any nature, or oil or any woodlands or any other lands for any purposes.

(c) To erect, install, and operate lumber mills, sawmills, paper mills, smelters, or any other mills or manufacturing plants of any nature. To construct, operate, and equip private logging railroads to be used and operated only for the purpose of carrying on the business of this corporation and not as a public carrier.

(d) To manufacture, purchase, or otherwise acquire, invest in, own, mortgage, pledge, sell, assign, and transfer or otherwise dispose of, trade, deal in, and deal with goods, wares, and merchandise and personal property of every class and description.

(e) To acquire, and pay for in cash, stock, or bonds of this corporation or otherwise, the good will, rights, assets, and property, and to undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association, or corporation.

(f) To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage, or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks, and trade names.

(g) To acquire by purchase, subscription, or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge, or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, scrip, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness or interest issued or

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created by any corporations, joint stock companies, syndicates, associations, firms, trusts, or persons, public or private, or by the government of the United States of America, or by any foreign government, or by any state, territory, province, municipality, or other political subdivision or by any governmental agency, and as owner thereof to possess and exercise all the rights, powers, and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement, and enhancement in value thereof.

(h) To enter into, make, and perform contracts of every kind and description with any person, firm, association, corporation, municipality, county, state, body politic, or government or colony or dependency thereof.

(i) To borrow or raise moneys for any purposes of the corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute, and issue promissory notes, draft, bills of exchange, warrants, bonds, debentures, and other negotiable or nonnegotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance, or assignment in trust of the whole or any part of the property of the corporation, whether at the time owned or thereafter acquired, and to sell, pledge, or otherwise dispose of such bonds or other obligations of the corporation for its corporate purposes.

(j) To loan to any person, firm, or corporation any of its surplus funds, either with or without security.

(k) To purchase, hold, sell, and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

(l) To have one or more offices and to carry on all or any of its operations and business in any of the states, districts, territories, or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony, or country.

(m) Without restriction or limit as to amount, to purchase or otherwise acquire, hold, own, improve, convert, mortgage, sell, lease, convey, or otherwise dispose of or deal in, as a real estate agent, builder, contractor, or otherwise, real and personal property of every class and description in any of the states, districts, territories, or colonies of the United States, and in any and all foreign countries, subject to the laws of such state, district, territory, colony, or country.

(n) To enter into partnership, joint venture, or other arrangement with any person, corporation, partnership, or other entity or entities for the purpose of engaging in any business or transaction which the corporation is authorized to carry on; and to invest in, lend money to, and otherwise assist any such partnership or venture.

(o) In general, to carry on any other business and to have and exercise all the powers conferred by the laws of Delaware upon corporations formed under the General Corporation Law of the state of Delaware, and to do any or all of the things hereinbefore set forth to the same extent as natural persons might or could do.

The objects and purposes specified in the foregoing clauses shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from, the terms of any other clause in this Certificate of Incorporation, but the objects and purposes specified in each of the foregoing clauses of this article shall be regarded as independent objects and purposes.

**FOURTH:** The total number of shares of all classes of stock which the corporation shall have authority to issue is two hundred ten million (210,000,000), of which two hundred million (200,000,000) shares of the par value of $2.50 each are to be of a class designated Common Stock and ten million (10,000,000) shares without par value are to be of a class designated Preferred Stock. The Preferred Stock shall be issuable in series.



**1. Common Stock Provisions**.

1.1 *Dividend Rights*. Subject to provisions of law and the preferences of the Preferred Stock, the holders of the Common Stock shall be entitled to receive dividends at such time and in such amounts as may be determined by the board of directors.

1.2 *Voting Rights*. Except as provided in the final two paragraphs of Section 2.6, the holders of the Common Stock shall have one vote for each share on each matter submitted to a vote of the stockholders of the corporation. Except as otherwise provided by law or by the provisions of the Certificate of Incorporation or any amendment thereto or by resolutions of the board of directors providing for the issue of any series of Preferred Stock, the holders of the Common Stock shall have sole voting power.

1.3 *Liquidation Rights*. In the event of any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the corporation and the preferential amounts to which the holders of the Preferred Stock shall be entitled, the holders of the Common Stock shall be entitled to share ratably in the remaining assets of the corporation.

**2. Preferred Stock Provisions**.

2.1 *Authority of the Board of Directors to Issue in Series*. The Preferred Stock may be issued from time to time in one or more series. Subject to the provisions of the Certificate of Incorporation or any amendment thereto, authority is expressly granted to the board of directors to authorize the issue of one or more series of Preferred Stock, and to fix by resolutions providing for the issue of each such series the voting powers, designations, preferences and relative, participating, optional, or other special rights, and qualifications, limitations, and restrictions thereof (sometimes referred to as powers, preferences, and rights) to the full extent now or hereafter permitted by law, including but not limited to the following:

(a) The number of shares of such series (which may subsequently be increased by resolutions of the board of directors) and the distinctive designation thereof;

(b) The dividend rate of such series and any limitations, restrictions, or conditions on the payment of such dividends;

(c) The price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed;

(d) The amounts which the holders of the shares of such series are entitled to receive upon any liquidation, dissolution, or winding up of the corporation;

(e) The terms of any purchase, retirement, or sinking fund to be provided for the shares of such series;

(f) The terms, if any, upon which the shares of such series shall be convertible into or exchangeable for shares of any other series, class or classes, or other securities, and the terms and conditions of such conversion or exchange; and

(g) The voting powers, if any (not to exceed one vote per share), of such series in addition to the voting powers provided in Sections 2.6 and 2.8.

The Preferred Stock of each series shall rank on a parity with the Preferred Stock of every other series in priority of payment of dividends and in the distribution of assets in the event of any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary, to the extent of the preferential amounts to which the Preferred Stock of the respective series shall be entitled under the provisions of the Certificate of Incorporation or any amendment thereto or the resolutions of the board of directors providing for the issue of such series. All shares of any



one series of Preferred Stock shall be identical except as to the dates of issue and the dates from which dividends on shares of the series issued on different dates shall accumulate (if cumulative).

2.2 *Definitions*.

(a) The term “arrearages,” whenever used in connection with dividends on any share of Preferred Stock, shall refer to the condition that exists as to dividends, to the extent that they are cumulative (either unconditionally, or conditionally to the extent that the conditions have been

fulfilled), on such share which shall not have been paid or declared and set apart for payment to the date or for the period indicated, but the term shall not refer to the condition that exists as to dividends, to the extent that they are noncumulative, on such share which shall not have been paid or declared and set apart for payment.

(b) The term "stock junior to the Preferred Stock," whenever used with reference to the Preferred Stock, shall mean the Common Stock and other stock of the corporation over which the Preferred Stock has preference or priority in the payment of dividends or in the distribution of assets on any dissolution, liquidation, or winding up of the corporation.

(c) The term "subsidiary" shall mean any corporation, association, or business trust, the majority of whose outstanding shares (at the time of determination) having voting power for the election of directors or trustees, either at all times or only so long as no senior class of shares has such voting power because of arrearages in dividends or because of the existence of some default, is owned directly or indirectly by the corporation.

2.3 *Dividend Rights*.

(a) The holders of the Preferred Stock of each series shall be entitled to receive, when and as declared by the board of directors, preferential dividends in cash payable at such rate, from such date, and on such quarterly dividend payment dates and, if cumulative, cumulative from such date or dates, as may be fixed by the provisions of the Certificate of Incorporation or any amendment thereto or by the resolutions of the board of directors providing for the issue of such series. The holders of the Preferred Stock shall not be entitled to receive any dividends thereon other than those specifically provided for by the Certificate of Incorporation or any amendment thereto, or such resolutions of the board of directors, nor shall any arrearages in dividends on the Preferred Stock bear any interest.

(b) So long as any of the Preferred Stock is outstanding, no dividends (other than dividends payable in stock junior to the Preferred Stock and cash in lieu of fractional shares in connection with any such dividend) shall be paid or declared in cash or otherwise, nor shall any other distribution be made, on any stock junior to the Preferred Stock, unless

(i) There shall be no arrearages in dividends on Preferred Stock for any past quarterly dividend period, and dividends in full for the current quarterly dividend period shall have been paid or declared on all Preferred Stock (cumulative and noncumulative); and

(ii) The corporation shall have paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Preferred Stock of any series; and

(iii) The corporation shall not be in default on any of its obligations to redeem any of the Preferred Stock.

(c) So long as any of the Preferred Stock is outstanding, no shares of any stock junior to the Preferred Stock shall be purchased, redeemed, or otherwise acquired by the corporation or by any subsidiary except in connection with a reclassification or exchange of any stock junior to the Preferred Stock through the issuance of other stock junior to the Preferred Stock, or the purchase, redemption, or other acquisition of any stock junior to the Preferred Stock, with proceeds of a reasonably contemporaneous sale of other stock junior to the Preferred Stock, nor shall any funds be set aside or made available for any sinking fund for the purchase or redemption of any stock junior to the Preferred Stock, unless



(i) There shall be no arrearages in dividends on Preferred Stock for any past quarterly dividend period; and

(ii) The corporation shall have paid or set aside all amounts, if any, then or theretofore required to be paid or set aside for all purchase, retirement, and sinking funds, if any, for the Preferred Stock of any series; and

(iii) The corporation shall not be in default on any of its obligations to redeem any of the Preferred Stock.

(d) Subject to the foregoing provisions and not otherwise, such dividends (payable in cash, property, or stock junior to the Preferred Stock) as may be determined by the board of directors may be declared and paid on the shares of any stock junior to the Preferred Stock from time to time, and in the event of the declaration and payment of any such dividends, the holders of such junior stock shall be entitled, to the exclusion of holders of the Preferred Stock, to share ratably therein according to their respective interests.

(e) Dividends in full shall not be declared or paid or set apart for payment on any series of Preferred Stock unless there shall be no arrearages in dividends on Preferred Stock for any past quarterly dividend period and dividends in full for the current quarterly dividend period shall have been paid or declared on all Preferred Stock to the extent that such dividends are cumulative, and any dividends paid or declared when dividends are not so paid or declared in full shall be shared ratably by the holders of all series of Preferred Stock in proportion to such respective arrearages and unpaid and undeclared current quarterly cumulative dividends.

2.4 *Liquidation Rights*.

(a) In the event of any liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary, the holders of Preferred Stock of each series shall be entitled to receive the full preferential amount fixed by the Certificate of Incorporation or any amendment thereto, or by the resolutions of the board of directors providing for the issue of such series, including any arrearages in dividends thereon to the date fixed for the payment in liquidation, before any distribution shall be made to the holders of any stock junior to the Preferred Stock. After such payment in full to the holders of the Preferred Stock, the remaining assets of the corporation shall then be distributable exclusively among the holders of any stock junior to the Preferred Stock, according to their respective interests.

(b) If the assets of the corporation are insufficient to permit the payment of the full preferential amounts payable to the holders of the Preferred Stock of the respective series in the event of a liquidation, dissolution, or winding up, then the assets available for distribution to holders of the Preferred Stock shall be distributed ratably to such holders in proportion to the full preferential amounts payable on the respective shares.

(c) A consolidation or merger of the corporation with or into one or more other corporations or a sale of all or substantially all of the assets of the corporation shall not be deemed to be a liquidation, dissolution, or winding up, voluntary or involuntary.

2.5 *Redemption.*

(a) Subject to the provisions of paragraph (a)(v) of Section 2.6, the corporation may, at the option of the board of directors, redeem the whole or any part of the Preferred Stock, or of any series thereof, at any time or from time to time within the period during which such stock is by its terms redeemable at the option of the board of directors, by paying such redemption price thereof as shall have been fixed by the Certificate of Incorporation or any amendment thereto or by the resolutions of the board of directors providing for the issue of the Preferred Stock to be redeemed, including an amount in the case of each share so to be redeemed equal to any arrearages in dividends thereon to the date fixed for redemption (the total amount so to be paid being hereinafter called the "redemption price").

(b) Unless expressly provided otherwise in the Certificate of Incorporation or any amendment thereto or by the resolutions of the board of directors providing for the issue of the Preferred Stock to be redeemed,



(i) notice of each such redemption shall be mailed not less than 30 days nor more than 90 days prior to the date fixed for redemption to each holder of record of shares of the Preferred Stock to be redeemed, at his address as the same may appear on the books of the corporation, and (ii) in case of a redemption of a part only of any series of the Preferred Stock, the shares of such series to be redeemed shall be selected pro rata or by lot or in such other manner as the board of directors may determine. The board of directors shall have full power and authority, subject to the limitations and provisions contained in the Certificate of Incorporation or any amendment thereto or in the resolutions of the board of directors providing for the issue of the Preferred Stock to be redeemed, to prescribe the manner in which and the terms and conditions upon which the Preferred Stock may be redeemed from time to time.

(c) If any such notice of redemption shall have been duly given, then on and after the date fixed in such notice of redemption (unless default shall be made by the corporation in the payment or deposit of the redemption price pursuant to such notice) all arrearages in dividends, if any, on the shares of Preferred Stock so called for redemption shall cease to accumulate, and on such date all rights of the holders of the Preferred Stock so called for redemption shall cease and terminate except the right to receive the redemption price upon surrender of their certificates for redemption and such rights, if any, of conversion or exchange as may exist with respect to such Preferred Stock under the provisions of the Certificate of Incorporation or any amendment thereto or in the resolutions of the board of directors providing for the issue of such Preferred Stock.

(d) If, before the redemption date specified in any notice of the redemption of any Preferred Stock, the corporation shall deposit the redemption price with a bank or trust company in New York, New York, having a capital and surplus of at least $10,000,000 according to its last published statement of condition, in trust for payment on the redemption date to the holders of the Preferred Stock to be redeemed, from and after the date of such deposit all rights of the holders of the Preferred Stock so called for redemption shall cease and terminate except the right to receive the redemption price upon surrender of their certificates for redemption and such rights, if any, of conversion or exchange as may exist with respect to such Preferred Stock under the provisions of the Certificate of Incorporation or any amendment thereto or in the resolutions of the board of directors providing for the issue of such Preferred Stock. Any funds so deposited which are not required for such redemption because of the exercise of any such right of conversion or exchange subsequent to the date of such deposit shall be returned to the corporation forthwith. The corporation shall be entitled to receive from the depository, from time to time, the interest, if any, allowed on such funds deposited with it, and the holders of the shares so redeemed shall have no claim to any such interest. Any funds so deposited and remaining unclaimed at the end of six years from the redemption date shall, if thereafter requested by the board of directors, be repaid to the corporation.

(e) Shares of Preferred Stock of any series may also be subject to redemption, in the manner hereinabove prescribed under this Section 2.5, through operation of any sinking or retirement fund created therefor, at the redemption prices and under the terms and provisions contained in the resolutions of the board of directors providing for the issue of such series.

(f) The corporation shall not be required to register a transfer of any share of Preferred Stock (i) within 15 days preceding a selection for redemption of shares of the series of Preferred Stock of which such share is a part or (ii) which has been selected for redemption.

(g) If any obligation to retire shares of Preferred Stock is not paid in full on all series as to which such obligation exists, the number of shares of each such series to be retired pursuant to any such obligation shall be in proportion to the respective amounts which would be payable if all amounts payable for the retirement of all such series were discharged in full.

2.6 *Restrictions on Certain Action Affecting Preferred Stock.* The corporation will not, without the consent given in writing or affirmative vote given in person or by proxy at a meeting held for the purpose,

(a) By the holders of at 66 2/3% of the shares of Preferred Stock then outstanding,

(i) Amend, alter, or repeal any of the provisions of the Certificate of Incorporation, or any amendment thereto, or the bylaws, of the corporation, so as to affect adversely the powers, preferences, or rights of the



holders of the Preferred Stock or reduce the time for any notice to which only the holders of the Preferred Stock may be entitled; provided, however, the amendment of the provisions of the Certificate of Incorporation, as amended, so as to authorize or create, or to increase the authorized amount of Common Stock or other stock junior to the Preferred Stock or any stock of any class ranking on a parity with the Preferred Stock shall not be deemed to affect adversely the powers, preferences, or rights of the holders of the Preferred Stock;

(ii) Authorize or create, or increase the authorized amount of, any stock of any class or any security convertible into stock of any class ranking prior to the Preferred Stock;

(iii) Voluntarily dissolve, liquidate, or wind up the affairs of the corporation, or sell, lease, or convey all or substantially all its property and assets;

(iv) Merge or consolidate with or into any other corporation, unless each holder of Preferred Stock immediately preceding such merger or consolidation shall receive in the resulting corporation the same number of shares, with substantially the same rights and preferences,

as correspond to the Preferred Stock so held (in determining whether the shares in the resulting corporation so received have substantially the same rights and preferences the circumstance that such shares may constitute a different proportion of the ordinary voting power in the resulting corporation than the Preferred Stock constitutes of such voting power in the corporation shall be disregarded), and unless the corporation resulting from such merger or consolidation will have after such merger or consolidation no class of stock either authorized or outstanding ranking prior to the shares received by such holder and no securities either authorized or outstanding which are convertible into such prior stock, except the same number of shares of prior stock and the same amount of such convertible securities, with the same rights and preferences, as correspond to the prior stock of the corporation and securities convertible into prior stock of the corporation, respectively, authorized and outstanding immediately preceding such merger or consolidation; or

(v) Purchase or redeem less than all of the Preferred Stock at the time outstanding unless the full cumulative dividend on all shares of Preferred Stock then outstanding shall have been paid or declared and a sum sufficient for payment thereof set apart;

(b) By the holders of at 66 2/3% of the shares of any series of Preferred Stock then outstanding, amend, alter, or repeal any of the provisions of the Certificate of Incorporation or any amendment thereto, or the bylaws, or of the resolutions of the board of directors providing for the issue of such series so as to affect adversely the powers, preferences, or rights of the holders of the Preferred Stock of such series in a manner not equally applicable to all series of Preferred Stock; or

(c) By the holders of at least a majority of the shares of Preferred Stock then outstanding,

(i) Increase the authorized amount of the Preferred Stock; or

(ii) Create any other class or classes of stock ranking on a parity with the Preferred Stock, either as to dividends or upon liquidation, or create any stock or other security convertible into or exchangeable for or evidencing the right to purchase any such stock ranking on a parity with the Preferred Stock, or increase the authorized number of shares of any such other class of stock or other security;

provided, however, that no such consent of the holders of the Preferred Stock shall be required if, at or prior to the time when such amendment, alteration, or repeal is to take effect or when the issuance of any such prior stock or convertible security is to be made, or when such consolidation or merger, voluntary liquidation, dissolution, or winding up, sale, lease, conveyance, purchase, or redemption is to take effect, as the case may be, provision is to be made for the redemption of all shares of Preferred Stock at the time outstanding, or, in the case of any such amendment, alteration, or repeal as to which the consent of less than all the Preferred Stock would otherwise be required, for the redemption of all shares of Preferred Stock the consent of which would otherwise be required.

If an amendment described in clause (i) of paragraph (a) of this Section 2.6 would in no way affect adversely the powers, preferences, or rights of the holders of any stock of the corporation other than the Preferred



Stock, such amendment may, to the extent permitted by Delaware law, be made effective by the adoption and filing of an appropriate amendment to the Certificate of Incorporation without obtaining the consent or vote of the holders of any stock of the corporation other than the Preferred Stock.

If an amendment described in paragraph (b) of this Section 2.6 would in no way affect adversely the powers, preferences, or rights of the holders of any stock of the corporation other than the Preferred Stock of a particular series, such amendment may, to the extent permitted by Delaware law, be made effective by the adoption and filing of an appropriate amendment to the Certificate of Incorporation of the corporation without obtaining the consent or vote of the holders of any stock of the corporation other than the Preferred Stock of such series.

2.7 *Status of Preferred Stock Purchased, Redeemed, or Converted*. Shares of Preferred Stock purchased, redeemed, or converted into or exchanged for shares of any other class or series shall be deemed to be authorized but unissued shares of Preferred Stock undesignated as to series.

2.8 *Election of Directors by Holders of Certain Preferred Stock in Event of Nondeclaration of Dividends.*

(a) The provisions of this Section 2.8 shall apply only to those series of Preferred Stock (applicable Preferred Stock) to which such provisions are expressly made applicable by the Certificate of Incorporation or any amendment thereto or resolutions of the board of directors providing for the issue of such series.

(b) Whenever declarations or payments of dividends (including noncumulative dividends) on the shares of any series of applicable Preferred Stock shall be omitted in an aggregate amount equal to six quarterly dividends, the holders of the applicable Preferred Stock shall have the exclusive and special right, voting separately as a class and without regard to series, to elect at an annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the applicable Preferred Stock called as hereinafter provided, three members of the board of directors, until four consecutive quarterly dividends shall have been paid on or declared and set apart for payment on the shares of such series, if the shares of such series are noncumulative, or until all arrearages in dividends and dividends in full for the current quarterly period shall have been paid on or declared and set apart for payment on the shares of such series, if the shares of such series are cumulative, whereupon all voting rights as a class provided for under this Section 2.8 shall be divested from the applicable Preferred Stock (subject, however, to being at any time or from time to time similarly revived if declarations or payments of dividends for subsequent quarterly periods shall be omitted).

(c) At any time after the holders of the applicable Preferred Stock shall have thus become entitled to elect three members of the board of directors, the secretary of the corporation may, and upon written request of holders of record of at least 5% of the shares of the applicable Preferred Stock then outstanding addressed to him at the principal office of the corporation shall, call a special meeting of the holders of the applicable Preferred Stock for the purpose of electing such directors, to be held at the place of annual meetings of stockholders of the corporation as soon as practicable after the receipt of such request upon the notice provided by law and the bylaws of the corporation for the holding of special meetings of stockholders; provided, however, the secretary need not call any such special meeting if the next annual meeting of stockholders is to convene within 90 days after the receipt of such request. If such special meeting shall not be called by the secretary within 30 days after receipt of such request (not including, however, a request falling within the proviso to the foregoing sentence), then the holders of record of at least 5% of the shares of the applicable Preferred Stock then outstanding may designate in writing one of their number to call such a meeting at the place and upon the notice above provided, and any person so designated for that purpose shall have access to the stock records of the corporation for such purpose.

(d) At any meeting at which the holders of the applicable Preferred Stock shall be entitled to vote for the election of such three directors as above provided, the holders of a majority of the applicable Preferred Stock then outstanding present in person or by proxy shall constitute a quorum

for the election of such three directors and for no other purpose, and the vote of the holders of a majority of the applicable Preferred Stock so present at any such meeting at which there shall be such a quorum shall be sufficient to elect three directors. The election of any such directors shall automatically increase the number of members of the board of directors by the number of directors so elected. The persons so elected as directors by the holders of the applicable Preferred Stock shall hold office until their



successors shall have been elected by such holders or until the right of the holders of the applicable Preferred Stock to vote as a class in the election of directors shall be divested as provided in paragraph (b) of this Section 2.8. Upon divestment of the right to elect directors as above provided, any directors so elected by the holders of the applicable Preferred Stock shall forthwith cease to be directors of the corporation, and the number of directorships shall automatically be reduced accordingly. If a vacancy occurs in a directorship elected by the holders of the applicable Preferred Stock voting as a class, a successor may be appointed by the remaining director or directors so elected by the holders of the applicable Preferred Stock.

(e) At any such meeting or any adjournment thereof, (i) the absence of a quorum of the holders of the applicable Preferred Stock shall not prevent the election of the directors other than those to be elected by holders of the applicable Preferred Stock voting as a class, and the absence of a quorum of holders of the shares entitled to vote for directors other than those to be elected by the holders of the applicable Preferred Stock voting as a class shall not prevent the election of the directors to be elected by the holders of the applicable Preferred Stock voting as a class, and (ii) in the absence of a quorum of the holders of the applicable Preferred Stock, the holders of a majority of the applicable Preferred Stock present in person or by proxy shall have power to adjourn from time to time the meeting for the election of the directors which they are entitled to elect voting as a class, without notice other than announcement at the meeting, until a quorum shall be present, and in the absence of a quorum of the holders of the shares entitled to vote for directors other than those elected by the holders of the applicable Preferred Stock voting as a class, the holders of a majority of such stock present in person or by proxy shall have power to adjourn from time to time the meeting for the election of the directors which they are entitled to elect, without notice other than announcement at the meeting, until a quorum shall be present.

**3. Other Provisions**.

3.1 *Authority for Issuance of Shares*. The board of directors shall have authority to authorize the issuance, from time to time without any vote or other action by the stockholders, of any or all shares of stock of the corporation of any class at any time authorized, and any securities convertible into or exchangeable for any such shares, in each case to such persons and for such consideration and on such terms as the board of directors from time to time in its discretion lawfully may determine; provided, however, the consideration for the issuance of shares of stock of the corporation having par value shall not be less than such par value. Shares so issued, for which the consideration has been paid to the corporation, shall be full paid stock, and the holders of such stock shall not be liable to any further call or assessments thereon.

3.2 *Voting for Directors*. All elections of directors may be by voice vote, rather than by ballot, unless, by resolution adopted by the majority vote of the stockholders represented at the meeting, the election of directors by ballot is required.

3.3 *No Preemptive Rights*. No holder of shares of any class of the corporation nor of any security or obligation convertible into, nor of any warrant, option, or right to purchase, subscribe for, or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized, shall, as such holder, have any preemptive right whatsoever to purchase, subscribe for, or otherwise acquire, shares of any class of the corporation or of any security convertible into, or of any warrant, option, or right to purchase, subscribe for, or otherwise acquire, shares of any class of the corporation, whether now or hereafter authorized.

3.4 *Abandonment of Dividends and Distributions*. Anything herein contained to the contrary notwithstanding, any and all right, title, interest, and claim in or to any dividends declared, or other distributions made, by the corporation, whether in cash, stock, or otherwise, which are unclaimed by the stockholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned, and such unclaimed dividends or other distributions in the possession of the corporation, its transfer agents, or other agents or depositaries, shall at such time become the absolute property of the corporation, free and clear of any and all claims of any persons whatsoever.

3.5 *Record Date*. The board of directors may set a record date in the manner and for the purposes authorized in the bylaws of the corporation, with respect to shares of stock of the corporation of any class or series.



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

**4. Provisions Relating to Series D Preferred Stock**. The provisions of the Convertible Preferred Stock, Series D, of the corporation are set forth in full in Annex I to this Restated Certificate of Incorporation, and they are incorporated herein by this reference thereto.

**5. Provisions Relating to Series F Preferred Stock**. The provisions of the 9.40% Cumulative Preferred Stock, Series F, of the corporation are set forth in full in Annex II to this Restated Certificate of Incorporation, and they are incorporated herein by this reference thereto.

**6. Provisions Relating to Series G Preferred Stock**. The provisions of the Conversion Preferred Stock, Series G, of the corporation are set forth in full in Annex III to this Restated Certificate of Incorporation, and they are incorporated herein by this reference thereto.

**FIFTH:** The amount of capital with which the corporation will commence business is $1,000.

**SIXTH:** Reserved.

**SEVENTH**: The corporation is to have perpetual existence.

**EIGHTH**: The private property of the stockholders shall not be subject to the payment of the corporate debts to any extent whatever.

**NINTH**:

9.1 The business and affairs of the corporation shall be managed by or under the direction of a board of directors. The number of the directors of the corporation shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the entire board of directors of the corporation, except that the minimum number of directors shall be fixed at no less than three and the maximum number of directors shall be fixed at no more than 15. The directors shall be divided into three classes, designated Class I, Class II, and Class III. Each class shall consist, as nearly equal in number as possible, of one-third of the total number of directors constituting the entire board of directors. At the 1985 meeting of stockholders, Class I directors shall be elected for a one-year term, Class II directors for a two-year term, and Class III directors for a three-year term. At each succeeding annual meeting of stockholders beginning in 1986, successors of the class of directors whose term expires at that annual meeting shall be elected for a three-year term. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible.

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



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

9.3 Newly created directorships resulting from any increase in the number of directors and any vacancies on the board of directors resulting from death, resignation, disqualification, removal, or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum, or by a sole remaining director. Any additional director of any class elected to fill a vacancy in such class shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director shall hold office until the next annual meeting for the year in which his term expires and until such director's successor shall have been elected and qualified.

9.4 Any director may be removed from office only with cause and only by the affirmative vote of the holders of at least 80% of the voting power of all the shares of the corporation entitled to vote generally in the election of directors, voting together as a single class.

9.5 Notwithstanding the foregoing paragraphs 9.1, 9.2, 9.3, and 9.4, whenever the holders of any one or more classes or series of Preferred Stock issued by the corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies, and other features of such directorships shall be governed by the terms of this Certificate of Incorporation applicable thereto, the then authorized number of directors of the corporation shall be increased by the number of additional directors to be elected, and such directors so elected shall not be divided into classes pursuant to this Article NINTH unless expressly provided by such terms.

9.6 Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 80% of the voting power of all the shares of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, repeal, or adopt any provision inconsistent with the purpose and intent of this Article NINTH.

9.7 In furtherance, and not in limitation of the powers conferred by statute, the board of directors is expressly authorized:

To make and alter the bylaws of the corporation.

To authorize and cause to be executed mortgages and liens upon the real and personal property of the corporation.

To set apart out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose or to abolish any such reserve in the manner in which it was created.

By resolution or resolutions passed by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the corporation, which, to the extent provided in said resolution or resolutions or in the bylaws of the corporation, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be stated in the bylaws of the corporation or as may be determined from time to time by resolution adopted by the board of directors.

The corporation may in its bylaws confer powers upon its board of directors in addition to the foregoing, and in addition to the powers and authorities expressly conferred upon it by statute.

**TENTH:** Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them, and/or between this corporation and its stockholders or any class of them, any Court of equitable jurisdiction within the state of Delaware may, on the application in a summary way of this corporation or of any

creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and said reorganization shall, if sanctioned by the Court of which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of this corporation, as the case may be, and also on this corporation.

**ELEVENTH:** Both stockholders and directors shall have power, if the bylaws so provide, to hold their meetings, and to have one or more offices within or without the state of Delaware, and to keep the books of this corporation (subject to the provisions of the statutes), outside of the state of Delaware at such places as may be from time to time designated by the board of directors.

**TWELFTH:**

12.1 In addition to any affirmative vote required by law or this Certificate of Incorporation or the bylaws, and except as otherwise expressly herein provided in this Article TWELFTH, a Business Combination (as hereinafter defined) shall require the affirmative vote of a majority of the voting power of all the shares of Voting Stock (as hereinafter defined) held by stockholders other than an Interested Stockholder (as hereinafter defined), with which or by or on whose behalf, directly or indirectly, a Business Combination is proposed, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be specified, by law or in any agreement with any national securities exchange or otherwise.

12.2 The provisions of Section 12.1 of this Article TWELFTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote, if any, as is required by law or by any other provision of this Certificate of Incorporation, the bylaws of the corporation, or any agreement with any national securities exchange, if all the conditions specified in either of the following paragraphs (a) or (b) are met or, in the case of a Business Combination not involving the payment of consideration to the holders of the corporation's outstanding Capital Stock (as hereinafter defined), if the condition specified in the following paragraph (a) is met:

(a) The Business Combination shall have been approved by a majority (whether such approval is made prior to or subsequent to the acquisition of beneficial ownership of the Voting Stock that caused the Interested Stockholder as hereinafter defined to become an Interested Stockholder) of the Continuing Directors (as hereinafter defined); or

(b) All of the following conditions shall have been met:

(1) The aggregate amount of the cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the highest amount determined under subparagraphs (i) and (ii) below:

(i) (if applicable) The highest per-share price (including any brokerage commissions, transfer taxes, and soliciting dealers' fees) paid by or on behalf of the Interested Stockholder for any shares of Common Stock in connection with the acquisition by the Interested Stockholder of beneficial ownership of shares of Common Stock (a) within the two-year period immediately prior to the first public announcement of the proposed Business Combination (the "Announcement Date") or (b) in the transaction in which it became an Interested Stockholder, whichever is higher; and



(ii) The Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Stockholder became an Interested Stockholder (such latter date referred to in this Article TWELFTH as the "Determination Date"), whichever is higher.

All per-share prices shall be adjusted to reflect any intervening stock splits, stock dividends, and reverse stock splits.

(2) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Capital Stock (as hereinafter defined), other than Common Stock, shall be at least equal to the highest amount determined under clauses (i), (ii), and (iii) below:

(i) (if applicable) The highest per-share price (including any brokerage commissions, transfer taxes, and soliciting dealers' fees) paid by or on behalf of the Interested Stockholder for any share of such class or series of Capital Stock in connection with the acquisition by the Interested Stockholder of beneficial ownership of shares of such class or series of Capital Stock (a) within the two-year period immediately prior to the Announcement Date or (b) in the transaction in which it became an Interested Stockholder, whichever is higher;

(ii) The Fair Market Value per share of such class or series of Capital Stock on the Announcement Date or on the Determination Date, whichever is higher; and

(iii) (if applicable) The highest preferential amount per share to which the holders of shares of such class or series of Capital Stock would be entitled in the event of any voluntary or involuntary liquidation, dissolution, or winding up of the corporation, regardless of whether the Business Combination to be consummated constitutes such an event.

All per-share prices shall be adjusted for intervening stock splits, stock dividends, and reverse stock splits.

The provisions of this paragraph (b)(2) shall be required to be met with respect to every class or series of outstanding Capital Stock, whether or not the Interested Stockholder has previously acquired beneficial ownership of any shares of a particular class or series of Capital Stock.

(3) The consideration to be received by holders of a particular class or series of outstanding Capital Stock (including Common Stock) shall be cash or in the same form as previously has been paid by or on behalf of the Interested Stockholder in connection with its direct or indirect

acquisition of beneficial ownership of shares of such class or series of Capital Stock. If the consideration so paid for shares of any class or series of Capital Stock varied as to form, the form of consideration for such class or series of Capital Stock shall be either cash or the form used to acquire beneficial ownership of the largest number of shares of such class or series of Capital Stock previously acquired by the Interested Stockholder.

(4) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination: (a) except as approved by a majority of the Continuing Directors, there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) in accordance with the terms of the outstanding Preferred Stock; (b) there shall have been (1) no reduction in the annual rate of dividend paid on the Common Stock (except as necessary to reflect any stock split, stock dividend, or subdivision of the Common Stock), except as approved by a majority of the Continuing Directors; and (2) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization, or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Continuing Directors; and (c) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder and except in a transaction that, after giving effect thereto, would not result in any increase in the Interested Stockholder's percentage beneficial ownership of any class or series of Capital Stock.



(5) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges, or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(6) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules, or regulations) shall be mailed to public stockholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions). The proxy or information statement shall contain on the first page thereof, in a prominent place, any statement as to the advisability (or inadvisability) of the Business Combination that the Continuing Directors, or any of them, may choose to make and, if deemed advisable by a majority of the Continuing Directors, the opinion of an investment banking firm selected by a majority of the Continuing Directors as to the fairness (or not) of the terms of the Business Combination from a financial point of view to the holders of the outstanding shares of Capital Stock other than the Interested Stockholder and its Affiliates or Associates (as hereinafter defined), such investment banking firm to be paid a reasonable fee for its services by the corporation.

(7) Such Interested Stockholder shall not have made any major change in the corporation's business or equity capital structure without the approval of a majority of the Continuing Directors.

12.3 For the purposes of this Article TWELFTH:

(a) The term "Business Combination" shall mean:

(1) Any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder or (b) any other company (whether or not such other company is an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate or Associate of an Interested Stockholder; or

(2) Any sale, lease, exchange, mortgage, pledge, transfer, or other disposition or security arrangement, investment, loan, advance, guarantee, agreement to purchase, agreement to pay, extension of credit, joint venture participation, or other arrangement (in one transaction or a series of transactions) with or for the benefit of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder involving any assets, securities, or commitments of the corporation, any Subsidiary or any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder having an aggregate Fair Market Value and/or involving aggregate commitments of $40,000,000 or more or constituting more than 5% of the book value of the total assets (in the case of transactions involving assets or commitments other than capital stock) or 5% of stockholders' equity (in the case of transactions involving capital stock) of the entity in question (the "Substantial Part"), as reflected in the most recent fiscal year-end consolidated balance sheet of such entity existing at the time the stockholders of the corporation would be required to approve or authorize the Business Combination involving the assets, securities, and/or commitments constituting any Substantial Part; or

(3) The adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or

(4) Any reclassification of securities (including any reverse stock split), or recapitalization of the corporation or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or otherwise involving an Interested Stockholder) that has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class or series of Capital Stock, or any securities convertible into Capital Stock, or into equity securities of any Subsidiary, that is beneficially owned by any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder; or



(5) Any agreement, contract, or other arrangement providing for any one or more of the actions specified in the foregoing clauses (1) through (4).

(b) The term "Capital Stock" shall mean all capital stock of this corporation authorized to be issued from time to time under Article FOURTH of this Certificate of Incorporation, and the term "Voting Stock" shall mean all Capital Stock which by its terms may be voted on all matters submitted to stockholders of the corporation generally.

(c) A "person" shall mean any individual, firm, corporation, partnership, trust, or other entity and shall include any group comprised of any person and any other person with whom such person or any Affiliate or Associate of such person has any agreement, arrangement, or understanding, directly or indirectly, for the purpose of acquiring, holding, voting, or disposing of Capital Stock.

(d) "Interested Stockholder" shall mean any person (other than the corporation or any Subsidiary and other than any profit-sharing, employee stock ownership, or other employee benefit plan of the corporation or any Subsidiary or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which:

(1) Is the beneficial owner, directly or indirectly, of more than 10% of the voting power of the then outstanding Voting Stock; or

(2) Is an Affiliate or Associate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner of 10% or more of the voting power of the then outstanding Voting Stock; or

(3) Is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(e) A person shall be a "beneficial owner" of any Capital Stock:

(1) Which such person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(2) Which such person or any of its Affiliates or Associates has (a) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement, or understanding or upon the exercise of conversion rights, exchange rights, warrants, or options, or otherwise, or (b) the right to vote pursuant to any agreement, arrangement, or understanding; or

(3) Which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement, or understanding for the purpose of acquiring, holding, voting, or disposing of any shares of Voting Stock. For the purposes of determining whether a person is an Interested Stockholder pursuant to paragraph (d) of this Article, the number of shares of Capital Stock deemed to be outstanding shall include shares deemed beneficially owned by such person through application of paragraph (e) of this Article but shall not include any other shares of Capital Stock that may be issuable pursuant to any agreement, arrangement, or understanding, or upon exercise of conversion rights, warrants, or options, or otherwise.

(f) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on March 1, 1985 (the term "registrant" in said Rule 12b-2 meaning, in this case, the corporation).

(g) "Subsidiary" means any company of which a majority of any class of equity security is owned, directly or indirectly, by the corporation; provided, however, for the purposes of the definition of Interested Stockholder set forth in paragraph (d) of this section, the term "Subsidiary" shall mean only a company of which a majority of each class of equity security is beneficially owned, directly or indirectly, by the corporation.



(h) "Continuing Director" means any member of the board of directors of the corporation (the "Board") while such person is a member of the Board, who is not an Affiliate or Associate or representative of the Interested Stockholder and was a member of the Board on March 1, 1985, or prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Continuing Director, while such successor is a member of the Board, who is not an Affiliate or Associate or representative of the Interested Stockholder and is recommended to succeed the Continuing Director by a majority of Continuing Directors then on the Board.

(i) "Fair Market Value" means: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc., Automated Quotations System or any system then in use, or if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by a majority of the Continuing Directors in good faith; and (b) in the case of property other than cash or stock, the Fair Market Value of such property on the date in question as determined by a majority of Continuing Directors then on the Board.

(j) In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in paragraphs (b)(1) and (2) of Section 12.2 of this Article shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

12.4 The board of directors of the corporation shall have the power and duty to determine for the purposes of this Article TWELFTH, on the basis of information known to them after reasonable inquiry (a) whether a person is an Interested Stockholder, (b) the number of shares of Voting Stock beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, (d) whether the requirements of paragraph (b) of Section 12.2 have been met with respect to any Business Combination, and (e) whether any sale, lease, exchange, mortgage, pledge, transfer, or other disposition or security arrangement, investment, loan, advance, guarantee, agreement to purchase, agreement to pay, extension of credit, joint venture participation, or other arrangement (in one transaction or a series of transactions) with or for the benefit of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder involving any assets, securities, or commitments of the corporation, any Subsidiary or any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder has an aggregate Fair Market Value and/or involves aggregate commitments of $40,000,000 or more or constitutes a Substantial Part. Any such determination made in good faith shall be binding and conclusive on all parties.

12.5 Nothing contained in this Article TWELFTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

12.6 Consideration for shares to be paid to any stockholder pursuant to this Article TWELFTH shall be the minimum consideration payable to the stockholder and shall not limit a stockholder's right under any provision of law or otherwise to receive greater consideration for any shares of the corporation.

12.7 The fact that any Business Combination complies with the provisions of Section 12.2 of this Article TWELFTH shall not be construed to impose any fiduciary duty, obligation, or responsibility on the Board, or any member thereof, to approve such Business Combination or recommend its adoption or approval to the stockholders of the corporation, nor shall such compliance limit, prohibit, or otherwise restrict in any manner the Board, or any member thereof, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

12.8 Notwithstanding any other provisions of this Certificate of Incorporation or the bylaws of the corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the



bylaws of the corporation), the affirmative vote of the holders of at least 80% of the voting power of all the shares of the Voting Stock, voting together as a single class, shall be required to alter, amend, or adopt any provisions inconsistent with or repeal this Article TWELFTH; provided, however, if such action has been proposed, directly or indirectly, on behalf of an Interested Stockholder, it must also be approved by the affirmative vote of a majority of the voting power of all of the shares of Voting Stock held by stockholders other than such Interested Stockholder, and further provided that this Section 12.8 shall not apply to, and such 80% vote shall not be required for, any amendment, repeal, or adoption unanimously recommended by the Board, if all of such directors are persons who would be eligible to serve as Continuing Directors within the meaning of paragraph (h) of Section 12.3 of this Article TWELFTH.

**THIRTEENTH:**

13.1 No director of the corporation shall be personally liable to the corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law (i) for breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article 13.1 shall apply to or have any effect on the liability or alleged liability of any director of the corporation for or with respect to any acts or omissions prior to such amendment or repeal.

13.2 The corporation shall indemnity, to the fullest extent authorized or permitted and in the manner provided by law, any person made, or threatened to be made, a party to any action, suit, or proceeding (whether civil, criminal, or otherwise) by reason of the fact that he or she, his or her testator or intestate, is or was a director or officer of the corporation or by reason of the fact that such director or officer, at the request of the corporation, is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, in any capacity. Nothing contained herein shall affect any rights to indemnification to which employees and agents other than directors and officers may be entitled by law, and the corporation may indemnify such employees and agents to the fullest extent and in the manner permitted by law. The rights to indemnification set forth in this Section 13.2 shall not be exclusive of any other rights to which any person may be entitled under any statute, provision of this Certificate of Incorporation, bylaw, agreement, contract, vote of stockholders or disinterested directors, or otherwise. The corporation also is authorized to enter into contracts of indemnification.



**FOURTEENTH:** The corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, said OFFICEMAX INCORPORATED has caused its corporate seal to be hereunto affixed and this Restated Certificate of Incorporation to be signed by its Vice President and General Counsel this November 3, 2004.

**OFFICEMAX INCORPORATED**

By /s/ Matthew R. Broad
Matthew R. Broad
Executive Vice President and General Counsel

**EXHIBIT 3.2**

BYLAWS

OF

OFFICEMAX INCORPORATED

As Amended to October 29, 2004

Offices

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

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

Meetings of Stockholders

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

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



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

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

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

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

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

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

Section 8. Written notice of a special meeting stating the place, date, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than 10 nor more than 60 days (or in the case of a merger or



consolidation, not less than 20 nor more than 60 days) before the date of the meeting, to each stockholder entitled to vote at such meeting.

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

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

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

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

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



Board of Directors

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

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

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



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

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

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

Meetings of the Board of Directors

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

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

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

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

Section 21. At all meetings of the board a majority of the total number of directors then constituting the whole board shall constitute a quorum for the transaction of business and the vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat



may adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present.

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

Committees of Directors

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

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



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

Compensation of Directors

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

Notices

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

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

Officers

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

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



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

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

Chief Executive Officer

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

Chairman of the Board

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

President

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



Vice Presidents

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

Treasurer

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

Controller

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

Corporate Secretary

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

Assistant Treasurers, Assistant Controllers,
and Assistant Secretaries

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

Compensation of Officers

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

Voting and Transfer of Stock in Other Corporations

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

Indemnification of Directors, Officers and Others

Section 41. Each person who is or was a director, officer or employee of the corporation, and each person who serves or may have served at the request of the corporation as a director, officer or employee of another corporation, partnership, joint venture, trust, or other enterprise (and the heirs, executors, administrators, and estates of any such person), shall be entitled to indemnity to the fullest extent now or hereafter



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

Certificates for Shares and Their Transfer

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

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



the proper number of shares to an account of the person entitled thereto maintained on the books of the corporation. Upon request the corporation or transfer agent shall issue a certificate for all or any part of the shares held in such an account.

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

authorize. Such authorization by the board of directors may be general or confined to specific instances.

Fixing Record Date

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

Registered Stockholders

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

Dividends

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

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



interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Checks

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

Fiscal Year

Section 50. The fiscal year shall begin on the first day of January in each year.

Seal

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

Amendments

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

**ASSIGNMENT ASSUMPTION AND CONSENT AGREEMENT**

THIS ASSIGNMENT ASSUMPTION AND CONSENT AGREEMENT (this "Assignment and Consent") is entered into as of the 29th day of October, 2004, by and among Boise Cascade Corporation, a Delaware corporation (to be renamed OfficeMax Incorporated on November 1, 2004) (the "Assignor"), Boise White Paper, L.L.C., a Delaware limited liability company (the "Assignee"), and OfficeMax Contract, Inc., a Delaware corporation (formerly Boise Cascade Office Products Corporation) d/b/a Boise Office Solutions, and OfficeMax North America, Inc., an Ohio corporation (formerly OfficeMax, Inc.) (the "Consenting Parties").

**RECITALS**

WHEREAS, Assignor and the Consenting Parties are parties to the Paper Purchase Agreement Term Sheet, dated April 28, 2004 (the "BOS Paper Sales Agreement"), in the form attached as Exhibit A;

WHEREAS, on October 29th, 2004 (the "Closing"), and pursuant to that certain Asset Purchase Agreement, dated July 26, 2004, by and among Assignor, Boise Southern Company, a Louisiana general partnership, and Minidoka Paper Company, a Delaware corporation (collectively, the "Sellers"), and Forest Products Holdings, L.L.C., a Delaware limited liability company ("Holdings"), and Boise Land & Timber Corp., a Delaware corporation (the "Purchase Agreement"), Assignee, along with Holdings and the Permitted Affiliate Purchasers (as defined in the Purchase Agreement), will purchase Assets of the Sellers and certain of their Subsidiaries and Affiliates (as defined in the Purchase Agreement).

WHEREAS, Assignor desires to assign its rights and delegate its obligations under the BOS Paper Sales Agreement to Assignee as provided below;

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, Assignor will change its legal name to OfficeMax Incorporated, effective on November 1, 2004;

WHEREAS, Assignee has agreed to accept Assignor's rights and assume Assignor's obligations under the BOS Paper Sales Agreement;

WHEREAS, immediately upon the assignment to and assumption by Assignee of the BOS Paper Sales Agreement, Assignor, Assignee and Consenting Parties desire to amend and restate the BOS Paper Sales Agreement in substantially the form of Paper Purchase Agreement attached as Exhibit B; and

WHEREAS, the Consenting Parties consent to such assignment on the terms set forth herein.

NOW, THEREFORE, for good and valuable consideration, including the covenants of the parties herein, the parties agree as follows:

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1. Effective upon the consummation of the Closing, Assignor docs hereby assign all of its rights and delegate all of its obligations under the BOS Paper Sales Agreement to Assignee and Assignee hereby accepts all rights and assume all obligations of Assignor under the BOS Paper Sales Agreement.

2. The Consenting Parties hereby consent to the assignment and assumption described in the foregoing paragraph 1.

3. Immediately upon the consummation of the Closing, the Assignee and the Consenting Parties hereby agree that the BOS Paper Sales Agreement is amended and restated in the form of the Paper Purchase Agreement attached hereto as Exhibit B and each party does simultaneously herewith affix its signature to such Paper Purchase Agreement, dated October 29, 2004.

4. This Assignment and Consent may be executed in two or more counterparts, each of which will be an original and all of which together shall constitute one and the same agreement binding on all of the parties thereto.



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IN WITNESS WHEREOF, this Assignment and Consent was made and executed on October 29, 2004.

ASSIGNOR

**BOISE CASCADE CORPORATION (to be renamed OFFICEMAX INCORPORATED on November 1, 2004)**

By: /s/ Guy G. Hurlbutt
Name: Guy G. Hurlbutt
Title: Vice President

ASSIGNEE

**BOISE WHITE PAPER, L.L.C.**

By: Boise Cascade, L.L.C.
Its: Sole Manager

By: /s/ Zaid Alsikafi
Name: Zaid Alsikafi
Title: Director

CONSENTING PARTIES

**OFFICEMAX CONTRACT, INC. (formerly BOISE CASCADE OFFICE PRODUCTS CORPORATION) d/b/a BOISE OFFICE SOLUTIONS**

By: /s/ Carol B. Moerdyk
Name: Carol B. Moerdyk
Title: Senior Vice President, International

**OFFICEMAX NORTH AMERICA, INC. (formerly OFFICEMAX, INC.)**

By: /s/ Carol B. Moerdyk
Name: Carol B. Moerdyk
Title: Vice President



PAPER PURCHASE AGREEMENT

1. Parties:

1.1 Seller: Boise White Paper, L.L.C., a Delaware limited liability company.

1.2 Purchaser/s:

1.2.1 Boise Cascade Corporation (to be renamed OfficeMax Incorporated on November 1, 2004), a Delaware corporation, and all of its current and future affiliates and majority and wholly-owned subsidiaries including OfficeMax Contract, Inc., OfficeMax North America, Inc., Grand & Toy Limited of Canada, and its Australian and New Zealand operations.

1.3 The parties hereto acknowledge that this Agreement forms an integral part of the value of the acquired business under the Asset Purchase Agreement dated July 26, 2004, and Seller would not have entered into the Asset Purchase Agreement or paid the purchase price thereunder without the benefit of this Agreement. The parties hereto covenant to operate as good business partners and use their reasonable best efforts to cooperate with the other party hereto in order to facilitate compliance with and performance of this Agreement and to further the other party's business objectives and prospects.

2. Products:

2.1 Pursuant to this agreement, Purchasers will purchase all of their North American requirements for "office papers" exclusively from Seller to the extent that Seller is capable and desirous of producing and supplying such paper products, subject to the terms and conditions set forth herein. Products which are being purchased by Purchasers from Seller currently are set forth in Exhibit A. Seller shall update Exhibit A periodically to reflect the products being sold hereunder.

2.2 "Office Papers" shall include the following categories:

2.2.1 Products produced and sold by Seller to Purchasers today which are described by SKU in Exhibit A as either "commodity" or "value add" products ("Current Commodity Products" and "Current Value Add Products" respectively).

2.2.1.1 Pricing and terms of sale for Current Commodity Products and Current Value Add Products are set forth in Exhibit A.

2.2.1.2 During periods when price increases have been announced and are pending implementation, unless Seller otherwise agrees, Purchasers shall not purchase more than [*****]% of the average monthly volume purchased for the particular product during the prior three months.

2.2.1.3 During the term of this Agreement, Purchasers shall use their best efforts to market and sell Current Commodity Products and Current Value Add Products, on a SKU by SKU basis, at levels that equal at least [*****]% of the prior year's volume determined as follows ("Minimum Level"): By the fifth day of each month, the parties shall determine the aggregate amount of product purchased from Seller on a SKU by SKU basis during the prior three calendar months ("Current Volume"). The parties shall compare the Current Volume purchased from Seller to the volume purchased from Seller for each SKU during the same three month period of the prior year. If the Current Volume for any SKU during any such three month period is not at least [*****]% of the prior year's volume for the same three month period, the discount for such products shall be adjusted as follows until such time as Purchasers reach the Minimum Level:

| **Year Over** | **Current Commodity** | **Current Value Add** |
|---|---|---|

| Year Comparison | Products – Discount | Products – Price Increase |
|---|---|---|
| 90 – 100% | [*****] | [*****] |
| 80 – 89% | [*****] | [*****] |
| 70 – 79% | [*****] | [*****] |
| 60 – 69% | [*****] | [*****] |
| 50 – 59% | [*****] | [*****] |
| <50% | [*****] | [*****] |

2.2.1.4 Notwithstanding Section 2.2.1.3 hereof, if Purchasers determine that they wish to completely discontinue the sale of a particular Current Value Add Product, Purchaser shall notify Seller in writing of its intent to do so. Purchaser shall continue selling the Current Value Add Product for at least 90 days following such notice and the pricing adjustments set forth in Section 2.2.1.3 shall become effective immediately upon the date of the notice for all product shipped thereafter. Any decision by Purchaser to resume the sale of such Current Value Add Product, or other Office Paper, shall be subject to Section 2.1.

* Confidential treatment is requested; filed separately with the Securities and Exchange Commission.



2.2.2 Products purchased from other paper producers which (a) can't be produced by Seller, or (b) Seller chooses not to produce, and are distributed and sold to Purchasers by Seller (current products are described by SKU in Exhibit A) ("Distributed Products").

2.2.2.1 Pricing and terms of sale for current Distributed Products are set forth in Exhibit A.

2.2.2.2 From time to time, the parties may mutually agree to have Seller purchase products produced by other paper producers (which can't be produced by Seller or which Seller chooses not to produce) and manage the purchasing and distribution of such products on behalf of Purchaser. Seller and Purchasers shall determine the price for such products. If the parties can't agree on a price, Purchasers may purchase such product directly from the other producers and Seller shall have no obligation to distribute or warehouse such products.

2.2.3 Branded paper products of non-paper producers which can be produced by Seller, such as Xerox, HP, and IBM branded papers ("OEM Products"). Purchasers' purchases of OEM paper shall not exceed 110% of the volume purchased in the prior year by SKU.

2.2.3.1 Purchasers shall use their best efforts to cause the sellers of OEM Products to use paper produced by Seller when Seller can produce such paper and wishes to make such paper for the OEM. Purchasers shall obtain a copy of the quotes of the other paper producers for such OEM products and shall share a copy with Seller. Seller shall have the opportunity to meet the price of the other producer and if Seller chooses to do so, Purchasers shall cause the OEM to use Seller's paper. Purchasers and Seller shall closely cooperate with respect to such opportunities but Purchaser shall not be required to pay more for the OEM product with Seller produced paper.

2.2.4 Premium grade branded products produced by other paper manufacturers such as Hammermill ("Premium Non-Boise Products").

2.2.4.1 Purchasers shall be permitted to purchase premium grades of papers produced by other paper manufacturers provided, however, that if Seller produces a competing premium paper, Purchasers shall purchase the paper from Seller unless a customer specifies the other competing brand; it being understood that Purchasers will encourage and promote the sale of Seller's products.



2.2.5 New paper products that Purchasers wish to sell that can be produced by Seller ("New Products"). Such products shall be added to Exhibit A.

2.2.5.1 Seller shall be entitled to produce and sell to Purchaser hereunder any new commodity grade products which can be produced by Seller and which Seller wishes to produce. The price for such product shall be determined in a manner consistent with the pricing methodology used to price Current Commodity Products. Any such product shall be added to Exhibit A.

2.2.5.2 Seller shall be entitled to produce and sell to Purchaser hereunder any new value add product which can be produced by Seller and Seller wishes to produce. Pricing for such product shall be determined in a manner consistent with the pricing methodology used to price Current Value Add Products. If the parties cannot agree on a price for the value add New Product, Purchasers may elect to have other paper producers produce such product provided, however, that Seller shall have the right to meet the price and terms of sale of any competing producer in which case Purchaser will purchase its requirements for the New Product from seller in such volumes as seller may specify.

2.2.5.3 In the case of new commodity grade products, Purchasers shall notify Seller of the new specification and allow Seller 90 days to qualify its paper. Purchasers' approval of Seller as a qualified producer shall not be unreasonably withheld. In the case of new value add products, Purchaser shall notify Seller of the new specification and allow Seller 90 days to qualify the product. Purchasers' approval of Seller as a qualified producer shall not be unreasonably withheld.

2.2.6 With respect to any product produced by Seller and sold to Purchaser either today or in the future, non-material changes to such product, including but not limited to changes in SKU number, shades, brightness, basis weight, branding, or labeling, shall not be considered New Products but shall be considered as existing products and price adjustments, if any, shall be consistent with pricing for current Commodity Products and Current Value Add Products. Such products shall be added to Exhibit A.

3. Purchase and Sale:

3.1. Purchasers shall not be placed on allocation, unless and until a notice of termination is delivered pursuant to Section 4.3 hereof in which event such allocation shall be on a ratable basis with Seller's other customers. If Purchasers order more paper than Seller can produce, Seller shall either purchase paper for resale to Purchasers at the then current prices



(including Seller's charge for its actual cost in handling such paper) or allow Purchasers to obtain an alternate source of supply for the requirements in excess of Seller's capacity.

3.2 The parties shall share only such market information as is legally permissible.

3.3 General terms and conditions are attached as Exhibit C.

3.4 The parties shall keep the net pricing terms of this agreement strictly confidential. Net pricing for products shall not be disclosed within the parties' respective organizations except on a strict need-to-know basis and in no case shall any sales representatives of any party be told of the net pricing hereunder.

4. Term of Agreement: Subject to earlier termination pursuant to Section 8 of Exhibit D, the term shall be as follows:

4.1 Initial Term – January 1, 2004 to December 31, 2012.

4.2 Renewal Term – This Agreement shall renew automatically for additional one-year terms subject to a notice of termination pursuant to Section 4.3 hereof.

4.3 Termination – To terminate this agreement, a party must deliver a written notice of termination at least 365 days prior to the end of the then current term and such termination shall be effective on the last day of such Initial Term or any renewal term, but subject to the following phase-down period. Following the notice of termination, Purchasers shall reduce their purchases of then Current Commodity Products and then Current Value Add Products ratably by SKU over a four year period commencing on January 1 of the year following the last year of the then current term. The price adjustments set forth in Section 2.2.1.3 (and the other terms of this Agreement) shall apply during the mandatory four year phase down period. In no event shall any termination result in (a) an elimination of such phase down period; or(b) commencement of the phase down period prior to January 1, 2013.

5. Miscellaneous:

5.1 Accounts described in Exhibit C shall have "grandfathered" pricing for the period noted in Exhibit C.

5.2 Truckload drop shipments are defined as customers who commit to purchasing at least three full truckloads per month for shipment direct from Seller's mill or RSC to the end user customer. Seller and Purchasers may agree on a different price for truckload drop shipments.



5.3 Promotions – Nothing shall preclude Seller and Purchasers from periodically agreeing on special promotional pricing. It is expected that such promotional pricing will be for a set volume of Paper, be of limited duration, and result in incremental sales of Paper.

5.4 Seller shall have no obligation to make additional payments for promotions or catalogue materials and shall be included in Purchaser's "Boise Marketing Works" programs and any related or similar programs of Purchasers in the future.

6. Agreement:

6.1 This Agreement will supersede all prior agreements between Seller and Purchasers, including, but not limited to the following:

6.1.1 Paper Sales Agreement dated April 1, 1995, between Seller and Boise Cascade Office Products Corporation.

6.1.2 Any domestic Vendor Profile between Seller and OfficeMax.

This Agreement has been agreed upon and executed by the parties as of April 28, 2004. The effective date shall be January 1, 2004.

**BOISE WHITE PAPER, L.L.C.**

By: /s/ Zaid Alsikafi
Name: Zaid Alsikafi
Title: Director

**BOISE CASCADE CORPORATION (to be renamed OFFICEMAX INCORPORATED on November 1, 2004)**

By: /s/ Carol B. Moerdyk

Name: Carol B. Moerdyk
Title: Vice President



EXHIBIT A

PRODUCTS LIST AND PRODUCT PRICING

1. Commodity Products: Net pricing for each product identified in this exhibit as a "commodity product" shall be as set forth in this exhibit. [*****]

2. Value Add Product Pricing: Net pricing for each product identified herein as a "value add product" shall be priced as follows, subject to adjustment under Sections 2.2.1.3 and 2.2.1.4:

2.1 Pricing for value add products identified in this schedule with the designation of "Negotiated" in the pricing rule column shall be determined by the price at which Seller sells products of like kind, quality and quantity to other unrelated purchasers and Purchasers' price for such products shall be the [*****].

2.2 For products which are produced by Seller solely for Purchasers and designated by the term "Sole Purchaser," Seller and Purchasers shall negotiate a price. If the parties can't agree on a price, Purchaser may solicit prices for comparable products and quantities from other producers provided that Seller shall have the right to meet any such prices.

2.3 Several of the value add products in this exhibit are purchased from other producers and the name of the current producer is noted in the "producer" column. Such products shall be sold to Purchasers at the prices noted in the pricing rule column, as may be adjusted from time to time.

* Confidential treatment is requested; filed separately with the Securities and Exchange Commission.



3. Prices for Grand & Toy products shall be determined by converting the prices set forth in this exhibit to Canadian dollars using the exchange rate set forth in the *Wall Street Journal* on the last business day of the previous month. Payments shall be made in Canadian currency.

4. All products shall be priced and invoiced at time of shipment, F.O.B. seller's dock (Mill, RSC, or Warehouse), freight prepaid and allowed.

5. Terms are net [*****]days from date of invoice. Payments shall be made via electronic funds transfers. Purchaser shall be entitled to a [*****]% prompt pay discount for payments made within [*****]days. The prompt pay discount will be based on the [*****].

6. In order to preserve the confidentiality of the pricing hereunder, [*****].

* Confidential treatment is requested; filed separately with the Securities and Exchange Commission.



**Exhibit A - Commodity and Value-Add Cutsheet SKUs**

| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **X-9 / OM BOND** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-OX9001 | 055200-160 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1-OX9001 - P | 055200-160 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1-OX9004 | 055200-160 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1-OX9007 | 055200-160 | [*****] | BPS |
| **COM** | 8.5 X 11 - 20# | P1-OM2201 | 053500-162/053400 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1-OM2201 - P | 053500-162/053400 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1-OM2204 | 053500-162/053400 | [*****] | BPS |
| **COM** | 8.5 X 11 - 24# | P1-OM2241 | 053500-162/053400 | [*****] | BPS |
| **COM** | 11 X 17 - 24# | P1-OM2247 | 053500-162/053400 | [*****] | BPS |
| **COM** | 8.5 X 11- 3HP 24# | P1-OM2241-P | 053500-162/053400 | [*****] | BPS |
| **COM** | 8.5 X 11 - 20# | P1-OX9001jr | 055288-160 | [*****] | BPS |
| **RELIABLE COPY** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-RC82000 | 055197-162 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1-RC82001 | 055197-162 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1-RC82002 | 055197-162 | [*****] | BPS |
| **PENN STATE** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1PSUPAPER | 055170-162 | [*****] | BPS |
| **COPY PAPER (BCOP)** | | | | | |
| **COM** | 8.5 X 11 - 20# | HOPACO CP8511 | 055170-162 | [*****] | BPS |
| **CANON COPIER PAPER 88B** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1CANON | 053108-188 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1CANON | 053108-188 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1CANON | 053108-188 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1CANON | 053108-188 | [*****] | BPS |
| **MERRILL 84/20** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1055162-11 | 055162-162 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1055162-11P | 055162-162 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1055162-14 | 055162-162 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1055162-17 | 055162-162 | [*****] | BPS |
| **MERRILL 88/20** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1053162-11 | 053162-188 | [*****] | BPS |

* Confidential treatment is requested; filed separately with the Securities and Exchange Commission.

| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **COM** | 8.5 X 11 3HP - 20# | P1053162-11P | 053162-188 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1053162-14 | 053162-188 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1053162-17 | 053162-188 | [*****] | BPS |
| **MERRILL 84/20 RECYCLED** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1054962-11 | 054962-162 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1054962-11P | 054962-162 | [*****] | BPS |
| **PRO 88/CASCADE BOND (88B)** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-CC2201 | 053101-188 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1-CC2201 - P | 053101-188 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1-CC2204 | 053101-188 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1-CC2207 | 053101-188 | [*****] | BPS |
| **COM** | 8.5 X 11 - 20# | P1-BC2201 | 052000-167 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1-BC2201 - P | 052000-167 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1-BC2204 | 052000-167 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1-BC2207 | 052000-167 | [*****] | BPS |
| **CASCADE BOND (86B)** | | | | | |
| **COM** | 8.5 X 11 - 16# | P1-BC2161 | 052000-167 | [*****] | BPS |
| **COM** | 8.5 X 14 - 16# | P1-BC2164 | 052000-167 | [*****] | BPS |
| **CASCADE XEROGRAPHIC (88B)** | | | | | |
| **COM** | 8.5 X 11 - 24# | P1-CC2241 | 053101-188 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 24# | P1-CC2241-P | 053101-188 | [*****] | BPS |
| **ASPEN 30 XEROGRAPHIC** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-054901 | 054930-162/055900-160 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1-054901 - P | 054930-162/055900-160 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | P1-054904 | 054930-162/055900-160 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | P1-054907 | 054930-162/055900-160 | [*****] | BPS |
| **ASPEN 100** | | | | | |
| **VA** | 8.5 X 11 - 20# | P1-054922 | 054505-162/054500-161 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 20# | P1-054922 - P | 054505-162/054500-161 | [*****] | BPS |
| **VA** | 8.5 X 14 - 20# | P1-054924 | 054505-162/054500-161 | [*****] | BPS |
| **VA** | 11 X 17 - 20# | P1-054925 | 054505-162/054500-161 | [*****] | BPS |
| **BOISE PRO 92** | | | | | |
| **VA** | 8.5 X 11 - 20# 92B | P1 - MP1050 | 053111-172 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 20# | P1 - MP1053P | 053111-172 | [*****] | BPS |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **VA** | 8.5 X 14 - 20# | P1 - MP1054 | 053111-172 | [*****] | BPS |
| **VA** | 11 X 17 - 20# 92B | P1 - MP1057 | 053111-172 | [*****] | BPS |
| **SPLOX** | | | | | |
| **VA** | 8.5 X 11 - 20# | P1-SP8420 | 055300-160 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 20# | P1-SP8420P | 055300-160 | [*****] | BPS |
| **VA** | 8.5 X 11 - 20# | P1-SPRC20 | 055400-160 | [*****] | BPS |
| **VA** | 8.5 X 11 - 20# | P1-SP8800 | 055500-188 | [*****] | BPS |
| **BCC EVERYDAY INK JET** | | | | | |
| **VA** | 8.5 X 11 - 22# 92 B | P1-EDI-1101 | 011048 | [*****] | BPS |
| **BCC PRESENTATION INK JET** | | | | | |
| **VA** | 8.5 X 11 - 24# 95B | P1-BP1-1047 | 011055-180 | [*****] | BPS |
| **BOISE ECONOMY LASER** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-ELP-1101 | 011049-188 | [*****] | BPS |
| **BCC EVERYDAY LASER** | | | | | |
| **VA** | 8.5 X 11 - 22# 92 B | P1-BEL-0111 | 011050-172 | [*****] | BPS |
| **VA** | 8.5 X 14 - 22# 92 B | P1-BEL-0114 | 011050-172 | [*****] | BPS |
| **BCC PRESENTATION LASER** | | | | | |
| **VA** | 8.5 X 11 - 24# 95B | P1-BPL-0111 | 011051-180 | [*****] | BPS |
| **VA** | 8.5 X 11 3hp - 24# 95B | P1-BPL-0111P | 011051-180 | [*****] | BPS |
| **VA** | 8.5 X 14 - 24# 95B | P1-BPL-0214 | 011051-180 | [*****] | BPS |
| **VA** | 11 X 17 - 24# 95B | P1-BPL-0117 | 011051-180 | [*****] | BPS |
| **VA** | 8.5 X 11 - 28# 95B | P1-BPL-0211 | 011051-180 | [*****] | BPS |
| **VA** | 8.5 X 11 3hp - 28# 95B | P1-BPL-0211P | 011051-180 | [*****] | BPS |
| **VA** | 11 X 17 - 28# 95B | P1-BPL-0217 | 011051-180 | [*****] | BPS |
| **VA** | 8.5 X 11 - 32# 95B | P1-BPL-0218 | 011051-180 | [*****] | BPS |
| **VA** | 11 X 17 - 32# 95B | P1-BPL-0219 | 011051-180 | [*****] | BPS |
| **COLOR COPIER PAPER** | | | | | |
| **VA** | 8.5 X 11 - 28# 98B | P1-BCP-2811 | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 8.5 X 11 3HP - 28# 98B | P1-BCP-2811P | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 8.5 X 14 - 28# 98B | P1-BCP-2814 | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 17 X 11 - 28# 98B | P1-BCP-2817 | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 18 X 12 - 28# 98B | P1-BCP-2818 | 051525 | [*****] | CLAIREFONTAINE |
| **COLOR COPIER COVER** | | | | | |
| **VA** | 8.5 X 11 - 60# 98B | P1-BCC-6011 | 051526 | [*****] | CLAIREFONTAINE |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **VA** | 17 X 11 - 60# 98B | P1-BCC-6017 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 18 X 12 - 60# 98B | P1-BCC-6018 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 8.5 X 11 - 80# 98B | P1-BCC-8011 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 8.5 X 14 - 80# 98B | P1-BCC-8014 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 17 X 11 - 80# 98B | P1-BCC-8017 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 18 X 12 - 80# 98B | P1-BCC-8018 | 051526 | [*****] | CLAIREFONTAINE |
| | **Color Copier Cover prices are based on 250 sheet reams** | | | | |
| **BOISE MP COLORS** | | | | | |
| **VA** | 8.5 X 11 - 20# | P1-MP2201 - COLORS | 053703 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 20# | P1-MP-2201P - COLORS | 053703 | [*****] | BPS |
| **VA** | 8.5 X 14 - 20# | P1-MP2204 - COLORS | 053703 | [*****] | BPS |
| **VA** | 11 X 17 - 20# | P1-MP2207 - COLORS | 053703 | [*****] | BPS |
| **VA** | 8.5 X 11 - 24# | P1-MP2241 - COLORS | 053703 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 24# | P1-MP2241P - COLORS | 053703 | [*****] | BPS |
| **VA** | 8.5 X 14 - 24# | P1-MP2244 - COLORS | 053703 | [*****] | BPS |
| **VA** | 11 X 17 - 24# | P1-MP2247 - COLORS | 053703 | [*****] | BPS |
| **BOISE MP BRITES** | | | | | |
| **VA** | 8.5 X 11 - 20# | P1-MP2201 - COLORS | 054403/054402 | [*****] | BPS |
| **VA** | 11 X 17 - 20# | P1-MP2207 - COLORS | 054403/054402 | [*****] | BPS |
| **VA** | 8.5 X 11 - 24# | P1-MP2241- COLORS | 054403/054402 | [*****] | BPS |

| | | | | | |
|---|---|---|---|---|---|
| **VA** | 11 X 17 - 24# | P1-MP2247- COLORS | 054403/054402 | [*****] | BPS |
| **BOISE MP COVER** | | | | | |
| **VA** | 8.5 X 11 - 65# | P1-MP-2651 - WH & PAST | 171600/171705 | [*****] | BPS |
| **VA** | 8.5 X 11 - 65# | P1 MP-2651 BRITES | 171706/171606 | [*****] | BPS |
| | | **MP Cover prices are based on 250 sheet reams** | | | BPS |
| **BOISE INDEX** | | | | | |
| **VA** | 8.5 X 11 - 90# | P1-OI-0901 | 172500 | [*****] | BPS |
| **VA** | 8.5 X 11 - 110# | P1-OI-1101 | 172500 | [*****] | BPS |
| | | **Boise Index prices are based on 250 sheet reams** | | | BPS |
| | | ***Minimum Order - 1 Pallet** | | | BPS |
| **IBM MULTIPURPOSE** | | | | | |
| **COM** | 8.5 X 11-84/20 Multipurpose | P1-IBM811 | 011256 | [*****] | BPS |
| **VA** | 8.5 X 11 - 94/24 Laser | P1-90H3839/P1-90H3839 | 011235/011225 | [*****] | BPS |
| **VA** | 8.5 X 11 - 87/20 Inkjet | P1-90H3756 | 011249 | [*****] | BPS |

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| **Commodity / Value-Added** | **PRODUCT DESCRIPTION** | **BOS/OMX PRODUCT CODE** | **BPS GRADE CODE** | **Pricing Rule (CWT) (US$)** | **Producer** |
|---|---|---|---|---|---|
| **VA** | 8.5 X 11 - 94/24 Inkjet | P1-11L5514/P190H3771 | 011252 | [*****] | BPS |
| **25% COTTON LASER PAPER** | | | | | |
| **VA** | 8.5 X 11 - 20# 94B | P1-BB2201-White | 051538-974 | [*****] | SOUTHWORTH |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2204-White | 051539-974 | [*****] | SOUTHWORTH |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2204N-Natural | 051540-975 | [*****] | SOUTHWORTH |
| **100% COTTON LASER PAPER** | | | | | |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2630-White | 051504 / 051541-974 | [*****] | SOUTHWORTH |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2640N-Natural | 051504 / 051542-975 | [*****] | SOUTHWORTH |
| **25% COTTON INKJET PAPER** | | | | | |
| **VA** | 8.5 X 11 - 24# 94B | P1-IJC1048 | 051505 / 051543-974 | [*****] | SOUTHWORTH |
| **25% COTTON BUSINESS STATIONERY** | | | | | |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2410LN-White Linen | 051534-974 | [*****] | SOUTHWORTH |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2420LNN-Natural Linen | 051535-975 | [*****] | SOUTHWORTH |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2430LD-White Laid | 051536-974 | [*****] | SOUTHWORTH |
| **VA** | 8.5 X 11 - 24# 94B | P1-BB2440LDN-Natural Laid | 051537-975 | [*****] | SOUTHWORTH |
| **BOISE MATTE COATED** | | | | | |
| **VA** | 8.5 X 11 - 24# | P1-MIJ-2411 | 051544 | [*****] | AZON |
| | | **prices are based on 100 sheet reams** | | | |
| **BOISE PHOTO GLOSSY INKJET** | | | | | |
| **VA** | 8.5 X 11 - 60# 100sheet | P1-PGI-9100 | 051550 | [*****] | AZON |
| **VA** | 8.5 X 11 - 60# 250sheet | P1-PGI-9250 | 051551 | [*****] | AZON |
| **VA** | 4 X 6 - 60# 100sheet | P1-PGI-94X6 | 051545 | [*****] | AZON |
| **BOISE PHOTO QUALITY MATTE** | | | | | |
| **VA** | 8.5 X 11 - 41# | P1-PMI-4111 | 051546 | [*****] | AZON |
| | | **prices are based on 50 sheet reams** | | | |
| **BOISE GLOSSY COLOR LASER** | | | | | |
| **VA** | | | | | MOHAWK |
| | 8.5 X 11 - 32# | P1-GCL-3211 | 051527 | [*****] | PAPERS |
| **VA** | | | | | MOHAWK |
| | 18 X 12 - 32# | P1-GCL-3218 | 051527 | [*****] | PAPERS |
| | | **prices are based on 250 sheet reams** | | | |
| **VA** | | | | | MOHAWK |
| | 8.5 X 11 - 90# | P1-GCL-9011 | 051533 | [*****] | PAPERS |
| **VA** | | | | | MOHAWK |
| | 18 X 12 - 90# | P1-GCL-9018 | 051533 | [*****] | PAPERS |
| | | **prices are based on 100 sheet reams** | | | |
| **ADHESIVE MOCK-UP PAPER** | | | | | |
| **VA** | 8.5 X 11 - 60# | P1-ACP-1101 | 051547 | [*****] | ARKWRIGHT |

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| **Commodity / Value-Added** | **PRODUCT DESCRIPTION** | **BOS/OMX PRODUCT CODE** | **BPS GRADE CODE** | **Pricing Rule (CWT) (US$)** | **Producer** |
|---|---|---|---|---|---|
| **VA** | 11 X 17 - 60# | P1-ACP-1117 | 051547 | [*****] | ARKWRIGHT |
| **VA** | 13 X 19 - 60# | P1-ACP-1319 | 051547 | [*****] | ARKWRIGHT |
| **HP OFFICE PAPER** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-HPC8511 | 053113 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | P1-HPC3HP | 051520 | [*****] | IP |
| **COM** | 8.5 X 14 - 20# | P1-HPC8514 | 051520 | [*****] | IP |
| **COM** | 11 X 17 - 20# | P1-HPC1117 | 051520 | [*****] | IP |
| **HP QUICKPACK** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-HP2500S | 051519 | [*****] | IP |
| **HP OFFICE QUICKPACK 87 BRIGHT 3HP** | | | | | |
| **COM** | 8.5 X 11 3HP - 20# | P1-HP2500P | 051516 | [*****] | IP |
| **HP MULTIPURPOSE** | | | | | |
| **VA** | 8.5 X 11 - 20# | P1-HPM1120 | 053103 / 053109 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 20# | P1-HPM113H | 051518 / 051528 | [*****] | IP |
| **VA** | 8.5 X 14 - 20# | P1-HPM1420 | 051518 / 051528 | [*****] | IP |
| **VA** | 11 X 17 - 20# | P1-HPM1720 | 051518 / 051528 | [*****] | IP |
| **HP RECYCLED** | | | | | |
| **COM** | 8.5 X 11 - 20# | P1-HPE1120 | 051517 | [*****] | IP |
| **HP PREMIUM CHOICE LASERJET** | | | | | |
| **VA** | 8.5 X 11 - 32# | P1-HPU1132 | 051513 | [*****] | IP |
| **VA** | 11 X 17 - 32# | P1-HPU1732 | 051513 | [*****] | IP |
| **HP LASERJET** | | | | | |
| **VA** | 8.5 X 11 - 24# | P1-HPJ1124 | 051514 | [*****] | IP |
| **VA** | 8.5 X 11 3HP - 24# | P1-HPJ113H | 051514 | [*****] | IP |
| **VA** | 8.5 X 14 - 24# | P1-HPJ1424 | 051514 | [*****] | IP |
| **VA** | 11 X 17 - 24# | P1-HPJ1724 | 051514 | [*****] | IP |
| **HP PRINTING PAPER** | | | | | |
| **VA** | 8.5 X 11 - 22# | P1-HPP1122 | 051515 | [*****] | IP |
| **HP BRIGHT WHITE INKJET** | | | | | |
| **VA** | 8.5 X 11 - 24# | P1-HPB1124 | 051523 | [*****] | IP |
| **VA** | 8.5 X 11 - 24# | P1-HPB250 | 051522 | [*****] | IP |
| **VA** | 11 X 17 - 24# | P1-HPB1724 | 051522 | [*****] | IP |
| **HP COLOR LASER PAPER** | | | | | |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| VA | 8.5 X 11 - 28# | P1HPL285R | 051524 | [*****] | IP |
| **OfficeMax Papers** | | | | | |
| **BOISE X-9** | | | | | |
| **COM** | 8.5 X 11 - 20# | OX9001 | 055200-160 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | OX9001P | 055200-160 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | OX9004 | 055200-160 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | OX9007 | 055200-160 | [*****] | BPS |
| **MAXBRITE COPY PAPER** | | | | | |
| **COM** | 8.5 X 11 - 20# | 6000374 | 055112-152 | [*****] | BPS |
| **COM** | 8.5 X 11 3HP - 20# | 6020441 | 055112-152 | [*****] | BPS |
| **COM** | 8.5 X 14 - 20# | 6010942 | 055112-152 | [*****] | BPS |
| **COM** | 11 X 17 - 20# | 6020879 | 055112-152 | [*****] | BPS |
| **XEROGRAPHIC COPY PAPER (white box)** | | | | | |
| **COM** | 8.5 X 11 - 20# | 6016205 | 055113-152 | [*****] | BPS |
| **MAXBRITE 30% COPY PAPER 88/20** | | | | | |
| **COM** | 8.5 X 11 - 20# | 20405606 | 054912-188 | [*****] | BPS |
| **MAXBRITE MP 10/RM (92/20) PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | MB-9220-10RM | 053112-173 | [*****] | BPS |
| **MAXBRITE MP 5/RM (92/20) PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | MB-9220-5RM | 053122-173 | [*****] | BPS |
| **3 REAM POLY PACK MP (92/20) PolyWrapped w/ Handle *price/3 ream bundle*** | | | | | |
| **VA** | 8.5 X 11 - 20# | MB-9220-3RM | 053123-173 | [*****] | BPS |
| **92/20 MP 30% 5/RM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | MB92RC-5RM | 054913-173 | [*****] | BPS |
| **92/20 MP 30% 10/RM [WHITE CARTONS] PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | MB92RC-10RM | 054914-173 | [*****] | BPS |
| **92/20 MP 100% 10 Ream PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | MB-92100-10RM | 054512-179 | [*****] | BPS |
| **MAXBRITE INKJET PAPER 94/24 5 REAM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 24# | MBIJ-9424-5RM | 011014-174 | [*****] | BPS |
| **3 REAM POLY PACK INKJET PAPER 94/24 PolyWrapped w/ Handle *price/3 ream bundle*** | | | | | |
| **VA** | 8.5 X 11 - 24# | MBIJ-9424-3RM | 011015-174 | [*****] | BPS |
| **94/24 INKJET 30% 5 REAM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 24# | MBIJ-92RC-5RM | 011016-174 | [*****] | BPS |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **MAXBRITE LASER PAPER 94/24 5 REAM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 24# | MBL-9424-5RM | 011012-174 | [*****] | BPS |
| **3 REAM POLY PACK LASER PAPER 94/24 PolyWrapped w/ Handle *price/3 ream bundle*** | | | | | |
| **VA** | 8.5 X 11 - 24# | MBL-9424-3RM | 011011-174 | [*****] | BSP |
| **94/24 Laser 30% 5 REAM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 24# | MBL-92RC-5RM | 011010-174 | [*****] | BPS |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **COLORS 10 REAM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | TBD | 8.5 X 11 - 20# | [*****] | BPS |
| **VA** | 8.5 X 14 - 20# | TBD | 8.5 X 14 - 20# | [*****] | BPS |
| **COLORS 5 REAM PolyWrapped** | | | | | |
| **VA** | 8.5 X 11 - 20# | TBD | 8.5 X 11 - 20# | [*****] | BPS |
| **VA** | 8.5 X 14 - 20# | TBD | 8.5 X 14 - 20# | [*****] | BPS |
| **Grand & Toy** | | | | | |
| **X-9 / G&T's Private label** | | | | | |
| **COM** | 11" - 20# | OX9001 | 055200 | [*****] | BPS |
| **COM** | 11" - 20# 3HP | OX9001-P | 055200 | [*****] | BPS |
| **COM** | 14" - 20# | OX9004 | 055200 | [*****] | BPS |
| **COM** | 17" - 20# | OX9007 | 055200 | [*****] | BPS |
| **COM** | 11" - 20# 5rm | OX9001JR | 055288 | [*****] | BPS |
| **COM** | 11" - 20# | 15112 | 055127 | [*****] | BPS |
| **COM** | 11" - 20# | 99115 | 055247 | [*****] | BPS |
| **COM** | 11" - 20# 3HP | 99631 | 055247 | [*****] | BPS |
| **COM** | 14" - 20# | 99121 | 055247 | [*****] | BPS |
| **COM** | 17" - 20# | 99630 | 055247 | [*****] | BPS |
| **SPLOX** | | | | | |
| **VA** | 8.5 X 11 - 20# | SP8420 | 055300-160 | [*****] | BPS |
| **VA** | 8.5 X 11 3HP - 20# | SP8420P | 055300-160 | [*****] | BPS |
| **VA** | 8.5 X 11 - 20# | SPRC20 | 055400-160 | [*****] | BPS |
| **VA** | 8.5 X 11 - 20# | SP8800 | 055500-188 | [*****] | BPS |
| **BOISE PRO-88** | | | | | |
| **COM** | 11" - 20# | CC2201 | 053101 | [*****] | BPS |
| **COM** | 11" - 20# 3HP | CC2201-P | 053101 | [*****] | BPS |
| **COM** | 14" - 20# | CC2204 | 053101 | [*****] | BPS |
| **COM** | 17" - 20# | CC2207 | 053101 | [*****] | BPS |
| **COM** | 11" - 24# | CC2241 | 053101 | [*****] | BPS |
| **COM** | 11" - 24# 3HP | CC2241-P | 053101 | [*****] | BPS |
| **ASPEN XEROGRAPHIC** | | | | | |
| **COM** | 11" - 20# | 054901 | 054930/055900 | [*****] | BPS |
| **COM** | 11" - 20# 3HP | 054901P | 054930/055900 | [*****] | BPS |
| **COM** | 14" - 20# | 054904 | 054930/055900 | [*****] | BPS |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **COM** | 17" - 20# | 054907 | 054930/055900 | [*****] | BPS |
| **ECO ASPEN** | | | | | |
| **COM** | 11" - 20# | ECO77-11 | 054910/055910 | [*****] | BPS |
| **COM** | 11" - 20# 3HP | ECO77-3HP | 054910/055910 | [*****] | BPS |
| **COM** | 14" - 20# | ECO77-14 | 054910/055910 | [*****] | BPS |
| **BOISE CASCADE LASER PAPER** | | | | | |
| **VA** | 11" - 24# 94B | LL1030 | 011074 | [*****] | BPS |
| **VA** | 14" - 24# 94B | LL1024 | 011074 | [*****] | BPS |
| **VA** | 11" - 28# 94B | LL1032 | 011074 | [*****] | BPS |
| **VA** | 11" - 32# 94B | LL1033 | 011074 | [*****] | BPS |
| **ASPEN 100** | | | | | |
| **VA** | 11" - 20# | 054922 | 054505/054500 | [*****] | BPS |
| **VA** | 11" - 20# 3HP | 054922P | 054505/054500 | [*****] | BPS |
| **VA** | 14" - 20# | 054924 | 054505/054500 | [*****] | BPS |
| **VA** | 17" - 20# | 054925 | 054505/054500 | [*****] | BPS |
| **BOISE PRO-92 (92B)** | | | | | |
| **VA** | 11" - 20# | MP1050 | 053111 | [*****] | BPS |
| **VA** | 11" - 20# 3HP | MP1053P | 053111 | [*****] | BPS |
| **VA** | 14" - 20# | MP1054 | 053111 | [*****] | BPS |
| **VA** | 17" - 20# | MP1057 | 053111 | [*****] | BPS |
| **G&T MULTI-PURPOSE (92B)** | | | | | |
| **VA** | 11" - 20# | 99119 | 053118 | [*****] | BPS |
| **ECONOMY LASER** | | | | | |
| **COM** | 11" - 20# | ELP-1101 | 011049 | [*****] | BPS |
| **BCC EVERYDAY LASER** | | | | | |
| **VA** | 11" - 22# 92B | BEL-0111 | 011050 | [*****] | BPS |
| **VA** | 14" - 22# 92B | BEL-0114 | 011050 | [*****] | BPS |
| **G & T PREMIUM LASER** | | | | | |
| **VA** | 11" - 24# 95B | 99116 | 011056 | [*****] | BPS |
| **BCC PRESENTATION LASER** | | | | | |
| **VA** | 14" - 24# 95B | BPL0214 | 011051 | [*****] | BPS |
| **VA** | 11" - 28# 95B | BPL0211 | 011051 | [*****] | BPS |
| **VA** | 11" - 28# 95B 3hp | BPL0211P | 011051 | [*****] | BPS |
| **VA** | 17" - 28# 95B | BPL0217 | 011051 | [*****] | BPS |

* Confidential treatment is requested; filed separately with the Securities and Exchange Commission.

| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **VA** | 11" - 32# 95B | BPL0218 | 011051 | [*****] | BPS |
| **VA** | 17" - 32# 95B | BPL0219 | 011051 | [*****] | BPS |
| **COLOUR COPIER PAPER** | | | | | |
| **VA** | 11" - 28# 98B | BCP-2811 | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 11" - 28# 98B 3HP | BCP-2811P | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 14" - 28# 98B | BCP-2814 | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 17" - 28# 98B | BCP-2817 | 051525 | [*****] | CLAIREFONTAINE |
| **VA** | 18x12" - 28# 98B | BCP-2818 | 051525 | [*****] | CLAIREFONTAINE |
| **COLOUR COPIER COVER (250 sheets per pack)** | | | | | |
| **VA** | 11" - 60# 98B | BCC-6011 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 17" - 60# 98B | BCC-6017 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 18x12" - 60# 98B | BCC-6018 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 11" - 80# 98B | BCC-8011 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 14" - 80# 98B | BCC-8014 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 17" - 80# 98B | BCC-8017 | 051526 | [*****] | CLAIREFONTAINE |
| **VA** | 18x12" - 80# 98B | BCC-8018 | 051526 | [*****] | CLAIREFONTAINE |
| **BOISE MP COLORS** | | | | | |
| **VA** | 11" - 20# | MP2201 - COLORS | 053600/053703 | [*****] | BPS |
| **VA** | 14" - 20# | MP2204 - COLORS | 053600/053703 | [*****] | BPS |
| **VA** | 17" - 20# | MP2207 - COLORS | 053600/053703 | [*****] | BPS |
| **VA** | 11" - 20# 3HP | MP-2201P - COLORS | 053600/053703 | [*****] | BPS |
| **VA** | 11" - 24# | MP2241 - COLORS | 053600/053703 | [*****] | BPS |
| **BOISE MP BRITES** | | | | | |
| **VA** | 11" - 20# | MP2201-colour | 044403/054402 | [*****] | BPS |
| **VA** | 17" - 20# | MP2207-colour | 044403/054402 | [*****] | BPS |
| **VA** | 11" - 24# | MP2241-colour | 044403/054402 | [*****] | BPS |
| **VA** | 17" - 24# | MP2247-colour | 044403/054402 | [*****] | BPS |
| **CASCADE MP COVER** | | | | | |
| **VA** | 11" - 65# | MP-2651 White & Pastel | 171600/171705 | [*****] | BPS |
| **VA** | 11" - 65# | MP-2651 Brites | 171706/171606 | [*****] | BPS |
| **VA** | 11" - 65# | MP-2651 Granites | 171700 | [*****] | BPS |
| | | ***$ Based on 250 sheet reams*** | | | |
| **CASCADE INDEX** | | | | | |
| **VA** | 11" - 90# | 010901 | 172500 | [*****] | BPS |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **VA** | 11" - 110# | 011101 | 172500 | [*****] | BPS |
| | | ***$ Based on 250 sheet reams*** | | | |

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| Commodity / Value-Added | PRODUCT DESCRIPTION | BOS/OMX PRODUCT CODE | BPS GRADE CODE | Pricing Rule (CWT) (US$) | Producer |
|---|---|---|---|---|---|
| **BCC EVERYDAY INKJET** | | | | | |
| **VA** | 11" - 22# 92B | EDI-1101 | 011048 | [*****] | BPS |

| | | | | | |
|---|---|---|---|---|---|
| **G & T PREMIUM INK JET** | | | | | |
| **VA** | 11" - 24# 95B | 99117 | 011058 | [*****] | BPS |
| **G & T PREMIUM INK JET 3 pack Poly** | | | | | |
| **VA** | 11" - 24# 95B | 99117-3 | 011022 | [*****] | BPS |
| **GLOSSY COLOR LASER** | | | | | |
| **VA** | 8.5 X 11 - 32# | GCL-3211 | 051527 | [*****] | MOHAWK PAPERS |
| **VA** | 18 X 12 - 32# | GCL-3218 | 051527 | [*****] | MOHAWK PAPERS |
| | | ***$ Based on 250 sheet reams*** | | | |
| **GLOSSY COLOR LASER COVER** | | | | | |
| **VA** | 8.5 X 11 - 90# | GCL-9011 | 051533 | [*****] | MOHAWK PAPERS |
| **VA** | 18 X 12 - 90# | GCL-9018 | 051533 | [*****] | MOHAWK PAPERS |
| | | ***$ Based on 100 sheet reams*** | | | |
| **BOISE PHOTO QUALITY MATTE** | | | | | |
| | 8.5 X 11 - 41# | PMI-4111 | 051546 | [*****] | AZON |
| | | ***$ Based on 50 sheet reams*** | | | |
| **BOISE PHOTO GLOSSY INKJET** | | | | | |
| **VA** | 8.5 X 11 - 60# | PGI-0911 | 051545 | [*****] | AZON |
| | | ***$ Based on 15 sheet reams*** | | | |
| **VA** | 8.5 X 11 - 60# | PGI-9100 | 051550 | [*****] | AZON |
| | | ***$ Based on 100 sheet reams*** | | | |
| **VA** | 8.5 X 11 - 60# | PGI-9250 | 051551 | [*****] | AZON |
| | | ***$ Based on 250 sheet reams*** | | | |
| **VA** | 4 X 6 - 60# | PGI-94X6 | 051545 | [*****] | AZON |
| | | ***$ Based on 100 sheet reams*** | | | |
| **BOISE MATTE COATED** | | | | | |
| **VA** | 8.5 X 11 - 24# | MIJ-2411 | 051544 | [*****] | AZON |
| | | ***$ Based on 100 sheet reams*** | | | |

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EXHIBIT B

Grades sold by Boise Office Solutions where Seller is not the vendor of record.

| Product Code | BCC Code | Product Description |
|---|---|---|
| **P13R2047** | **055172-162** | **8-1/2 x 11 20#** |
| **P13R2641** | **055172-162** | **8-1/2 x 11 20# 3HP** |
| **P13R2051** | **055172-162** | **8-1/2 x 14 20#** |
| **P13R3761** | **055172-162** | **11 x 17 20#** |
| **P13R721** | **053107-188** | **8-1/2 x 11 20#** |
| **P13R2193** | **053107-188** | **8-1/2 x 11 20# 3HP** |
| **P13R727** | **053107-188** | **8-1/2 x 14 20#** |
| **P13R729** | **053107-188** | **11 x 17 20#** |

Note: All SKUs are Xerox SKUs.

Seller manufactures, sells to Xerox, and Xerox sells to Boise Office Solutions.



EXHIBIT C

BOISE OFFICE SOLUTIONS

GRANDFATHERED ACCOUNTS

Customer-Specific Pricing Rules will be followed through date commitment noted below

| End User | Current Pricing (CWT) | Current Pricing (Ream) | Date Commitment | Notes |
|---|---|---|---|---|
| [*****] | | | | |

* Confidential treatment is requested; filed separately with the Securities and Exchange Commission.



EXHIBIT D

GENERAL TERMS AND CONDITIONS

These General Terms and Conditions were prepared for incorporation into the Paper Purchase Agreement to which this Exhibit D is appended (the "Agreement"). They are intended to apply as if fully set forth in the Agreement; provided that if anything in this Exhibit D is inconsistent with the express

terms of the Agreement, the terms of the Agreement shall control.

1. Safety and Security Requirements. Whenever the provision of goods or services under the Agreement requires a party to be on the property of the other party, each party shall observe all reasonable security and safety procedures or requirements imposed by the other party on third parties providing like goods or services.

2. Standards of Performance.

2.1 In Respect of Goods. The quality of all goods supplied by Seller to Purchasers shall be at least commercially equal to the quality of that grade of goods that Seller is selling to others.

2.2 In Respect of Services. All services supplied by either party to the other shall be performed in accordance with the same standard of care that the supplying party observes in providing similar services to its own operations.

2.3 Disclaimer of Implied Warranties. EACH PARTY DISCLAIMS ALL WARRANTIES IN RESPECT OF GOODS OR SERVICES SUPPLIED BY IT UNDER THIS AGREEMENT THAT ARE IMPLIED BY LAW OR BY THE TERMS OF THE AGREEMENT, EXCEPT FOR THE WARRANTIES SET FORTH IN SECTION 2.1. THIS DISCLAIMER SHALL NOT BE CONSTRUED TO NEGATE OR LIMIT ANY WARRANTY OF TITLE OR RIGHT TO SELL IMPLIED BY LAW OR CUSTOM OF TRADE AND EACH PARTY EXPRESSLY WARRANTS, IN RESPECT OF ALL GOODS TO BE SOLD, THAT IT WILL HAVE AND WILL CONVEY TO THE PURCHASERS GOOD AND MERCHANTABLE TITLE TO SUCH GOODS AND THAT IT WILL WARRANT AND DEFEND SUCH TITLE AGAINST THE CLAIMS OF ALL PERSONS WHATSOEVER.

2.4 Limitation of Liability. Neither party shall be liable for any incidental, indirect, special, collateral, consequential, exemplary, or punitive damages, or lost profits arising from a breach of warranty or any other part of this Agreement. In respect of services, the remedy for failure to meet the standards of service shall be that the party providing the service shall be required to reperform the service without charge. In respect of goods, without limiting the provisions of the first sentence of this Section 2.4, the remedy for failure of the goods to conform to the quality specifications set forth in the Agreement shall be as provided in the Uniform Commercial Code as in force from time to time in the state of Delaware and as specifically set forth in the Agreement.



3. Dispute Resolution. The Dispute Resolution Process set forth in Section 5 shall apply to all disputes which may arise between the parties or their respective subsidiaries or affiliates with regard to course-of-performance disputes arising in the ordinary course of business. Such disputes are referred to as "Covered Disputes. In case of other disputes, the parties may pursue any and all remedies under applicable law or equity.

4. [RESERVED]

5. Dispute Resolution Process.

5.1 Limitation. The procedures provided for by this Agreement shall not apply to any Covered Dispute unless and until either party shall have given written notice to the other party invoking this Agreement. Such notice shall specify, in reasonable detail, the dispute to which it is intended to apply. Such dispute is referred to as the "Noticed Dispute." The effective date of delivery of such notice is referred to as the "Notice Date."

5.2 Negotiation. Within 5 days after the Notice Date, each party shall designate, in writing to the other party, the name of one of its senior executive officers who shall be its "Designated Representative" in the dispute resolution process. Designation by either party of its Designated Representative shall constitute a representation by such party that its Designated Representative has full power and authority to resolve the Noticed Dispute. Within 15 days after the Notice Date, each party shall have delivered to the Designated Representative of the other party a written statement of its position. Between 30 and 45 days after the Notice Date, the Designated Representatives shall meet, discuss, and negotiate with respect to the Noticed Dispute for a period not to exceed 10 days.

If the parties are unable to settle the Noticed Dispute through negotiations by the 45th day following the Notice Date, they shall mutually appoint a neutral third-party arbitrator. If the parties are unable to agree upon the neutral third-party arbitrator by the 50th day following the Notice Date, either party may obtain the appointment of a neutral third-party arbitrator by the Chief Judge of the United States District Court for the District of Delaware.

5.3 Arbitration. Within 10 days after appointment of the neutral arbitrator, each party shall submit a written statement to the neutral arbitrator and to the other party advocating its position, and each party may, within ten days after receipt of the other party's statement, submit to the neutral arbitrator and the opposing party one rebuttal statement. Opening statements shall be no longer than 30 pages of 8½" by 11" paper, and rebuttal statements shall be limited to 15 pages of 8½" by 11" paper unless otherwise mutually agreed. Within 20 days after submission of the rebuttal statement, on a date and at a place set by the neutral arbitrator, the Designated Representatives shall meet with the neutral arbitrator to negotiate and resolve the Noticed Dispute. Each Designated Representative may make an oral presentation to the neutral arbitrator. The Designated Representatives of both parties shall be present for such presentations and shall be available at the same location on the following day for arbitrator-sponsored



negotiations. If the parties are unable to reach a settlement of the Noticed Dispute, the neutral arbitrator shall, within 20 days thereafter, deliver in writing to each party his or her recommended settlement of the Noticed Dispute. Within ten days after receipt of the neutral arbitrator's recommended settlement, the parties' Designated Representatives shall meet at a time and place set by the neutral arbitrator and make a final attempt to resolve the Noticed Dispute. If they are unable to do so, the arbitrator shall make a final decision which shall be final and binding upon the parties.

5.4 Confidentiality.

5.4.1 Each party shall treat all statements, written submissions, and other disclosures made by the other in the course of efforts to resolve the Noticed Dispute (collectively, "Settlement Information") as confidential information and shall make no disclosure of the Settlement Information to any third party (other than its employees and officers involved in the Noticed Dispute and its counsel and other consultants providing advice in respect of the Noticed Dispute), and it shall require all persons to whom it is permitted to disclose such information to make a similar nondisclosure commitment for the

benefit of and enforceable by the party providing such information. Such nondisclosure obligation shall remain in effect for a period of five years from the date of disclosure.

5.4.2 Prior to commencing the arbitration process, the parties shall require the neutral arbitrator to sign a confidentiality agreement in which he or she commits, for the benefit of and on a basis which is enforceable by each party and its respective Affiliates, that he or she will hold the Settlement Information confidential and not disclose it to any party other than the parties, their respective Affiliates, counsel, and advisors and agents involved in the Noticed Dispute, except under order of disclosure by a court of competent jurisdiction or pursuant to a written authorization signed by the party or parties providing the Settlement Information which is to be disclosed.

5.5 Fees and Expenses. The parties shall each cover their own costs and fees associated with the dispute resolution process provided for in this Agreement. The fees and expenses of the neutral arbitrator shall be divided equally by the parties.

5.6 Scope of Obligation; Specific Performance. The parties agree to utilize the settlement procedures outlined above in a good-faith effort to provide for a speedy and economical means of resolving disputes. However, the parties agree that neither party shall be in default or in breach hereof for failure to adhere to any of the procedures outlined above except that (i) compliance with the procedures hereof, in full, when and as required shall be a condition precedent to the other party's obligation to continue its participation in the negotiation and arbitration process; and (ii) either party may obtain an order of specific performance in respect of the other party's obligations hereunder.



6. Force Majeure. The term "Force Majeure" shall mean any flood, storm, earthquake, or other act of God, fire, explosion, labor dispute, civil disturbance, military action, shortage of labor or stores, issuance of directive by any legal authority asserting jurisdiction over either of the parties which directive purports to prohibit the performance of any material part of the duties of that party, or other event beyond the control of the party claiming Force Majeure, which event or directive prevents performance by a party or makes performance commercially impracticable.

Each party shall promptly notify the other if there is Force Majeure. Such notice shall describe the Force Majeure, the corrective action to be taken, if any, and the estimated time of the Force Majeure interruption. If either party is prevented from performing any of its obligations hereunder, in whole or in part by reason of Force Majeure, it shall be excused from performance for so long as and to the extent that Force Majeure shall so prevent its performance.

7. [RESERVED]

8. Events of Default.

8.1 Payment Defaults. If either party fails to pay any amount owed by it when due, such sum shall earn interest from the date on which it is due at a rate equal to ten percent per annum. Such interest shall be payable on demand. If either party fails to pay any amount owed (including interest accruing under the preceding sentence) within 30 days after its receipt of written demand therefore, the other party shall have the right, in addition to any other right provided under applicable law or this Agreement for such breach, to terminate this Agreement, or to suspend its performance until payment of such delinquent sum is made in full. Complaints or claims by a party under this Agreement regarding standards of performance or quality will be subject to the dispute resolution provisions hereunder, but in no event will excuse a party from paying the purchase price for delivered goods in full when due.

8.2 Nonpayment Defaults. If either party commits any breach of this Agreement, other than those described in Section 8.1 above, or if either party commits any of the breaches described in such section on a repeated basis so as to materially frustrate the reasonable business expectations of the other party in respect of this Agreement, the other party may, if such breach is not cured within 60 days after the complaining party gives notice of such breach to the party in breach, terminate this Agreement subject to the phase down period set forth in Section 4.3 of the Agreement. Such remedy shall be in addition to any other remedy which may be available under applicable law or the terms hereof for such breach. Notwithstanding the foregoing, if the nature of the breach complained of is such that its cure may be reasonably expected to take more than 60 days to execute, no right to terminate shall accrue so long as the party in breach shall have commenced its efforts to effect a cure and shall be diligently pursuing such efforts.



9. Confidentiality. The parties hereby covenant and agree to hold in trust and maintain confidential all Confidential Information relating to the other party or any of its Affiliates. For purposes of this Agreement, "Confidential Information" shall mean all information disclosed by either party to the other in connection with this Agreement, whether orally, visually, in writing, or in any other tangible form, including but not limited to product pricing, technical, economic, and business data, records, know-how, flow sheets, drawings, business plans, computer information databases, inventions, processes, and the like, including but not limited to, the terms of this Agreement. The parties shall not divulge Confidential Information to third parties without the prior written consent of the other party except:

9.1 When such information has become a matter of public knowledge without wrongful action by the disclosing party;

9.2 When such information was in the possession of the party obligated to maintain confidentiality prior to its receipt thereof by the other party;

9.3 When such disclosure is required by law; provided that if either party is involved in litigation or an administrative proceeding in which a third party is requesting disclosure of Confidential information, it shall promptly notify the disclosing party of such fact so as to permit the disclosing party to appear in such proceeding to protect its interest in nondisclosure of such Confidential Information; and

9.4 Seller may disclose this Agreement and related Confidential Information to its financing sources provided that such sources sign an agreement agreeing to keep the terms and conditions contained in the Agreement confidential.

10. Notices. Any notice or demand required or permitted to be given under the terms of this Agreement shall be deemed to have been duly given or made if given by any of the following methods:

10.1 Deposited in the United States mail, in a sealed envelope, postage prepaid, by registered or certified mail, return receipt requested, or hand delivered, respectively addressed as follows:

To Seller:
Boise White Paper, L.L.C.
Attention Chief Executive Officer
1111 West Jefferson Street
Boise, Idaho 83728
Fax No. 208/384-4912



With a copy to:
Kirkland & Ellis, L.L.P.
Attention Richard J. Campbell
200 E. Randolph Drive
Chicago, Illinois 60601
Fax: 312/861-2200

To Purchasers/s:
Boise Cascade Corporation
(OfficeMax Incorporated, as of November 1, 2004)
Attention General Counsel
1111 West Jefferson
Boise, Idaho 83702
Fax No. 208/384-4912

With copies to:
OfficeMax Contract, Inc.
Attention President and CEO
150 E. Pierce Road
Itasca, IL 60143-1291
Fax No. 630/438-2468

OfficeMax North America, Inc.
Attention President
3605 Warrensville Center Road
Shaker Heights, OH 44122
Fax No. 216/471-5110

10.2 Sent to the above address via an established national overnight delivery service (such as Federal Express), charges prepaid; or

10.3 Sent via any electronic communications method, provided the sender obtains written confirmation of receipt of the communication by the electronic communication equipment at the office of the addressee listed above; provided also that, if this method is used, the party shall immediately follow such notice with a second notice in one of the methods set forth in subsections 10.1 or 10.2 above.

Notices shall be effective on the day sent if sent in accordance with Section 10.3, on the first business day after the day sent, if sent, in accordance with Section 10.2 and on the seventh business day after the day sent, if sent in accordance with Section 10.1.

11. Insurance.

11.1 Coverages. During the term of this Agreement, the parties shall carry the following policies of insurance:

11.1.1 Workers' Compensation and Employers' Liability. Each party shall maintain Workers' Compensation insurance as required by the law of the state in which it has employees based who are performing this Agreement, and each



party shall maintain employers' liability insurance in amounts not less than $5,000,000 each accident for bodily injury by accident, $5,000,000 policy limit for bodily injury by disease, and $5,000,000 for each employee for bodily injury by disease.

11.1.2 General Liability. Each party shall maintain a commercial general liability (occurrence) policy, which policy shall include coverage for premises and operations, products and completed operations, contractual liability, broad form property damage, including completed operations, explosion, collapse and underground hazards, and personal injury liability. The policy shall have a combined single limit for bodily injury and property damage of $10,000,000 each occurrence; $10,000,000 for personal injury liability; $10,000,000 aggregate for products/completed operations; and $10,000,000 general aggregate.

11.1.3 Automobile Liability. Each party shall maintain an automobile liability policy with a combined single limit for bodily injury and property damage of not less than $5,000,000 for each accident. The policy shall cover all owned, hired, and nonowned automobiles used in the performance of the Agreement and shall include coverage for automobile contractual liability.

11.1.4 Property Insurance. Each party shall maintain a policy or policies of property damage insurance which shall provide all risk coverage (including boiler and machinery coverage) of all assets of the party carrying such insurance which are used in or may be exposed to risk by reason of the performance of this Agreement. Such insurance shall provide coverage to the full replacement cost of the property covered and shall include business interruption coverage for losses resulting from covered losses to property covered thereby. Such insurance shall name both parties as their interests may appear in respect of any covered property upon which the party not required to carry the policy may have an interest.

11.2 Certificates of Insurance. Each party to this Agreement shall provide the other annually with certificates issued by the respective carriers of each of the policies they are required to carry under this Section. Such certificates shall evidence the coverage required above and shall:

11.2.1 Additional Insured. Name the other party, its subsidiaries, affiliates, and the directors, officers, and employees thereof as additional named insureds with respect to the policies required by Sections 11.1.2 and 11.1.3 above insofar as the insured liability arises out of or is connected with the provision of goods or services under this Agreement by the party providing such insurance;

11.2.2 Cancellation Notice. Provide on its face that the policies it represents will not be terminated, adversely amended, or allowed to expire without 30 days' prior written notice to the party to whom such certificate is addressed; and

11.2.3 Severability of Interests. Provide on its face, in respect of the coverages required by Sections 11.1.2 and 11.1.3 above, that the policies it represents contain a severability of interests clause, generally providing "the insurance



afforded applies separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability."

11.3 Deductibles; Adjustment of Liability Limits. Each party to this Agreement may purchase insurance required of it hereunder with such reasonable deductibles as it may elect; provided that if the other 'party suffers a loss within the scope of the coverage to be afforded such party under such policy, the party procuring such insurance shall be responsible for the other party's loss to the extent of such deductible.

12. Indemnification. Subject to Section 2.4 of this Exhibit D, the parties intend that, to the fullest extent permitted by law, one party shall be responsible, directly and/or by and through the insurance coverage carried by such party pursuant to the provisions of this Agreement, for all claims, causes of actions, demands, lawsuits, or other proceedings that arise out of or in connection with the provision of goods or services under the Agreement.

To effectuate the intent of this Section, each party ("Indemnifying Party") covenants that it will, in respect of each claim asserted against the other party, its subsidiaries and affiliates and the officers, directors, and employees thereof, (collectively "Indemnified Parties") by reason of or in connection with the provision of goods or services under the Agreement by the Indemnifying Party, indemnify, save, and hold each such Indemnified Party harmless from and against any and all loss, damage, expense (including attorneys' fees), responsibility, liability for injury or death of persons, and/or loss, damage to, or destruction of property belonging to persons other than the Indemnified Party and its subsidiaries and affiliates (collectively "Loss"), where such Loss has resulted from, or has arisen out of, the Indemnifying Party's provision of goods or services under the Agreement provided, however, that no claims for indemnity hereunder with respect to products sold hereunder shall be made if more than six months has elapsed from the sale of the product and provided further that for claims arising out of the sale of products, the indemnity shall be limited to the cost of the product shipped. The Indemnifying Party's indemnity obligation shall apply to actual or alleged negligent acts, omissions to act, or willful misconduct, whether active or passive, on the part of the Indemnifying Party, its employees or agents, and shall extend to claims asserted after termination of this Agreement. The Indemnifying Party's indemnity obligations shall extend to the joint or concurrent negligence of the Indemnifying Party and the Indemnified Party but shall not extend to Losses caused by the sole negligence or willful misconduct of the Indemnified Party. The Indemnifying Party's indemnity obligations hereunder shall extend to all attorneys' fees incurred in establishing the Indemnified Party's right to indemnity hereunder.

This indemnity shall extend, without limitation, to the personal injury and/or death of the employees, the Indemnifying Party, and its subsidiaries and affiliates. To the extent necessary to make the indemnity effective, the Indemnifying Party expressly waives any defense that it might have to such obligation by reason of applicable workers' compensation laws.



Except for claims of Loss caused by the sole negligence or willful misconduct of the Indemnified Party, the Indemnifying Party shall assume and pay the defense costs of any lawsuit or administrative proceeding brought against the Indemnified Party which is within the scope of its indemnity obligations and shall pay on behalf of the Indemnified Party the amount of any settlement or judgment resulting therefrom.

The indemnified Party will first seek reimbursement for any loss from available insurance. The parties further intend that any Loss suffered by an Indemnified Party to which the indemnity does not extend by virtue of its terms or by operation of law, shall nonetheless be compensated by and to the extent of the liability insurance that the Indemnifying Party is required to carry under this Agreement for the benefit of the Indemnified Party.

13. Waiver of Subrogation. Each party waives all rights that each might now or hereafter have against the other, its subsidiaries, or affiliates or against the officers, directors, or employees of any of the foregoing to the extent that the loss so waived is compensated by the property damage insurance required hereby or in fact carried by the party suffering such loss (without regard to any deductible or risk retention feature of such insurance).

14. Assignment. This Agreement shall be binding upon the parties and their successors and assigns, but no party shall make any sale, assignment, or other transfer of all or any portion of its rights hereunder without the prior written consent of the other party, provided, however, that Seller may assign this Agreement without Purchasers' consent upon the sale of all, or substantially all, of its paper manufacturing assets provided that the party purchasing such assets expressly agrees in writing to assume and fully perform all of Seller's obligations hereunder. In the event of any restructuring or reorganization of Purchaser, or sale of all or a substantial portion of the assets or the business of Purchaser, this Agreement will continue to be binging upon Purchaser and will also become binding on any additional entity which acquires all or a substantial portion of Purchaser's business (but, in the case of such additional entity, only with respect to the portion of Purchaser's business it acquires).

15. Severability and Renegotiation. If any part of this Agreement is found to be illegal, void, or unenforceable, such illegality, invalidity, or unenforceability shall not extend beyond the part affected, and unaffected parts of this Agreement will continue in full force and will be binding on the parties. Should any term or provision of this Agreement be found invalid by any court or regulatory body having jurisdiction thereover, the parties shall immediately use their best efforts to renegotiate such term or provision of the Agreement to eliminate such invalidity.

16. Independent Contractor. In performing services under this Agreement, each party shall act solely as an independent contractor; neither party nor any of its employees or agents shall be treated as or deemed to be employees of the other. Nothing in this Agreement shall be construed to create a

partnership, agency, joint venture, or employer-employee relationship between the parties. Neither party shall hold itself out or otherwise represent itself to any person or entity as anything other than an independent contractor of the other party.



17. Right of Offset. All debts and obligations of Purchaser and Seller to each other are mutual and subject to setoff. For purposes of this paragraph, "Purchaser" and "Seller" shall be deemed to include each party's respective subsidiaries and affiliates which directly or indirectly control or are controlled by that party.

18. Nonwaiver. Any waiver, at any time, by any part of its rights, remedies, duties, and/or obligations with respect to any matters arising in connection with this Agreement, shall not be deemed a waiver of any other right, remedy, duty, and/or obligation with respect to such matter or with respect to any subsequent matter.

19. Choice of Law and Jurisdiction. This Agreement shall be governed, interpreted, and enforced under the laws of the state of Delaware, without regard to its choice of law rules. The courts of the state of Delaware and federal courts sitting therein shall have exclusive jurisdiction to hear and settle litigation in respect of this Agreement or, subject to the last sentence of this section, any litigation that arises between the parties. In any suit between the parties or their Affiliates; each party hereby consents to receive service of process in any jurisdiction in which it is doing business, including without limitation, the state of its incorporation, provided that such service of process is issued by a federal or state court of general jurisdiction sitting in Delaware. This Section 19 shall not apply in respect of any cross claim brought in any litigation initiated by a person other than a party or one of its Affiliates in a jurisdiction other than Delaware.

20. Captions. All indices, titles, subject headings, and similar items in this Agreement are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the content or scope of this Agreement.

21. Interpretation. As used in this Agreement, the masculine gender shall include the feminine or neuter gender, and the plural shall include the singular wherever appropriate.

22. Amendment. This Agreement may be amended only by a written instrument signed by the senior most executive of each party. No failure of any party to insist upon strict performance of obligations owed it hereunder by the other party shall waive or release such party's right to insist on strict performance of such obligation in the future.

23. Counterparts. This Agreement may be executed in two or more duplicate counterparts and upon such execution shall be considered a single document as though each party had executed the same counterpart.

24. Audits. Each party shall have the right to audit the other party's books and accounts to verify volumes, costs, pricing and price adjustments pursuant to this Agreement once per year. Such audits shall be conducted at the expense of the party requesting the audit.



25. Entire Agreement. The terms and provisions herein contained constitute the entire agreement between the parties and supersede all agreements, either verbal or written, between the parties with respect to the subject matter of this Agreement.

26. Brand Ownership. Seller shall own the brand names of all products sold hereunder which are produced by Seller except for the OfficeMax brand names.

**ADDITIONAL CONSIDERATION AGREEMENT**

THIS ADDITIONAL CONSIDERATION AGREEMENT (this "Agreement") dated October 29, 2004, is between Boise Cascade Corporation, a Delaware corporation ("Parent") and Boise Cascade, L.L.C., a Delaware limited liability company ("BC LLC").

WHEREAS, Parent and BC LLC, along with certain of their respective subsidiaries and affiliated companies, are parties to an Asset Purchase Agreement dated July 26, 2004, as the same has been and may be amended from time to time ("the AP Agreement"). Pursuant to the AP Agreement, BC LLC will acquire certain of Parent's assets, including Parent's Timberlands and Non-Timber Assets (as those terms are defined in the AP Agreement);

WHEREAS, execution and delivery of this Agreement is a material inducement to BC LLC and Parent having entered into the AP Agreement on the terms and conditions specified therein and is a condition to closing of the transactions contemplated by the AP Agreement; and

WHEREAS, pursuant to the AP Agreement, Parent and BC LLC have agreed to enter into an agreement reflecting additional mutual consideration for the Non-Timber Assets.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

***Article 1 Definitions***

Each capitalized term used in this Agreement shall have the meaning assigned to it in the AP Agreement, unless this Agreement defines such term otherwise.

***Article 2 Term***

This Agreement shall terminate upon the earliest occurrence of one of the following events:

2.1 The six year anniversary of the Closing;

2.2 50% or more of the outstanding common equity (as measured immediately after Closing) of BC LLC is sold in an underwritten public offering of BC LLC;

2.3 BC LLC sells or transfers more than 50% of its common equity (as measured immediately after Closing) in Boise White Paper, L.L.C. (the Person that is acquiring the cutsize white paper manufacturing business included in the Non-Timber Assets); or

2.4 Termination in accordance with Article 5 of this Agreement.

Termination of this Agreement will not affect any rights, remedies, or obligations either party may have accrued in respect of any period ending on or prior to the date of termination, including the obligation to make or right to receive payment under this Agreement. Without limiting the generality of the foregoing, no termination pursuant to Section 2.1 hereof shall relieve any party of its obligations to make payments in respect of the sixth twelve-month period following the Closing.

***Article 3 Calculation of Annual Paper Price***

Within 45 days after each anniversary of the Closing during the term of this Agreement, the parties shall calculate the average price per ton of 20 lb., 84-brightness cutsize paper for the twelve months preceding such anniversary date (the "Annual Paper Price"). The parties shall calculate the Annual Paper Price by averaging the monthly "Paper Trader Price" appearing in each of the twelve editions of RISI's Paper Trader publication that immediately precede such anniversary of the Closing (rounded to the nearest dollar per ton). For purposes of this Agreement, the "Paper Trader Price" shall mean the price identified in RISI's Paper Trader publication for "Std. No. 4, 83-85 BRT XEROG" (rounded to the nearest dollar per ton). If RISI discontinues publishing a price for "Std. No. 4, 83-85 BRT XEROG" the parties shall identify another publication with the highest comparability between its reported prices and RISI's Paper Trader prices for 8½ by 11-inch white, cutsize paper. If RISI or any substitute publication identifies a range of prices for "Std. No. 4, 83-85 BRT XEROG," then the parties agree to use the average of the high and low prices identified as the monthly price.

***Article 4 Additional Consideration***

4.1 Additional Consideration by BC LLC. On or before the 60th day following each anniversary of Closing during the term of this Agreement, BC LLC shall pay Parent, by cash or wire transfer, $710,000 for each dollar by which the Annual Paper Price exceeds $920 per ton. BC LLC shall owe no consideration pursuant to this Section 4.1 in respect of any particular year if the Annual Paper Price is less than or equal to $920 per ton.

4.2 Additional Consideration by Parent. On or before the 60th day following each anniversary of Closing during the term of this Agreement, Parent shall pay BC LLC, by cash or wire transfer, an amount equal to $710,000 for each dollar by which the Annual Paper Price is below $800 per ton. Parent shall owe no additional consideration pursuant to this Section 4.1 in respect of any particular year if the Annual Paper Price is equal to or greater than $800 per ton.

4.3 Maximum Annual Consideration. Notwithstanding the provisions of Sections 4.1 and 4.2, neither party shall be required to pay more than the Maximum Annual Consideration in respect of any particular year during the term of this



Agreement. For purposes of this Agreement, "Maximum Annual Consideration" shall be $45 million.

4.4 Maximum Aggregate Consideration. Notwithstanding the above, neither party shall be required to pay more than the Maximum Aggregate Consideration pursuant to this Agreement; provided that for all purposes of determining whether a party has reached its Maximum Aggregate Consideration, the aggregate payments made by such party to the other party pursuant to this Agreement shall be deemed to be reduced by the aggregate payments made to such party from the other party pursuant to this Agreement. Each party's "Maximum Aggregate Consideration" shall mean, (i) if the determination is made in respect of the first four years following the Closing, $125 million, (ii) if the determination is made in respect of the fifth year following Closing, $115 million, and (iii) if the determination is made in respect of the sixth year following the Closing, $105 million. Once a party has paid the Maximum Aggregate Consideration, it shall not be entitled to "clawback" consideration in years five or six, even though the Maximum Aggregate Consideration designated for the then-current year is less than the amount previously paid.

***Article 5 Miscellaneous Provisions***

5.1 Arbitration. The parties shall resolve any dispute arising under or in respect of this Agreement by binding arbitration utilizing a single arbitrator selected by the parties, or failing agreement on such arbitrator, appointed on the application of either party, by the chief judge of the U.S. District Court for the District of Idaho. The parties shall conduct such arbitration in accordance with the rules of the American Arbitration Association. The cost of the arbitrator shall be borne equally by the parties. The outcome of the arbitration shall be final and binding by the parties and fully enforceable in any court with jurisdiction over the parties.

5.2 Events of Default. If either party fails to pay any amount owed by it hereunder when due, such sum shall earn interest from the date on which it is due at 10% per annum. Such interest shall be payable on demand. If either party fails to pay any amount owed under this Agreement (including interest accruing under the preceding sentence) within 30 days after receipt of a written demand for such payment, the other party shall have the right to terminate this Agreement or suspend its performance until such delinquent sum is paid in full. This right is in addition to any other right provided under applicable law or this Agreement for such breach.

5.3 Notices. All notices, demands and other communications given or delivered under this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally to the recipient, (ii) one business day after being sent to the recipient by reputable overnight courier service (charges prepaid), (iii) upon transmittal by fax or other electronic means, provided that such notice, demand or other communication is also deposited within 24 hours thereafter with a reputable overnight courier service (charges prepaid) for delivery to the same Person, or (iv) five days after being mailed to the recipient by certified or registered mail, return receipt requested and



postage prepaid. Unless another address is specified in writing, notices, demands and other communications to any party shall be sent to the addresses and/or numbers indicated below:

| | |
|---|---|
| To BC LLC: | Boise Cascade, L.L.C.<br>c/o Madison Dearborn Partners, LLC<br>Three First National Plaza<br>Suite 3800<br>Chicago, IL 60602<br>Telephone: (312) 895-1000<br>Fax: (312) 895-1056<br>Attn: Samuel M. Mencoff<br>Thomas S. Souleles |
| With a copy to: | Kirkland & Ellis LLP<br>200 East Randolph Drive<br>Chicago, IL 60601<br>Telephone: (312) 861-2000<br>Fax: (312) 861-2200<br>Attn: William S. Kirsch, PC<br>Jeffrey W. Richards<br>Richard J. Campbell |
| To Parent: | Boise Cascade Corporation<br>1111 West Jefferson Street<br>Boise, Idaho 83728<br>Telephone: (208) 384-7557<br>Fax: (208) 384-4912<br>Attn: Chairman and Chief Executive Officer |
| With a copy to: | Boise Cascade Corporation<br>1111 West Jefferson Street<br>Boise, Idaho 83728<br>Telephone: (208) 384-7704<br>Fax: (208) 384-4912<br>Attn: General Counsel |

5.4 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Parent and BC LLC, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power, or privilege under this Agreement shall operate as a waiver nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. These rights and remedies shall be cumulative and not exclusive of any rights or remedies provided by law.

5.5 Assignment. This Agreement shall be binding upon the parties and their successors and assigns. BC LLC may not assign its rights or obligations under this Agreement without Parent's prior written consent. Parent may assign its rights, but not its obligations, under this Agreement without consent; however, Parent may not assign any of its rights under this Agreement to a competitor of BC LLC.

5.6 Public Disclosure. Except as may be required to comply with the requirement of any applicable laws and the rules and regulations of each stock exchange upon which the securities of one of the parties is listed, neither party shall disclose the terms of this Agreement or payments made hereunder; provided that Holdings shall be entitled to disclose the terms of this Agreement to any of its financing sources as long as such financing sources agree with Holdings to keep the terms hereof confidential.

5.7 Severability and Renegotiation. If any part of this Agreement is found to be illegal, void, or unenforceable, such illegality, invalidity, or unenforceability shall not extend beyond the part affected, and unaffected parts of this Agreement will continue in full force and will be binding on the parties. Should any term or provision of this Agreement be found invalid by any court or regulatory body having proper jurisdiction, the parties shall immediately use their best efforts to renegotiate such term or provision of the Agreement to eliminate such invalidity.

5.8 Nonwaiver. Any waiver, at any time, by any part of its rights, remedies, duties, and/or obligations with respect to any matters arising in connection with this Agreement, shall not be deemed a waiver of any other right, remedy, duty, and/or obligation with respect to such matter or with respect to any subsequent matter.

5.9 Right to Setoff. All debts and obligations of Parent and BC LLC to each other are mutual and subject to setoff. For purposes of this paragraph, "Parent" and "BC LLC" shall be deemed to include each party's respective subsidiaries and affiliates which directly or indirectly control or are controlled by that party.

5.10 Choice of Law and Jurisdiction. This Agreement shall be governed, interpreted, and enforced under the laws of the state of Delaware, without regard to its choice of law rules. The courts of the state of Idaho and federal courts sitting therein shall have exclusive jurisdiction to hear and settle litigation in respect of this Agreement. In any suit between the parties or their Affiliates, each party consents to receive service of process in any jurisdiction in which it is doing business, including without limitation, the state of its incorporation, provided that such service of process is issued by a federal or state court of general jurisdiction sitting in Idaho. The preceding two sentences shall not apply in respect of any cross claim brought in any litigation initiated by a person other than a party or one of its Affiliates in a jurisdiction other than Idaho.

5.11 Captions. All indices, titles, subject headings, and similar items in this Agreement are provided for the purpose of reference and convenience and are not intended to be inclusive, definitive, or to affect the meaning of the content or scope of this Agreement.



5.12 Counterparts. This Agreement may be executed in two or more duplicate counterparts (including by facsimile or electronic transmission) and upon such execution shall be considered a single document as though each party had executed the same counterpart.

5.13 Entire Agreement. The terms and provisions in this Agreement constitute the entire agreement between the parties and supersede all agreements, either verbal or written, between the parties with respect to the subject matter of this Agreement.

5.14 Fulfillment of Obligations. Any obligation of any party to any other party under this Agreement, which obligation is performed satisfied or fulfilled by an Affiliate of such party, shall be deemed to have been performed, satisfied, or fulfilled by such party. Without limiting the generality of the foregoing, each party agrees that BC LLC may cause performance of any of its obligations hereunder by any one or more of its Subsidiaries and, to the extent that performance by such Subsidiary(ies) satisfies the obligations of BC LLC hereunder, BC LLC shall be deemed to have fully performed such obligation.



IN WITNESS HEREOF, the parties have executed this Agreement as of date first written above.

| BOISE CASCADE, L.L.C. | | BOISE CASCADE CORPORATION | |
|---|---|---|---|
| By | /s/ Thomas S. Souleles | By | /s/ Karen E. Gowland |
| Name | Thomas S. Souleles | Name | Karen E. Gowland |
| Title | Vice President | Title | Secretary |

# INSTALLMENT NOTE

$559,500,000 October 29, 2004

FOR VALUE RECEIVED, **BOISE LAND & TIMBER, L.L.C.**, a Delaware limited liability company ("Maker"), promises to pay to the order of **BOISE CASCADE CORPORATION** ("Initial Holder"), which along with any other subsequent holder of this promissory note, is sometimes referred to as the "Holder", the principal sum of Five Hundred Fifty-Nine Million Five Hundred Thousand and no/100ths Dollars ($559,500,000) ("Principal Sum") together with interest at the rate set out in paragraph 1 below, in accordance with the following:

1. **Interest.** Subject to the terms of paragraph 17 below, the unpaid Principal Sum shall bear interest from the date hereof until paid in full at a fixed rate per annum equal to 4.982%. Such interest shall be payable on each Payment Date (defined below). All interest payable under the terms of this Note shall be calculated on the basis of twelve (12) 30-day months in a 360-day year.

2. **Payments and Maturity.** (a) Interest on the unpaid Principal Sum shall be due and payable semi-annually, on the 29th day of each April and October (each a "Payment Date"), commencing on April 29, 2005, and continuing on each Payment Date thereafter through and until the Maturity Date.

(b) The entire unpaid Principal Sum, together with all accrued and unpaid interest, shall mature and be due and payable in full on January 29, 2020 ("Maturity Date").

(c) If any payment under this Installment Note is due on a day which is not a Business Day (defined below), such payment shall be due and payable on the next succeeding Business Day.

3. **Application and Place of Payments.** All payments made on account of this Installment Note shall be applied, first, to the payment of any unpaid and accrued enforcement and collection costs incurred by Holder, if any, second, to the payment of accrued and unpaid interest, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Installment Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of Holder at the address set out in paragraph 9 below, or at such other times and places as Holder may at any time designate in writing by notice to Maker in accordance with the provisions of Paragraph 9 below.

4. **No Prepayment.** Maker may not voluntarily prepay the Principal Sum or any part of the Principal Sum at any time.

5. **Purchase Agreement and Related Transactions.** Maker, as purchaser, and Initial Holder, as seller, are parties to an Asset Purchase Agreement dated as of July 26, 2004 (as such agreement may be subsequently amended, the "Purchase Agreement"), pursuant to which the sole member of Maker has purchased from Initial Holder certain timberland assets (the

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"Assets"), which are more particularly described in such Purchase Agreement, and Maker is issuing this Installment Note in payment of the purchase price for such Assets. Wachovia Corporation ("Guarantor") has guaranteed the payment of certain obligations by Maker under this Installment Note pursuant to a Guaranty dated as of the date of this Installment Note (the "Guaranty") executed by Guarantor, as guarantor, for the benefit of Initial Holder, as beneficiary.

6. **Events of Default.** The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Installment Note:

(a) The failure of Maker to pay to Holder within three (3) Business days of the applicable due date any and all amounts payable by Maker to Holder under the terms of this Installment Note.

(b) If by the order of a court of competent jurisdiction, a trustee, receiver or liquidator of Maker shall be appointed and such order shall not be discharged or dismissed within 60 days after such appointment.

(c) Maker (i) applies for, or consents in writing to, the appointment of a receiver, trustee or liquidator of all or substantially all of Maker's assets; (ii) files a voluntary petition in bankruptcy; (iii) admits in writing Maker's inability to pay Maker's debts as they become due or makes a general assignment for the benefit of creditors; (iv) files a petition or an answer seeking a reorganization (other than a reorganization not involving the liabilities of Maker) or an arrangement with creditors or takes advantage of any bankruptcy or insolvency law; or (v) files an answer admitting the material allegations of a petition filed against Maker in any bankruptcy, reorganization or insolvency proceeding.

(d) An order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor adjudicating Maker as bankrupt or insolvent, or appointing a receiver, trustee or liquidator of Maker, or for all or substantially all of Maker's assets, and such order, judgment or decree continues unstayed and in effect for a period of 60 days from the date entered.

(e) If Maker shall dissolve, merge, consolidate, liquidate, reorganize, or terminate its existence without the prior written consent of Holder.

(f) The insolvency, receivership, conservatorship, reorganization, winding-up, liquidation or similar occurrence in respect of the Guarantor under any applicable law.

7. **Remedies.** Except as provided in the final sentence of this Paragraph 7, during an Event of Default, at the option of Holder, exercisable by notice in writing to Maker, all amounts payable by Maker to Holder under the terms of this Installment Note shall immediately become due and payable by Maker to Holder, and Holder shall have all of the rights, powers, and remedies available under the terms of this Installment Note and all applicable laws. Maker and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Installment Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of

dishonor and non-payment of this Installment Note and expressly agree that this Installment Note or any payment under this Installment Note may be extended from time to time without in any way affecting the liability of Maker, guarantors and endorsers. Notwithstanding anything in this Installment Note to the contrary, so long as the Guaranty is in effect and Guarantor has not failed to honor, within the time permitted, any timely and proper demand for payment under the terms of the Guaranty, the Holder shall not have the right to accelerate the maturity of the principal under this Installment Note or exercise any other rights and remedies under this Installment Note at law or in equity, other than (i) to make a demand for payment from the Guarantor under the terms of the Guaranty for accrued and unpaid interest not paid by Maker within sixty (60) days of the applicable due date, or (ii) to make a demand for payment from the Guarantor under the terms of the Guaranty for the full outstanding and unpaid principal balance under this Installment Note within 120 days after the Maturity Date.

8. **Expenses.** Maker promises to pay to Holder on demand by Holder all costs and expenses incurred by Holder in connection with the collection and enforcement of this Installment Note, including, without limitation, all reasonable attorneys' fees actually incurred and expenses and all court costs.

9. **Notices.** All notices, requests and other communications to any party under this Installment Note shall be in writing (including telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth below or such other address or telecopier number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Paragraph 9 and the confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as set out below or (iii) if given by any other means, when delivered at the address specified in this Section:

Maker: **BOISE LAND & TIMBER, L.L.C.**
1111 W. Jefferson Street
P.O. Box 50
Boise, Idaho 83728
Attn: Thomas E. Carlile
Telephone: (208) 384-6161
Facsimile: (208) 384-4920

with a copy to: **WACHOVIA CORPORATION**
301 S. College Street
Charlotte, NC 28288
Attn: Thomas J. Wurtz, Treasurer
Telephone: (704) 374-2250
Facsimile: (704) 374-2040



with a copy to: **WACHOVIA CORPORATION**
301 South College Street
Charlotte, NC 28288
Attn: J. Parrish McCormack, Esq.
Telephone: (704) 374-6509
Facsimile: (704) 383-0353

and a copy to: **WACHOVIA BANK, NATIONAL ASSOCIATION**
100 North Main Street, NC6001
Winston-Salem, NC 27150
Attn: Steve W. Whitcomb, Director
Telephone: (336) 732-2650
Facsimile: (704) 715-0065

Holder: **BOISE CASCADE CORPORATION**
1111 W. Jefferson Street
Boise, ID 83702
Attn: Wayne Rancourt,
Vice-President and Treasurer
Telephone: (208) 384-6073
Facsimile: (208) 384-4312

with a copy to: **BOISE CASCADE CORPORATION**
1111 W. Jefferson Street
Boise, ID 83702
Attn: John Holleran
Senior VP & General Counsel
Telephone: (208) 384-7704
Facsimile: (208) 384-4312

except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed.

10. **Miscellaneous.** Each right, power, and remedy of Holder as provided for in this Installment Note or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Installment Note or now or hereafter existing under applicable law, and the exercise or beginning of the exercise by Holder of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Holder of any or all such other rights, powers, or remedies. No failure or delay by Holder to insist upon the strict performance of any term, condition, covenant, or agreement of this Installment Note, or to exercise any right, power, or remedy consequent upon an Event of Default, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Holder from

exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Installment Note, Holder shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Installment Note or to declare an Event of Default for the failure



to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Installment Note. As used in this Installment Note, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require. As used in this Installment Note, the term "Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in North Carolina are authorized by law to close.

11. **Partial Invalidity.** In the event any provision of this Installment Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Installment Note; but this Installment Note shall be construed as if such invalid, illegal, or unenforceable provision had not been contained in this Installment Note, but only to the extent it is invalid, illegal, or unenforceable.

12. **Captions.** The captions set forth in this Installment Note are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Installment Note.

13. **GOVERNING LAW. WITHOUT IN ANY WAY LIMITING ANY ADDITIONAL RIGHTS AND REMEDIES WHICH HOLDER MAY HAVE UNDER THE LAWS OF ANY OTHER JURISDICTION, THIS INSTALLMENT NOTE IS TO BE GOVERNED BY, CONSTRUED UNDER, AND ENFORCED ACCORDING TO, THE LAWS OF NEW YORK WITH THE SAME FORCE AND EFFECT AS IF THIS INSTALLMENT NOTE HAD BEEN EXECUTED, DELIVERED, ADMINISTERED AND REPAID SOLELY WITHIN NEW YORK.**

14. **CONSENT TO JURISDICTION. MAKER IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION, OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT NOTE. MAKER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT MAKER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. FINAL JUDGMENT IN ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT SHALL BE CONCLUSIVE AND BINDING UPON MAKER AND MAY BE ENFORCED IN ANY COURT IN WHICH MAKER IS SUBJECT TO JURISDICTION BY A SUIT UPON SUCH JUDGMENT PROVIDED THAT SERVICE OF PROCESS IS EFFECTED UPON MAKER AS PROVIDED IN THIS INSTALLMENT NOTE OR AS OTHERWISE PERMITTED BY APPLICABLE LAW.**

15. **Service of Process.** Maker consents to process being served in any suit, action, or proceeding instituted in connection with this Installment Note by the mailing of a copy of such pleadings by certified mail, postage prepaid, return receipt requested, to Maker. Maker



irrevocably agrees that such service shall be deemed to be service of process upon Maker in any such suit, action, or proceeding. Nothing in this Section shall affect the right of Holder to serve process in any manner otherwise permitted by law and nothing in this Section will limit the right of Holder otherwise to bring proceedings against Maker in the courts of any jurisdiction or jurisdictions.

16. **WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED BY LAW, MAKER AND HOLDER EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH MAKER AND HOLDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS INSTALLMENT NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS INSTALLMENT NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY MAKER AND HOLDER, AND MAKER AND HOLDER EACH HEREBY REPRESENT AND WARRANT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. MAKER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS INSTALLMENT NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

17. **Interest Rate Not to Exceed Applicable Laws.** The interest rate or rates required by this Installment Note shall not exceed the maximum rate permissible under applicable laws.

18. **Maker's Obligation**. Maker's obligation to pay all amounts due under this Installment Note shall be absolute and shall not be subject to any set-off, deduction, claim, counterclaim or other right which Maker may have against Initial Holder pursuant to the Purchase Agreement or otherwise.

19. **No Recourse to Property, Etc**. Notwithstanding any provision in this Installment Note to the contrary, Holder shall have no right, remedy or recourse in respect of this Installment Note against either the Assets or any Maker Party. "Maker Party" means any affiliate of Maker or any of Maker's or Maker's affiliates' respective officers, directors, agents, other representatives, stockholders, equity holders or members (whether direct or indirect), except to the extent any such person or entity is a successor to or assign of Maker and subject to the obligations of this Installment Note pursuant to paragraph 20 below. Any judgment, decree or other remedy shall not be subject to execution on, nor lien on, the Assets, the interest of Maker (or of any successor or assign of Maker) in the Assets or any assets of any Maker Party, nor shall Holder seek any other relief with respect to the Assets (or the interest of Maker or successor or assign of Maker in the Assets) or any other Maker Party, it being specifically understood and agreed that no Maker Party shall have any personal liability for the payment of any obligations of Maker under this Installment Note. Notwithstanding anything to the contrary

contained herein, Holder agrees that neither it nor any person acting on its behalf may assert any claim or cause of action for payment of any of the obligations of Maker under this Installment Note against the Assets, the interest of Maker (or any successor or assign of Maker) in the Assets or any Maker Party.

20. **Assignment**. This Installment Note may, without restriction, be assigned, pledged, hypothecated or otherwise transferred by Holder by endorsement or assignment and delivery. Holder shall promptly notify Maker of the name and address of any assignee or other transferee. This Installment Note shall be binding upon Maker and its successors and assigns, and the term "Maker" as used in this Agreement shall include such successors and assigns. Maker shall have no right to assign its obligations under this Installment Note, and any attempted assignment by Maker of such obligations shall be void *ab initio*.



IN WITNESS WHEREOF, Maker executed this Installment Note on the date set forth above.

**BOISE LAND & TIMBER, L.L.C.**, a Delaware limited liability company

By: /s/ Thomas E. Carlile
Thomas E. Carlile,
Authorized Regular Manager

**INSTALLMENT NOTE**

$258,000,000 October 29, 2004

FOR VALUE RECEIVED, **BOISE LAND & TIMBER, L.L.C.**, a Delaware limited liability company ("Maker"), promises to pay to the order of **BOISE SOUTHERN COMPANY** ("Initial Holder"), which along with any other subsequent holder of this promissory note, is sometimes referred to as the "Holder", the principal sum of Two Hundred Fifty-Eight Million and no/100ths Dollars ($258,000,000) ("Principal Sum") together with interest at the rate set out in paragraph 1 below, in accordance with the following:

1. **Interest.** Subject to the terms of paragraph 17 below, the unpaid Principal Sum shall bear interest from the date hereof until paid in full at a fixed rate per annum equal to 4.982%. Such interest shall be payable on each Payment Date (defined below). All interest payable under the terms of this Note shall be calculated on the basis of twelve (12) 30-day months in a 360-day year.

2. **Payments and Maturity.** (a) Interest on the unpaid Principal Sum shall be due and payable semi-annually, on the 29th day of each April and October (each a "Payment Date"), commencing on April 29, 2005, and continuing on each Payment Date thereafter through and until the Maturity Date.

(b) The entire unpaid Principal Sum, together with all accrued and unpaid interest, shall mature and be due and payable in full on January 29, 2020 ("Maturity Date").

(c) If any payment under this Installment Note is due on a day which is not a Business Day (defined below), such payment shall be due and payable on the next succeeding Business Day.

3. **Application and Place of Payments.** All payments made on account of this Installment Note shall be applied, first, to the payment of any unpaid and accrued enforcement and collection costs incurred by Holder, if any, second, to the payment of accrued and unpaid interest, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Installment Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of Holder at the address set out in paragraph 9 below, or at such other times and places as Holder may at any time designate in writing by notice to Maker in accordance with the provisions of Paragraph 9 below.

4. **No Prepayment.** Maker may not voluntarily prepay the Principal Sum or any part of the Principal Sum at any time.

5. **Purchase Agreement and Related Transactions.** Maker, as purchaser, and Initial Holder, as seller, are parties to an Asset Purchase Agreement dated as of July 26, 2004 (as

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such agreement may be subsequently amended, the "Purchase Agreement"), pursuant to which the sole member of Maker has purchased from Initial Holder certain timberland assets (the "Assets"), which are more particularly described in such Purchase Agreement, and Maker is issuing this Installment Note in payment of the purchase price for such Assets. Wachovia Corporation ("Guarantor") has guaranteed the payment of certain obligations by Maker under this Installment Note pursuant to a Guaranty dated as of the date of this Installment Note (the "Guaranty") executed by Guarantor, as guarantor, for the benefit of Initial Holder, as beneficiary.

6. **Events of Default.** The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Installment Note:

(a) The failure of Maker to pay to Holder within three (3) Business days of the applicable due date any and all amounts payable by Maker to Holder under the terms of this Installment Note.

(b) If by the order of a court of competent jurisdiction, a trustee, receiver or liquidator of Maker shall be appointed and such order shall not be discharged or dismissed within 60 days after such appointment.

(c) Maker (i) applies for, or consents in writing to, the appointment of a receiver, trustee or liquidator of all or substantially all of Maker's assets; (ii) files a voluntary petition in bankruptcy; (iii) admits in writing Maker's inability to pay Maker's debts as they become due or makes a general assignment for the benefit of creditors; (iv) files a petition or an answer seeking a reorganization (other than a reorganization not involving the liabilities of Maker) or an arrangement with creditors or takes advantage of any bankruptcy or insolvency law; or (v) files an answer admitting the material allegations of a petition filed against Maker in any bankruptcy, reorganization or insolvency proceeding.

(d) An order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor adjudicating Maker as bankrupt or insolvent, or appointing a receiver, trustee or liquidator of Maker, or for all or substantially all of Maker's assets, and such order, judgment or decree continues unstayed and in effect for a period of 60 days from the date entered.

(e) If Maker shall dissolve, merge, consolidate, liquidate, reorganize, or terminate its existence without the prior written consent of Holder.

(f) The insolvency, receivership, conservatorship, reorganization, winding-up, liquidation or similar occurrence in respect of the Guarantor under any applicable law.

7. **Remedies.** Except as provided in the final sentence of this Paragraph 7, during an Event of Default, at the option of Holder, exercisable by notice in writing to Maker, all amounts payable by Maker to Holder under the terms of this Installment Note shall immediately become due and payable by Maker to Holder, and Holder shall have all of the rights, powers, and remedies available under the terms of this Installment Note and all applicable laws. Maker and all endorsers, guarantors, and other parties who may now or in the future be primarily or

secondarily liable for the payment of the indebtedness evidenced by this Installment Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Installment Note and expressly agree that this Installment Note or any payment under this Installment Note may be extended from time to time without in any way affective the liability of Maker, guarantors and endorsers. Notwithstanding anything in this Installment Note to the contrary, so long as the Guaranty is in effect and Guarantor has not failed to honor, within the time permitted, any timely and proper demand for payment under the terms of the Guaranty, the Holder shall not have the right to accelerate the maturity of the principal under this Installment Note or exercise any other rights and remedies under this Installment Note at law or in equity, other than (i) to make a demand for payment from the Guarantor under the terms of the Guaranty for accrued and unpaid interest not paid by Maker within sixty (60) days of the applicable due date, or (ii) to make a demand for payment from the Guarantor under the terms of the Guaranty for the full outstanding and unpaid principal balance under this Installment Note within 120 days after the Maturity Date.

8. **Expenses.** Maker promises to pay to Holder on demand by Holder all costs and expenses incurred by Holder in connection with the collection and enforcement of this Installment Note, including, without limitation, all reasonable attorneys' fees actually incurred and expenses and all court costs.

9. **Notices.** All notices, requests and other communications to any party under this Installment Note shall be in writing (including telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth below or such other address or telecopier number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Paragraph 9 and the confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as set out below or (iii) if given by any other means, when delivered at the address specified in this Section:

Maker: **BOISE LAND & TIMBER, L.L.C.**
1111 W. Jefferson Street
P.O. Box 50
Boise, Idaho 83728
Attn: Thomas E. Carlile
Telephone: (208) 384-6161
Facsimile: (208) 384-4920

with a copy to: **WACHOVIA CORPORATION**
301 S. College Street
Charlotte, NC 28288
Attn: Thomas J. Wurtz, Treasurer
Telephone: (704) 374-2250
Facsimile: (704) 374-2040



and a copy to: **WACHOVIA CORPORATION**
301 S. College Street
Charlotte, NC 28288
Attn: Parrish McCormack, Esq.
Telephone: (704) 374-6509
Facsimile: (704) 388-0353

and a copy to: **WACHOVIA BANK, NATIONAL ASSOCIATION**
100 North Main Street, NC6001
Winston-Salem, NC 27150
Attn: Steve W. Whitcomb, Director
Telephone: (336) 732-2650
Facsimile: (704) 715-0065

Holder: **BOISE SOUTHERN COMPANY**
1111 W. Jefferson Street
Boise, ID 83702
Attn: Wayne Rancourt,
Vice-President and Treasurer
Telephone: (208) 384-6073
Facsimile: (208) 384-4312

with a copy to: **BOISE CASCADE CORPORATION**
1111 W. Jefferson Street
Boise, ID 83702
Attn: John Holleran
Senior VP & General Counsel
Telephone: (208) 384-7704
Facsimile: (208) 384-4312

except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed.

10. **Miscellaneous.** Each right, power, and remedy of Holder as provided for in this Installment Note or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Installment Note or now or hereafter existing under applicable law, and the exercise or beginning of the exercise by Holder of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Holder of any or all such other rights, powers, or remedies. No failure or delay by Holder to

insist upon the strict performance of any term, condition, covenant, or agreement of this Installment Note, or to exercise any right, power, or remedy consequent upon an Event of Default, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Holder from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Installment Note, Holder shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Installment Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Installment Note.



As used in this Installment Note, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require. As used in this Installment Note, the term "Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in North Carolina or New York are authorized by law to close.

11. **Partial Invalidity.** In the event any provision of this Installment Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Installment Note; but this Installment Note shall be construed as if such invalid, illegal, or unenforceable provision had not been contained in this Installment Note, but only to the extent it is invalid, illegal, or unenforceable.

12. **Captions.** The captions set forth in this Installment Note are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Installment Note.

13. **GOVERNING LAW. WITHOUT IN ANY WAY LIMITING ANY ADDITIONAL RIGHTS AND REMEDIES WHICH HOLDER MAY HAVE UNDER THE LAWS OF ANY OTHER JURISDICTION, THIS INSTALLMENT NOTE IS TO BE GOVERNED BY, CONSTRUED UNDER, AND ENFORCED ACCORDING TO, THE LAWS OF NEW YORK WITH THE SAME FORCE AND EFFECT AS IF THIS INSTALLMENT NOTE HAD BEEN EXECUTED, DELIVERED, ADMINISTERED AND REPAID SOLELY WITHIN NEW YORK.**

14. **CONSENT TO JURISDICTION. MAKER IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION, OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT NOTE. MAKER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT MAKER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. FINAL JUDGMENT IN ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT SHALL BE CONCLUSIVE AND BINDING UPON MAKER AND MAY BE ENFORCED IN ANY COURT IN WHICH MAKER IS SUBJECT TO JURISDICTION BY A SUIT UPON SUCH JUDGMENT PROVIDED THAT SERVICE OF PROCESS IS EFFECTED UPON MAKER AS PROVIDED IN THIS INSTALLMENT NOTE OR AS OTHERWISE PERMITTED BY APPLICABLE LAW.**

15. **Service of Process.** Maker consents to process being served in any suit, action, or proceeding instituted in connection with this Installment Note by the mailing of a copy of such pleadings by certified mail, postage prepaid, return receipt requested, to Maker. Maker irrevocably agrees that such service shall be deemed to be service of process upon Maker in any such suit, action, or proceeding. Nothing in this Section shall affect the right of Holder to serve



process in any manner otherwise permitted by law and nothing in this Section will limit the right of Holder otherwise to bring proceedings against Maker in the courts of any jurisdiction or jurisdictions.

16. **WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED BY LAW, MAKER AND HOLDER EACH HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH MAKER AND HOLDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS INSTALLMENT NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS INSTALLMENT NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY MAKER AND HOLDER, AND MAKER AND HOLDER EACH HEREBY REPRESENT AND WARRANT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. MAKER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS INSTALLMENT NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

17. **Interest Rate Not to Exceed Applicable Laws.** The interest rate or rates required by this Installment Note shall not exceed the maximum rate permissible under applicable laws.

18. **Maker's Obligation**. Maker's obligation to pay all amounts due under this Installment Note shall be absolute and shall not be subject to any set-off, deduction, claim, counterclaim or other right which Maker may have against Initial Holder pursuant to the Purchase Agreement or otherwise.

19. **No Recourse to Property, Etc**. Notwithstanding any provision in this Installment Note to the contrary, Holder shall have no right, remedy or recourse in respect of this Installment Note against either the Assets or any Maker Party. "Maker Party" means any affiliate of Maker or any of Maker's or Maker's affiliates' respective officers, directors, agents, other representatives, stockholders, equity holders or members (whether direct or indirect), except to the extent any such person or entity is a successor to or assign of Maker and subject to the obligations of this Installment Note pursuant to paragraph 20 below. Any judgment, decree or other remedy shall not be subject to execution on, nor lien on, the Assets, the interest of Maker (or of any successor or assign of Maker) in the Assets or any assets of any Maker Party, nor shall Holder seek any other relief with respect to the Assets (or the interest of Maker or successor or assign of Maker in the Assets) or any other Maker Party, it being specifically understood and agreed that no Maker Party shall have any personal liability for the payment of any obligations of Maker under this Installment Note. Notwithstanding anything to the contrary contained herein, Holder agrees that neither it nor any person acting on its behalf may assert any claim or cause of action for payment of any of the obligations of Maker under this Installment

Note against the Assets, the interest of Maker (or any successor or assign of Maker) in the Assets or any Maker Party.

20. **Assignment**. This Installment Note may, without restriction, be assigned, pledged, hypothecated or otherwise transferred by Holder by endorsement or assignment and delivery. Holder shall promptly notify Maker of the name and address of any assignee or other transferee. This Installment Note shall be binding upon Maker and its successors and assigns, and the term "Maker" as used in this Agreement shall include such successors and assigns. Maker shall have no right to assign its obligations under this Installment Note, and any attempted assignment by Maker of such obligations shall be void *ab initio*.



IN WITNESS WHEREOF, Maker executed this Installment Note on the date set forth above.

**BOISE LAND & TIMBER, L.L.C.**, a Delaware limited liability company

By: /s/ Thomas E. Carlile
Thomas E. Carlile,
Authorized Regular Manager

**INSTALLMENT NOTE**

$817,500,000 October 29, 2004

FOR VALUE RECEIVED, **BOISE LAND & TIMBER II, L.L.C.**, a Delaware limited liability company ("Maker"), promises to pay to the order of **BOISE CASCADE CORPOATION** ("Initial Holder"), which along with any other subsequent holder of this promissory note, is sometimes referred to as the "Holder", the principal sum of Eight Hundred Seventeen Million Five Hundred Thousand and no/100ths Dollars ($817,500,000) ("Principal Sum") together with interest at the rate set out in paragraph 1 below, in accordance with the following:

1. **Interest.** Subject to the terms of paragraph 17 below, the unpaid Principal Sum shall bear interest from the date hereof until paid in full at a fixed rate per annum equal to 5.112%. Such interest shall be payable on each Payment Date (defined below). All interest payable under the terms of this Note shall be calculated on the basis of twelve (12) 30-day months in a 360-day year.

2. **Payments and Maturity.** (a) Interest on the unpaid Principal Sum shall be due and payable semi-annually, on the 29th day of each April and October (each a "Payment Date"), commencing on April 29, 2005, and continuing on each Payment Date thereafter through and until the Maturity Date.

(b) The entire unpaid Principal Sum, together with all accrued and unpaid interest, shall mature and be due and payable in full on January 29, 2020 ("Maturity Date").

(c) If any payment under this Installment Note is due on a day which is not a Business Day (defined below), such payment shall be due and payable on the next succeeding Business Day.

3. **Application and Place of Payments.** All payments made on account of this Installment Note shall be applied, first, to the payment of any unpaid and accrued enforcement and collection costs incurred by Holder, if any, second, to the payment of accrued and unpaid interest, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Installment Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of Holder at the address set out in paragraph 9 below, or at such other times and places as Holder may at any time designate in writing by notice to Maker in accordance with the provisions of Paragraph 9 below.

4. **No Prepayment.** Maker may not voluntarily prepay the Principal Sum or any part of the Principal Sum at any time.

5. **Purchase Agreement and Related Transactions.** Maker, as purchaser, and Initial Holder, as seller, are parties to an Asset Purchase Agreement dated as of July 26, 2004 (as

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such agreement may be subsequently amended, the "Purchase Agreement"), pursuant to which the sole member of Maker has purchased from Initial Holder certain timberland assets (the "Assets"), which are more particularly described in such Purchase Agreement, and Maker is issuing this Installment Note in payment of the purchase price for such Assets. Lehman Brothers Holdings, Inc. ("Guarantor") has guaranteed the payment of certain obligations by Maker under this Installment Note pursuant to a Guaranty dated as of the date of this Installment Note (the "Guaranty") executed by Guarantor, as guarantor, for the benefit of Initial Holder, as beneficiary.

6. **Events of Default.** The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Installment Note:

(a) The failure of Maker to pay to Holder within three (3) Business days of the applicable due date any and all amounts payable by Maker to Holder under the terms of this Installment Note.

(b) If by the order of a court of competent jurisdiction, a trustee, receiver or liquidator of Maker shall be appointed and such order shall not be discharged or dismissed within 60 days after such appointment.

(c) Maker (i) applies for, or consents in writing to, the appointment of a receiver, trustee or liquidator of all or substantially all of Maker's assets; (ii) files a voluntary petition in bankruptcy; (iii) admits in writing Maker's inability to pay Maker's debts as they become due or makes a general assignment for the benefit of creditors; (iv) files a petition or an answer seeking a reorganization (other than a reorganization not involving the liabilities of Maker) or an arrangement with creditors or takes advantage of any bankruptcy or insolvency law; or (v) files an answer admitting the material allegations of a petition filed against Maker in any bankruptcy, reorganization or insolvency proceeding.

(d) An order, judgment or decree is entered by any court of competent jurisdiction on the application of a creditor adjudicating Maker as bankrupt or insolvent, or appointing a receiver, trustee or liquidator of Maker, or for all or substantially all of Maker's assets, and such order, judgment or decree continues unstayed and in effect for a period of 60 days from the date entered.

(e) If Maker shall dissolve, merge, consolidate, liquidate, reorganize, or terminate its existence without the prior written consent of Holder.

(f) The insolvency, receivership, conservatorship, reorganization, winding-up, liquidation or similar occurrence in respect of the Guarantor under any applicable law.

7. **Remedies.** Except as provided in the final sentence of this Paragraph 7, during an Event of Default, at the option of Holder, exercisable by notice in writing to Maker, all amounts payable by Maker to Holder under the terms of this Installment Note shall immediately become due and payable by Maker to Holder, and Holder shall have all of the rights, powers, and remedies available under the terms of this Installment Note and all applicable laws. Maker and all endorsers, guarantors, and other parties who may now or in the future be primarily or

secondarily liable for the payment of the indebtedness evidenced by this Installment Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Installment Note and expressly agree that this Installment Note or any payment under this Installment Note may be extended from time to time without in any way affective the liability of Maker, guarantors and endorsers. Notwithstanding anything in this Installment Note to the contrary, so long as the Guaranty is in effect and Guarantor has not failed to honor, within the time permitted, any timely and proper demand for payment under the terms of the Guaranty, the Holder shall not have the right to accelerate the maturity of the principal under this Installment Note or exercise any other rights and remedies under this Installment Note at law or in equity, other than (i) to make a demand for payment from the Guarantor under the terms of the Guaranty for accrued and unpaid interest not paid by Maker within sixty (60) days of the applicable due date, or (ii) to make a demand for payment from the Guarantor under the terms of the Guaranty for the full outstanding and unpaid principal balance under this Installment Note within 120 days after the Maturity Date.

8. **Expenses.** Maker promises to pay to Holder on demand by Holder all costs and expenses incurred by Holder in connection with the collection and enforcement of this Installment Note, including, without limitation, all reasonable attorneys' fees actually incurred and expenses and all court costs.

9. **Notices.** All notices, requests and other communications to any party under this Installment Note shall be in writing (including telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth below or such other address or telecopier number as such party may hereafter specify for the purpose by notice to each other party. Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Paragraph 9 and the confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as set out below or (iii) if given by any other means, when delivered at the address specified in this Section:

Maker: **BOISE LAND & TIMBER II, L.L.C.**
1111 W. Jefferson Street
P.O. Box 50
Boise, Idaho 83728
Attn: Thomas E. Carlile
Telephone: (208) 384-6161
Facsimile: (208) 384-4920

with a copy to: **LEHMAN BROTHERS HOLDINGS INC.**
745 Seventh Avenue, 14th Floor
New York, NY 10019
Attn: Global Treasurer
Telephone: (212) 526-7000
Facsimile: (646) 758-3204



and a copy to: **LEHMAN BROTHERS HOLDINGS INC.**
745 Seventh Avenue, 5/F
New York, NY 10019
Attn: US Product Development
Telephone: (212) 526-2378
Facsimile: (212) 520-0076

Holder: **BOISE CASCADE CORPORATION**
1111 W. Jefferson Street
Boise, ID 83702
Attn: Wayne Rancourt
Vice-President and Treasurer
Telephone: (208) 384-6073
Facsimile: (208) 384-4312

with a copy to: **BOISE CASCADE CORPORATION**
1111 W. Jefferson Street
Boise, ID 83702
Attn: John Holleran
Senior VP & General Counsel
Telephone: (208) 384-7704
Facsimile: (208) 384-4312

except in cases where it is expressly herein provided that such notice, request or demand is not effective until received by the party to whom it is addressed.

10. **Miscellaneous.** Each right, power, and remedy of Holder as provided for in this Installment Note or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Installment Note or now or hereafter existing under applicable law, and the exercise or beginning of the exercise by Holder of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by Holder of any or all such other rights, powers, or remedies. No failure or delay by Holder to insist upon the strict performance of any term, condition, covenant, or agreement of this Installment Note, or to exercise any right, power, or remedy consequent upon an Event of Default, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Holder from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Installment Note, Holder shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Installment Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Installment Note. As used in this Installment Note, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require. As

used in this Installment Note, the term "Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in North Carolina or New York are authorized by law to close.



11. **Partial Invalidity.** In the event any provision of this Installment Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Installment Note; but this Installment Note shall be construed as if such invalid, illegal, or unenforceable provision had not been contained in this Installment Note, but only to the extent it is invalid, illegal, or unenforceable.

12. **Captions.** The captions set forth in this Installment Note are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Installment Note.

13. **GOVERNING LAW. WITHOUT IN ANY WAY LIMITING ANY ADDITIONAL RIGHTS AND REMEDIES WHICH HOLDER MAY HAVE UNDER THE LAWS OF ANY OTHER JURISDICTION, THIS INSTALLMENT NOTE IS TO BE GOVERNED BY, CONSTRUED UNDER, AND ENFORCED ACCORDING TO, THE LAWS OF NEW YORK WITH THE SAME FORCE AND EFFECT AS IF THIS INSTALLMENT NOTE HAD BEEN EXECUTED, DELIVERED, ADMINISTERED AND REPAID SOLELY WITHIN NEW YORK.**

14. **CONSENT TO JURISDICTION. MAKER IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT SITTING IN THE CITY OF NEW YORK OVER ANY SUIT, ACTION, OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INSTALLMENT NOTE. MAKER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT MAKER MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. FINAL JUDGMENT IN ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT SHALL BE CONCLUSIVE AND BINDING UPON MAKER AND MAY BE ENFORCED IN ANY COURT IN WHICH MAKER IS SUBJECT TO JURISDICTION BY A SUIT UPON SUCH JUDGMENT PROVIDED THAT SERVICE OF PROCESS IS EFFECTED UPON MAKER AS PROVIDED IN THIS INSTALLMENT NOTE OR AS OTHERWISE PERMITTED BY APPLICABLE LAW.**

15. **Service of Process.** Maker consents to process being served in any suit, action, or proceeding instituted in connection with this Installment Note by the mailing of a copy of such pleadings by certified mail, postage prepaid, return receipt requested, to Maker. Maker irrevocably agrees that such service shall be deemed to be service of process upon Maker in any such suit, action, or proceeding. Nothing in this Section shall affect the right of Holder to serve process in any manner otherwise permitted by law and nothing in this Section will limit the right of Holder otherwise to bring proceedings against Maker in the courts of any jurisdiction or jurisdictions.

16. **WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED BY LAW, MAKER AND HOLDER EACH HEREBY WAIVE TRIAL BY**



**JURY IN ANY ACTION OR PROCEEDING TO WHICH MAKER AND HOLDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS INSTALLMENT NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS INSTALLMENT NOTE. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY MAKER AND HOLDER, AND MAKER AND HOLDER EACH HEREBY REPRESENT AND WARRANT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. MAKER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS INSTALLMENT NOTE AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

17. **Interest Rate Not to Exceed Applicable Laws.** The interest rate or rates required by this Installment Note shall not exceed the maximum rate permissible under applicable laws.

18. **Maker's Obligation**. Maker's obligation to pay all amounts due under this Installment Note shall be absolute and shall not be subject to any set-off, deduction, claim, counterclaim or other right which Maker may have against Initial Holder pursuant to the Purchase Agreement or otherwise.

19. **No Recourse to Property, Etc**. Notwithstanding any provision in this Installment Note to the contrary, Holder shall have no right, remedy or recourse in respect of this Installment Note against either the Assets or any Maker Party. "Maker Party" means any affiliate of Maker or any of Maker's or Maker's affiliates' respective officers, directors, agents, other representatives, stockholders, equity holders or members (whether direct or indirect), except to the extent any such person or entity is a successor to or assign of Maker and subject to the obligations of this Installment Note pursuant to paragraph 20 below. Any judgment, decree or other remedy shall not be subject to execution on, nor lien on, the Assets, the interest of Maker (or of any successor or assign of Maker) in the Assets or any assets of any Maker Party, nor shall Holder seek any other relief with respect to the Assets (or the interest of Maker or successor or assign of Maker in the Assets) or any other Maker Party, it being specifically understood and agreed that no Maker Party shall have any personal liability for the payment of any obligations of Maker under this Installment Note. Notwithstanding anything to the contrary contained herein, Holder agrees that neither it nor any person acting on its behalf may assert any claim or cause of action for payment of any of the obligations of Maker under this Installment Note against the Assets, the interest of Maker (or any successor or assign of Maker) in the Assets or any Maker Party.

20. **Assignment**. This Installment Note may, without restriction, be assigned, pledged, hypothecated or otherwise transferred by Holder by endorsement or assignment and delivery. Holder shall promptly notify Maker of the name and address of any assignee or other

transferee. This Installment Note shall be binding upon Maker and its successors and assigns, and the term "Maker" as used in this Agreement shall include such successors and assigns. Maker shall have no right to assign its obligations under this Installment Note, and any attempted assignment by Maker of such obligations shall be void *ab initio*.



IN WITNESS WHEREOF, Maker executed this Installment Note on the date set forth above.

**BOISE LAND & TIMBER II, L.L.C.**, a Delaware limited liability company

By: /s/ Thomas E. Carlile
Thomas E. Carlile,
Authorized Regular Manager

# GUARANTY

October 29, 2004

Subject to the terms and conditions of this Guaranty, **WACHOVIA CORPORATION,** a North Carolina corporation ("Guarantor") guarantees the payment of any and all of the Guaranteed Obligations (defined below), whether absolute or contingent, payable by **BOISE LAND & TIMBER, L.L.C.**, a Delaware limited liability company ("Obligor") to **BOISE CASCADE CORPORATION** ("Guaranteed Party #1") and **BOISE SOUTHERN COMPANY** ("Guaranteed Party #2", and collectively with Guaranteed Party #1, each a "Guaranteed Party" and collectively the "Guaranteed Parties", and together with any subsequent Holder of an Installment Note (defined below), collectively, the "Beneficiary"). For purposes of this Guaranty, the "Guaranteed Obligations" are defined as the payments of principal and interest due (as and when such payments shall become due and payable) under the terms of each of the notes described below:

(A) Installment Note dated as of the date of this Guaranty executed by Obligor in favor of Guaranteed Party #1 in the original principal amount of $559,500,000 ("Installment Note #1");

(B) Installment Note dated as of the date of this Guaranty executed by Obligor in favor of Guaranteed Party #2 in the original principal amount of $258,000,000 ("Installment Note #2" and together with Installment Note #1, each an "Installment Note" and collectively, the "Installment Notes").

Capitalized terms not otherwise defined in this Guaranty shall have the meanings assigned under each Installment Note.

## AGREEMENT

1. Guarantor agrees that its obligations under this Guaranty shall be absolute, irrespective of the validity, regularity or enforceability of this Guaranty or the Guaranteed Obligations, the power, authority or capacity of the Obligor, the absence of any action to enforce this Guaranty or the Guaranteed Obligations, the recovery of any judgment against Obligor or any action to realize upon or to enforce payment of the Guaranteed Obligations, the winding up or dissolution of Obligor or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor.

2. Except as set forth in Paragraph 3 below, Guarantor waives notice of the acceptance of this Guaranty and of the extension or continuation of any or all of the Guaranteed Obligations, presentment, protest, notice, demand or action or delinquency in respect of the any or all of Guaranteed Obligations, including, without limiting the foregoing, any right to require a proceeding first against Obligor, any other guarantor, any other entity or person obligated in relation to the any or all of Guaranteed Obligations. Guarantor's obligations under this Guaranty shall not be delayed or restrained upon the commencement of any bankruptcy or insolvency proceedings in relation to

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Obligor or any of its property whether or not any collection, enforcement or other action against Obligor or any of its property is stayed or enjoined. If at any time any payment of any portion of the Guaranteed Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of Obligor or otherwise, Guarantor's obligations under this Guaranty in relation to such payment shall be reinstated at such time as though such payment had not been made.

3. Upon the failure by Obligor to make any payment of principal or interest due under any Installment Note, Beneficiary shall make a written notice of demand (a "Demand") for payment by faxing such Demand (and confirming receipt by telephone) to Guarantor, at Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288, Attention: Thomas J. Wurtz, Treasurer, fax no. (704) 374-2040, telephone no. (704) 374-2250, with a copy to Wachovia Corporation, 301 South College Street, Charlotte, North Carolina 28288, Attention: J. Parrish McCormack, Esq., fax no. (704) 383-0353, telephone no.
(704) 374-6509, or such other address which may be designated by Guarantor by notice to Beneficiary in writing. Each Demand shall be in the form (with the blanks filled in appropriately) specified pursuant to subparagraphs (a), (b) or (c) below, as applicable:

(a) If the Demand is being made with respect to failure to pay regularly scheduled interest when due (without regard to any applicable cure period) under an Installment Note (an "Interest Payment Default"), Beneficiary's notice of Demand shall be in the form of attached Annex A and shall be delivered to Guarantor within sixty (60) days of the date of such Interest Payment Default; or

(b) If the Demand is being made with respect to the failure to pay principal and interest due under an Installment Note upon an acceleration of such Installment Note as a result of an Event of Default under the Installment Note (an "Accelerated Payment Default"), Beneficiary's notice of Demand shall be in the form of attached Annex B and shall be delivered to Guarantor within one hundred twenty (120) days of the date on which Event of Default occurred; or

(c) If the Demand is being made with respect to failure to pay regularly scheduled interest and principal under the Installment Note on the Maturity Date (a "Maturity Date Default"), Beneficiary's notice of Demand shall be in the form of attached Annex C and shall be delivered to Guarantor within one hundred twenty (120) days of the Maturity Date.

Nothing in this Guaranty shall prohibit multiple Demands for payment by Beneficiary with regard to an Installment Note; provided, however, that more than one Demand may be made for Interest Payment Defaults under an Installment Note, but only one Demand may be made for an Accelerated Payment Default or a Maturity Date Default under a particular Installment Note. Once a Demand for an Accelerated Payment Default or a Maturity Date Default has been made, no further Demands may be made by Beneficiary with respect to such Installment Note. A Demand may be made pursuant to this Guaranty at any time on a Business Day during Guarantor's regular business hours. As used in this Guaranty, "Business Day" shall mean any day other than a Saturday or Sunday, or a day on which commercial banks in North Carolina or New York are authorized by law to close.



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Notwithstanding anything to the contrary in this Guaranty, Guarantor shall only be liable to Beneficiary for the payment of:

(i) upon an Interest Payment Default, the regularly scheduled payment of interest which was due on the applicable Installment Note on the date of such Interest Payment Default (provided a Demand was delivered to Guarantor within the notice period set forth in subparagraph (a) above);

(ii) upon an Accelerated Payment Default, (A) accrued and unpaid interest on the applicable Installment Note from the last Payment Date on which payment was made through and until the earlier to occur of (1) the first Business Day after the date of delivery of the applicable Demand to Guarantor and (2) the date which is two hundred forty (240) days from such Payment Date, and (B) the outstanding principal balance of such Installment Note (provided a Demand was delivered to Guarantor within the notice period set forth in subparagraph (b) above); and

(iii) upon a Maturity Payment Default, (A) accrued and unpaid interest on the applicable Installment Note from the last Payment Date on which payment was made through and until the earlier to occur of (1) the first Business Day after the date of delivery of the applicable demand to Guarantor and (2) the date which is two hundred forty (240) days from such Payment Date, and (B) the outstanding principal balance of such Installment Note (provided a Demand was delivered to Guarantor within the notice period set forth in subparagraph (c) above).

Further notwithstanding anything to the contrary in this Guaranty, Guarantor shall have no liability to Beneficiary for any Guaranteed Obligations for which a Demand is not delivered to Guarantor within the notice periods set forth in subparagraphs (a), (b) and (c) above.

4. Guarantor agrees that (i) any such written notice of demand properly delivered prior to 12:00 noon (Eastern Standard Time or Daylight Time, as applicable) on any Business Day will be honored no later than 3:00 p.m. (Eastern Standard Time or Daylight Time, as applicable) on the next succeeding Business Day, and (ii) any such written notice of demand properly delivered after 12:00 noon (Eastern Standard Time or Daylight Time, as applicable) on any Business Day will be honored no later than 3:00 p.m. (Eastern Standard Time or Daylight Time, as applicable) on the second succeeding Business Day. Payments under this Guaranty shall be made in immediately available funds in US dollars in accordance with the payment instructions set forth in such written notice of demand.

5. This Guaranty is a continuing guarantee of payment and will not be discharged except upon (i) complete indefeasible payment of the Guaranteed Obligations, notwithstanding any extensions, waivers, amendments, renewals or any other modifications or indulgences in relation to, or substitutions for, the Guaranteed Obligations or any part thereof, or (ii) the termination of this Guaranty by Beneficiary by written notice to Guarantor.

6. Guarantor represents at all times under this Guaranty that: (a) it is duly organized or formed, validly existing and in good standing under the laws of its jurisdiction or organization or formation; (b) it is duly authorized to enter into and perform its obligations under this Guaranty;



(c) nothing in this Guaranty violates or conflicts with any applicable law or regulation, any of its constitutional documents, or any contractual agreement binding on it; (d) all governmental consents required for this Guaranty are in effect; and (e) its obligations under this Guaranty are legally binding and enforceable except as general principles of equity and bankruptcy or other similar laws affect the enforcement of creditors' rights generally.

7. Until complete indefeasible payment of the Guaranteed Obligations, Guarantor shall not exercise any right of subrogation in relation to payments made by Guarantor pursuant to this Guaranty. Guarantor waives any benefit of collateral (if any) which may from time to time secure all or any of Guaranteed Obligations and authorizes Beneficiary to take any action or exercise any remedy in relation to the Guaranteed Obligations without notice to Guarantor. Guarantor acknowledges that the Guaranteed Obligations are subject to limitations set forth in the Installment Notes and that to the extent Guarantor is subrogated under this Guaranty to Beneficiary's rights under the Installment Notes, such rights will remain subject to all limitations applicable to the Guaranteed Obligations.

8. Guarantor shall pay all costs, fees and expenses (including reasonable attorneys' fees) incurred by Beneficiary in collecting or enforcing the Guaranteed Obligations.

9. No provision of this Guaranty may be amended, supplemented or modified, or any of the terms and provisions of this Guaranty waived, except by a written instrument executed by Guarantor and Beneficiary. Any release of Guarantor under this Guaranty shall be ineffective unless in writing executed by the Beneficiary.

10. This Guaranty shall bind Guarantor, its successors and assigns; inure to the benefit of Beneficiary, its successors and assigns; and be governed by the laws of New York. Guarantor shall have no right to assign its obligations to any other party without the written consent of Beneficiary. With respect to any suit, action or proceedings relating to this Guaranty, Guarantor irrevocably waives (to the fullest extent permitted by law) any and all right to trial by jury in any legal proceeding in connection with this Guaranty.

11. All payments under this Guaranty will be made without any deduction or withholding for or on account of any taxes (other than stamp, registration, documentation, or similar tax) unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If Guarantor is so required to deduct or withhold on account of such taxes, then the Guarantor will (i) promptly notify Beneficiary of such requirement; (ii) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any amount paid by Guarantor to Beneficiary under clause (iv) below) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Beneficiary; (iii) promptly forward to Beneficiary an official receipt (or a certified copy), or such other documentation reasonably acceptable to Beneficiary, evidencing such payment to such authorities; and (iv) pay to Beneficiary, in addition to the payment which Beneficiary is otherwise entitled under this Guaranty, such additional amount as is necessary to ensure that the net amount actually received by Beneficiary (free and clear of any such taxes, whether assessed against



Guarantor or Beneficiary) will equal the full amount Beneficiary would have received had no such deduction or withholding been required.

12. This Guaranty is nonnegotiable, and the benefits of this Guaranty may not be transferred by Beneficiary except in conjunction with the transfer of an Installment Note.

13. Any provision of this Guaranty which is prohibited or determined by a court of law to be unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or

enforceability of such provision in any other jurisdiction.

14. Notices or communications in respect of this Guaranty shall be addressed to Guarantor at its address provided below.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, Guarantor has executed this Guaranty by its duly authorized officer as of the day first above written.

**WACHOVIA CORPORATION,** a North Carolina corporation

By: /s/ Thomas J. Wurtz
Thomas J. Wurtz,
Treasurer

Address: Wachovia Corporation
301 S. College Street
Charlotte, NC 28288
Attn: Thomas J. Wurtz, Treasurer
Telephone: (704) 374-2250
Facsimile: (704) 374-2040

# GUARANTY

October 29, 2004

Subject to the terms and conditions of this Guaranty, **LEHMAN BROTHERS HOLDINGS INC.,** a Delaware corporation ("Guarantor") guarantees the payment of any and all of the Guaranteed Obligations (defined below), whether absolute or contingent, payable by **BOISE LAND & TIMBER II, L.L.C.**, a Delaware limited liability company ("Obligor") to **BOISE CASCADE CORPORATION**, together with any subsequent Holder of the Installment Note (defined below) the "Beneficiary"). For purposes of this Guaranty, the "Guaranteed Obligations" are defined as the payments of principal and interest due (as and when such payments shall become due and payable) under the terms of the Installment Note dated as of the date of this Guaranty executed by Obligor in favor of Beneficiary in the original principal amount of $817,500,00. Capitalized terms not otherwise defined in this Guaranty shall have the meanings assigned under the Installment Note.

## AGREEMENT

1. Guarantor agrees that its obligations under this Guaranty shall be absolute, irrespective of the validity, regularity or enforceability of this Guaranty or the Guaranteed Obligations, the power, authority or capacity of the Obligor, the absence of any action to enforce this Guaranty or the Guaranteed Obligations, the recovery of any judgment against Obligor or any action to realize upon or to enforce payment of the Guaranteed Obligations, the winding up or dissolution of Obligor or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor.

2. Except as set forth in Paragraph 3 below, Guarantor waives notice of the acceptance of this Guaranty and of the extension or continuation of any or all of the Guaranteed Obligations, presentment, protest, notice, demand or action or delinquency in respect of the any or all of Guaranteed Obligations, including, without limiting the foregoing, any right to require a proceeding first against Obligor, any other guarantor, any other entity or person obligated in relation to the any or all of Guaranteed Obligations. Guarantor's obligations under this Guaranty shall not be delayed or restrained upon the commencement of any bankruptcy or insolvency proceedings in relation to Obligor or any of its property whether or not any collection, enforcement or other action against Obligor or any of its property is stayed or enjoined. If at any time any payment of any portion of the Guaranteed Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy or reorganization of Obligor or otherwise, Guarantor's obligations under this Guaranty in relation to such payment shall be reinstated at such time as though such payment had not been made.

3. Upon the failure by Obligor to make any payment of principal or interest due under any Installment Note, Beneficiary shall make a written notice of demand (a "Demand") for payment by faxing such Demand (and confirming receipt by telephone) to Guarantor, at Lehman Brothers Holdings, Inc., 745 Seventh Avenue, 14F, New York, NY 10019 Attn: Global Treasurer, Telephone: (212) 526-7000, Facsimile: (646) 758-3204, or such other address which may be designated by Guarantor by notice to Beneficiary in writing. Each Demand shall be in the form (with the blanks filled in appropriately) specified pursuant to subparagraphs (a), (b) or (c) below, as applicable:

(a) If the Demand is being made with respect to failure to pay regularly scheduled interest when due (without regard to any applicable cure period) under the Installment Note (an "Interest Payment Default"), Beneficiary's notice of Demand shall be in the form of attached Annex A and shall be delivered to Guarantor within sixty (60) days of the date of such Interest Payment Default; or

(b) If the Demand is being made with respect to the failure to pay principal and interest due under an Installment Note upon an acceleration of such Installment Note as a result of an Event of Default under the Installment Note (an "Accelerated Payment Default"), Beneficiary's notice of Demand shall be in the form of attached Annex B and shall be delivered to Guarantor within one hundred twenty (120) days of the date on which Event of Default occurred; or

(c) If the Demand is being made with respect to failure to pay regularly scheduled interest and principal under the Installment Note on the Maturity Date (a "Maturity Date Default"), Beneficiary's notice of Demand shall be in the form of attached Annex C and shall be delivered to Guarantor within one hundred twenty (120) days of the Maturity Date.

Nothing in this Guaranty shall prohibit multiple Demands for payment by Beneficiary with regard to an Installment Note; provided, however, that more than one Demand may be made for Interest Payment Defaults under an Installment Note, but only one Demand may be made for an Accelerated Payment Default or a Maturity Date Default under the Installment Note. Once a Demand for an Accelerated Payment Default or a Maturity Date Default has been made, no further Demands may be made by Beneficiary with respect to such Installment Note. A Demand may be made pursuant to this Guaranty at any time on a Business Day during Guarantor's regular business hours. As used in this Guaranty, "Business Day" shall mean any day other than a Saturday or Sunday, or a day on which commercial banks in North Carolina or New York are authorized by law to close.

Notwithstanding anything to the contrary in this Guaranty, Guarantor shall only be liable to Beneficiary for the payment of:

(i) upon an Interest Payment Default, the regularly scheduled payment of interest which was due on the Installment Note on the date of such Interest Payment Default (provided a Demand was delivered to Guarantor within the notice period set forth in subparagraph (a) above);

(ii) upon an Accelerated Payment Default, (A) accrued and unpaid interest on the Installment Note from the last Payment Date on which payment was made through and until the earlier to occur of (1) the first Business Day after the date of delivery of the applicable Demand to Guarantor and (2) the date which is two hundred forty (240) days from such Payment Date, and (B) the outstanding principal balance of such Installment Note (provided a Demand was delivered to Guarantor within the notice period set forth in subparagraph (b) above); and

(iii) upon a Maturity Payment Default, (A) accrued and unpaid interest on the Installment Note from the last Payment Date on which payment was made through and until the earlier to occur of (1) the first Business Day after the date of delivery of the applicable demand to

Guarantor and (2) the date which is two hundred forty (240) days from such Payment Date, and (B) the outstanding principal balance of such Installment Note (provided a Demand was delivered to Guarantor within the notice period set forth in subparagraph (c) above).

Further notwithstanding anything to the contrary in this Guaranty, Guarantor shall have no liability to Beneficiary for any Guaranteed Obligations for which a Demand is not delivered to Guarantor within the notice periods set forth in subparagraphs (a), (b) and (c) above.

4. Guarantor agrees that (i) any such written notice of demand properly delivered prior to 12:00 noon (Eastern Standard Time or Daylight Time, as applicable) on any Business Day will be honored no later than 3:00 p.m. (Eastern Standard Time or Daylight Time, as applicable) on the next succeeding Business Day, and (ii) any such written notice of demand properly delivered after 12:00 noon (Eastern Standard Time or Daylight Time, as applicable) on any Business Day will be honored no later than 3:00 p.m. (Eastern Standard Time or Daylight Time, as applicable) on the second succeeding Business Day. Payments under this Guaranty shall be made in immediately available funds in US dollars in accordance with the payment instructions set forth in such written notice of demand.

5. This Guaranty is a continuing guarantee of payment and will not be discharged except upon (i) complete indefeasible payment of the Guaranteed Obligations, notwithstanding any extensions, waivers, amendments, renewals or any other modifications or indulgences in relation to, or substitutions for, the Guaranteed Obligations or any part thereof, or (ii) the termination of this Guaranty by Beneficiary by written notice to Guarantor.

6. Guarantor represents at all times under this Guaranty that: (a) it is duly organized or formed, validly existing and in good standing under the laws of its jurisdiction or organization or formation; (b) it is duly authorized to enter into and perform its obligations under this Guaranty; (c) nothing in this Guaranty violates or conflicts with any applicable law or regulation, any of its constitutional documents, or any contractual agreement binding on it; (d) all governmental consents required for this Guaranty are in effect; and (e) its obligations under this Guaranty are legally binding and enforceable except as general principles of equity and bankruptcy or other similar laws affect the enforcement of creditors' rights generally.

7. Until complete indefeasible payment of the Guaranteed Obligations, Guarantor shall not exercise any right of subrogation in relation to payments made by Guarantor pursuant to this Guaranty. Guarantor waives any benefit of collateral (if any) which may from time to time secure all or any of Guaranteed Obligations and authorizes Beneficiary to take any action or exercise any remedy in relation to the Guaranteed Obligations without notice to Guarantor. Guarantor acknowledges that the Guaranteed Obligations are subject to limitations set forth in the Installment Note, and that to the extent Guarantor is subrogated under this Guaranty to Beneficiary's rights under the Installment Notes, such rights will remain subject to all limitations applicable to the Guaranteed Obligations.

8. Guarantor shall pay all costs, fees and expenses (including reasonable attorneys' fees) incurred by Beneficiary in collecting or enforcing the Guaranteed Obligations.



9. No provision of this Guaranty may be amended, supplemented or modified, or any of the terms and provisions of this Guaranty waived, except by a written instrument executed by Guarantor and Beneficiary. Any release of Guarantor under this Guaranty shall be ineffective unless in writing executed by the Beneficiary.

10. This Guaranty shall bind Guarantor, its successors and assigns; inure to the benefit of Beneficiary, its successors and assigns; and be governed by the laws of New York. Guarantor shall have no right to assign its obligations to any other party without the written consent of Beneficiary. With respect to any suit, action or proceedings relating to this Guaranty, Guarantor irrevocably waives (to the fullest extent permitted by law) any and all right to trial by jury in any legal proceeding in connection with this Guaranty.

11. All payments under this Guaranty will be made without any deduction or withholding for or on account of any taxes (other than stamp, registration, documentation, or similar tax) unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If Guarantor is so required to deduct or withhold on account of such taxes, then the Guarantor will (i) promptly notify Beneficiary of such requirement; (ii) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any amount paid by Guarantor to Beneficiary under clause (iv) below) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Beneficiary; (iii) promptly forward to Beneficiary an official receipt (or a certified copy), or such other documentation reasonably acceptable to Beneficiary, evidencing such payment to such authorities; and (iv) pay to Beneficiary, in addition to the payment which Beneficiary is otherwise entitled under this Guaranty, such additional amount as is necessary to ensure that the net amount actually received by Beneficiary (free and clear of any such taxes, whether assessed against Guarantor or Beneficiary) will equal the full amount Beneficiary would have received had no such deduction or withholding been required.

12. This Guaranty is nonnegotiable, and the benefits of this Guaranty may not be transferred by Beneficiary except in conjunction with the transfer of an Installment Note.

13. Any provision of this Guaranty which is prohibited or determined by a court of law to be unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

14. Notices or communications in respect of this Guaranty shall be addressed to Guarantor at its address provided below.

[SIGNATURE PAGE FOLLOWS]



IN WITNESS WHEREOF, Guarantor has executed this Guaranty by its duly authorized officer as of the day first above written.

**LEHMAN BROTHERS HOLDINGS INC.,** a Delaware corporation

By: /s/ David Goldfarb

Name: Goldfarb, Dave
Treasurer: CFO and MD

Address:

Lehman Brothers Holdings Inc.
745 Seventh Avenue, 14th Floor
New York, NY 10019
Attn: Global Treasurer
Telephone: (212) 526-7000
Facsimile: (646) 758-3204

# EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of December, 2003, by and between BOISE CASCADE OFFICE PRODUCTS CORPORATION, a Delaware corporation ("Boise Office Solutions"), and GARY PETERSON (the "Executive").

R E C I T A L S :

WHEREAS, Boise Cascade Corporation ("Parent") and OfficeMax, Inc. ("OfficeMax"), entered into an Agreement and Plan of Merger, dated July 13, 2003 (the "Merger"), whereby Parent acquired OfficeMax and is integrating its operations with Boise Office Solutions, Parent's office products distribution business ("Combined Enterprise"); and

WHEREAS, Executive and OfficeMax entered into a Letter Agreement, dated February 16, 2000, regarding the Executive's employment with OfficeMax as President and Chief Operating Officer ("Letter Agreement"); and

WHEREAS, Executive and OfficeMax entered into an Executive Severance Agreement, dated June 24, 2003, wherein certain provisions of the Letter Agreement were amended and modified ("Executive Severance Agreement"); and

WHEREAS, for the purposes of this Agreement, Boise Office Solutions acknowledges that there has been a "Change in Control" as that term is defined in the Executive Severance Agreement; and

WHEREAS, Boise Office Solutions desires Executive to provide services to the Combined Enterprise, and Executive desires to provide such services to the Combined Enterprise, on the terms specified herein; and

WHEREAS, Boise Office Solutions and Executive acknowledge that there will be some period of time before OfficeMax and Boise Office Solutions will be integrated and combined, and, therefore, references to employment with the Combined Enterprise shall be deemed to include Executive's employment with OfficeMax after the Closing Date (as defined below), such that reference to the Combined Enterprise shall mean OfficeMax as applicable at the relevant period in time; and

WHEREAS, Boise Office Solutions and Executive mutually desire to agree upon the terms of Executive's employment with the Combined Enterprise and, in addition thereto, agree to certain benefits of employment.

NOW, THEREFORE, the parties agree as follows:

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1. Term of Agreement. Upon the Effective Date (as defined below), this Agreement amends and supersedes, by deleting them in their entirety, the Letter Agreement and the Executive Severance Agreement, which shall be completely null and void. This Agreement shall be effective upon the Closing Date (as that term is defined in the Agreement and Plan of Merger) of the Merger ("Effective Date") and shall continue in effect for a period of 36 months following the Effective Date ("Term"), at which time this Agreement shall expire by its terms and have no further force or effect; provided, however, that any confidentiality, nonsolicitation, and/or noncompete obligations binding on the Executive, including those set forth in Section 8, shall continue to be binding on him in accordance with their terms. Notwithstanding anything to the contrary stated herein, this Agreement shall terminate prior to the date set forth above without any further acts by either party upon (a) termination of the Executive's employment for Cause or Disability (each as respectively defined in Section 5); (b) termination of the Executive's employment due to Executive's death or by the Executive for other than Good Reason (as defined in Section 5); or (c) completion by Boise Office Solutions of all of its obligations if benefits shall become payable hereunder; provided, however, that any confidentiality, nonsolicitation, and/or noncompete obligations binding on the Executive, including those set forth in Section 8, shall continue to be binding on him in accordance with their terms.

2. Title and Duties. Executive shall be the "President, Retail" and shall report directly to Chris Milliken, the CEO of the Combined Enterprise or his successor with responsibility for all superstore retail operations and logistics for the Combined Enterprise or any of its present or future office products subsidiaries or affiliates as Boise Office Solutions may direct. The Executive shall perform such duties, compatible with the Executive's position, as the CEO may reasonably require.

3. Compensation.

(a) Base Salary. Base annual salary shall be no less than $675,000/year ("Base Salary") during the Term, payable at the times established by Boise Office Solutions from time to time as the normal salary payment interval for its employees, subject to the Executive's rights set forth in Section 5(c), should Executive's Base Salary be reduced during the Term.

(b) Annual and Long-Term Incentives. Annual and long-term incentives, if any, shall be payable to Executive from time to time in accordance with the terms of such plans applicable to the Combined Enterprise, which include, without limitation, the 2003 Boise Incentive and Performance Plan, as amended (copies of which have been provided to Executive) ("Bonus Programs"), which are established and maintained by Combined Enterprise or Parent on behalf of the Combined Enterprise during the Term. Executive's annual target bonus under such Bonus Programs shall not be less than 65% of his Base Salary during the Term. The Combined Enterprise may modify, including termination of, any Bonus Program from time to time. If a Bonus Program is modified or terminated, Executive shall be treated consistent with the treatment afforded the other Senior Executives of the Combined Enterprise under such modified or terminated Bonus Program, or any Bonus Program that replaces such



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modified or terminated Bonus Program. For the purposes of this Agreement, Senior Executives shall mean the senior managers of the Combined Enterprise reporting to the CEO and including the CEO. No payout is guaranteed under any Bonus Program, and payouts, if any, are strictly governed by the terms of each such program.

(c) Retention Incentive. In consideration of Executive's employment with the Combined Enterprise, a retention incentive of $2,500,000 shall be paid to Executive ("Retention Incentive") under the terms stated in this Section 3(c). Subject to set-off against the payments as set forth in Section 6(d), partial payments of the Retention Incentive will be made in the form of a lump-sum cash payment at the end of the applicable 12 months, 24 months, and 36 months (measured from the Effective Date) as follows:

| Period of Employment | Lump-Sum Cash Payment |
|---|---|
| 12 months | $ 500,000 |
| 24 months | $ 500,000 |
| 36 months | $ 1,500,000 |

Payment of the Retention Incentive shall be due only if Executive remains employed with the Combined Enterprise throughout the relevant 12, 24, or 36-month period. Payment will be made within 15 days of such partial Retention Incentive becoming due.

4. Location of Employment. Position and function shall be initially based in Cleveland, Ohio. At a yet undetermined time (but no sooner than 12 months following the Effective Date), headquarters for the superstore retail operations may be relocated to Itasca, Illinois, and Executive may be asked to relocate to the Itasca area. If so, relocation benefits according to Boise Office Solutions policy will be provided.

5. Termination of Employment. The Executive shall be entitled to the benefits provided under Section 6 upon the Executive's "Qualifying Termination" (as defined herein) during the 24-month period following the Effective Date (the "Protection Period") or the 12-month period following the Protection Period, as applicable. For purposes hereof, a "Qualifying Termination" shall mean (i) a termination of Executive's employment by Boise Office Solutions for any reason other than for Cause or Disability or due to the Executive's death, (ii) a material adverse alteration in Executive's duties and responsibilities as such duties and responsibilities are described in Section 2, which shall be deemed a constructive termination for purposes of this Agreement, or (iii) the Executive's termination of employment for "Good Reason" (as defined in this Section 5).

(a) Disability. If the Executive is absent from duties with the Combined Enterprise on a full-time basis for eighteen consecutive months due to a physical or mental incapacity, and the Executive has not returned to the full-time performance of the Executive's duties with thirty (30) days after written Notice of Termination (as defined below) is given to the Executive by Boise Office Solutions, such termination



shall be considered to be termination by Boise Office Solutions for "Disability" for purposes of this Agreement.

(b) Cause. Boise Office Solutions may terminate the Executive's employment for Cause. For purposes of this Agreement only, Boise shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) a violation of any policy of Boise Office Solutions or the Combined Enterprise that causes material injury to either or both of Boise Office Solutions or the Combined Enterprise; (ii) an act of fraud, embezzlement, theft, or any other material violation of law that interferes with Executive's ability to perform Executive's duties and responsibilities for the Combined Enterprise; (iii) intentional damage to material assets of either or both of Boise Office Solutions or the Combined Enterprise; (iv) wrongful engagement in any competitive activity that would constitute a breach of the duty of loyalty to Boise Office Solutions or the Combined Enterprise; (v) wrongful disclosure of confidential information of Parent, Boise Office Solutions and/or Combined Enterprise; (vi) wrongful failure or refusal to perform, or gross negligence in the performance of, Executive's duties and responsibilities for the Combined Enterprise; (vii) making unauthorized comments to the media regarding Parent, Boise Office Solutions, and/or the Combined Enterprise; or (viii) a material violation of Boise Office Solutions' Standards of Business Conduct Policy, as updated from time to time, a current copy of which is attached.

(c) Good Reason. The Executive shall be entitled to terminate the Executive's employment for Good Reason if a Good Reason event occurs during the Protection Period. For purposes of this Agreement only, "Good Reason" shall exist if any of the following occur without the Executive's express prior written consent:

(i) A reduction in either the Executive's annual rate of Base Salary or level of participation in any Bonus Program for which he is eligible (other than part of a salary reduction or changes in Bonus Programs generally imposed on all Senior Executives of the Combined Enterprise);

(ii) An elimination or reduction of Executive's participation in any benefit plan generally available to Senior Executives of the Combined Enterprise, unless the Combined Enterprise continues to offer Executive benefits substantially similar to those made available by such plan, provided, however, that a change to a plan in which Senior Executives of the Combined Enterprise generally participate, including termination of any such plan, if it does not result in a proportionately greater reduction in the rights of, or benefits to, Executive as compared with the other Senior Executives of the Combined Enterprise or is required by law or a technical change, will not be deemed to be Good Reason;

(iii) Failure of any successor (whether direct or indirect, by purchase of stock or assets, merger, consolidation, or otherwise) to the Combined Enterprise to assume Boise Office Solutions' obligations under this Agreement; or



(iv) Other than as contemplated and provided for in Section 4, a transfer of Executive's principal business office to a location outside of the area where the function for which Executive is responsible is performed.

The Executive will be deemed to have waived his rights relating to circumstances constituting Good Reason if he has not provided to Boise Office Solutions a written Notice of Termination within ninety (90) days following his knowledge of circumstances constituting Good Reason.

(d) Notice of Termination. Any purported termination of the Executive by Boise Office Solutions or by the Executive shall be communicated by written Notice of Termination to the other party in accordance with Section 10. For purposes of this Agreement only, a "Notice of Termination" shall mean a notice that indicates the specific termination provision in this Agreement relied upon and the facts, if any, supporting application of such provision.

(e) Date of Termination; Dispute Concerning Termination. "Date of Termination" shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive has not returned to the performance of the Executive's duties on a full-time basis during such thirty (30) day period); or (ii) if the Executive's employment is terminated by Boise Office Solutions for any reason other than Disability or by the Executive for any reason, the date specified in the Notice of Termination (which, in the case of a termination by Boise Office Solutions shall be not less than thirty (30) days, and in the case of a termination by the Executive shall not be more than sixty (60) days, respectively, from the date such Notice of Termination if given); or (iii) if the Executive dies, his date of death (without any requirement that a Notice of Termination be provided); provided, however, that if the party receiving such Notice of Termination notifies the other party within thirty (30) days after the date such Notice of Termination is given that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a binding arbitration award referred to in Section 14; and provided, further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice shall pursue the resolution of such dispute with reasonable diligence. Boise Office Solutions shall continue to pay the Executive the Executive's full compensation in effect when the notice giving rise to the dispute was given and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive participated, according to their terms and conditions, when the Notice of Termination was given (ignoring any reductions that gave rise to Good Reason) until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section shall be offset against or reduce any other amounts due under this Agreement. In addition, for purposes of determining whether any Qualifying Termination has occurred during the Protection Period, the date of Notice of Termination is given pursuant to this Section shall be deemed the date of the Executive's Qualifying Termination.



6. Compensation Upon Termination.

(a) Salary and Other Compensation of Benefits. If the Executive's employment is terminated during the Protection Period, Boise Office Solutions shall pay the Executive's Base Salary through the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all compensation and benefits to which the Executive is entitled through the Date of Termination under the terms of this Agreement, including any due but unpaid Retention Incentive payments (subject to setoff as set forth herein in Section 6(d)), or any other compensation or benefit plan, program or arrangement, or Bonus Program maintained by the Combined Enterprise or its affiliates during such period (ignoring, if applicable, any reduction that gave rise to Good Reason).

(b) Disability. During any period that Executive fails to perform the Executive's duties hereunder as a result of mental or physical incapacity, the Executive shall continue to receive the Executive's Base Salary at the rate then in effect and continue to participate in all benefit plans and Bonus Programs until the Executive's employment is terminated pursuant to Section 5(a). Thereafter, the Executive's benefits shall be determined in accordance with the insurance and other benefit programs and Bonus Programs then applicable to the Executive.

(c) Cause; Voluntary Termination of Employment Without Good Reason. If the Executive's employment is terminated for Cause or the Executive voluntarily terminates employment without Good Reason, Boise Office Solutions shall pay the Executive only the Executive's Base Salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, together with other compensation and benefits to which the Executive is entitled, if any, under the terms of this Agreement, including any due but unpaid Retention Incentive payments, or any other compensation or benefits plan, program or arrangement, or Bonus Programs maintained by the Combined Enterprise and applicable to the Executive, and Boise Office Solutions shall have no further obligations to the Executive under this Agreement.

(d) Qualifying Termination. If the Executive's employment is terminated in a Qualifying Termination during the Protection Period, then the Executive shall be entitled to the following benefits:

(i) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination or other severance benefits, Boise Office Solutions shall pay to the Executive a lump sum payment of $3,300,000 (three million, three hundred thousand dollars) minus all previously paid and due but unpaid Retention Incentive payments (such due but unpaid Retention Incentive payments to be paid pursuant to Section 6(a));

(ii) Payment under the Bonus Programs, if any, of a pro rata portion of amounts due according to the terms of each plan for the award period during which the Date of Termination occurs, notwithstanding that the Bonus Programs may



not provide for pro rata awards. Such pro rata portion shall be determined by multiplying the aggregate amount, if any, that would have been payable under the terms of each plan, if Executive had remained employed under this Agreement for the entire award period by a fraction, the numerator of which is the number of days during the award period that Executive was employed and the denominator of which is the number of days in the award period (the "Partial Year Fraction"); and

(iii) $10,000 for tax and financial planning services.

To be eligible to receive benefits under this Section 6(d), the Executive shall be required to execute and deliver a valid, binding, and irrevocable general release in substantially the form attached hereto as Exhibit A (which Boise Office Solutions shall deliver to the Executive promptly after the date of his Qualifying Termination). The payments provided for in this Section 6(d) shall be made not later than the date the release described above becomes binding and irrevocable under applicable law; provided, however, that, if the amounts of such payments cannot be finally determined on or before such day, Boise Office Solutions shall pay to the Executive on such day an estimate, as determined in good faith by Boise Office Solutions, of the minimum amount of such payments to which the Executive is clearly entitled, and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), as soon as the amount thereof can be determined, but in no event later than the thirtieth ($30^{th}$) day after the Date of Termination. If the amount finally determined to be due to the Executive is less than the estimated payment previously paid to Executive, the Executive shall repay to Boise Office Solutions, within five (5) business days following the time that the amount of the reduction of the payment due is finally determined, the portion of the payment attributable to the reduction (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). When payments are made under this Section, Boise Office Solutions shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including, without limitation, any opinions or other advice Boise Office Solutions has received from outside counsel, auditors, or consultants (and any such written opinions or advice shall be attached to the statement).

(e) Involuntary Termination after the Protection Period.

(i) If the Executive's employment is terminated in a Qualifying Termination after the Protection Period, but before the end of the 27th month of the Term, then Executive shall be entitled to the following benefits:

(1) In lieu of any severance payments and as a pro rata payment of any Retention Incentive, a lump sum of $1,100,000 (one million one hundred thousand dollars). Boise Office Solutions shall have no further obligations under Section 3(c); and



(2) Payment under the Bonus Programs, if any, of (A) amounts to which the Executive is entitled, if any, through the Date of Termination according to the terms of each plan for any prior award periods, plus (B) a pro rata portion of amounts due according to the terms of each plan for the award period during which the Date of Termination occurs, notwithstanding that the Bonus Programs may not provide for pro rata awards. Such pro rata portion shall be determined by multiplying the aggregate amount, if any, that would have been payable under the terms of each plan, if Executive had remained employed under this Agreement for the entire award period by the Partial Year Fraction.

(ii) If the Executive's employment is terminated in a Qualifying Termination after the end of the 27th month, but before the end of the Term, then Executive shall be entitled to the following benefits:

(1) Severance in accordance with the severance policy applicable to all Senior Executives of the Combined Enterprise;

(2) A pro rata portion (based on the number of full months passed of the applicable calendar year up to the Date of Termination) of any unpaid Retention Incentive remaining. Boise Office Solutions shall have no further obligations under Section 3(c); and

(3) Payment under the Bonus Programs, if any, of (A) amounts to which the Executive is entitled, if any, through the Date of Termination according to the terms of each plan for any prior award periods, plus (B) a pro rata portion of amounts due according to the terms of each plan for the award period during which the Date of Termination occurs, notwithstanding that the Bonus Programs may not provide for pro rata awards. Such pro rata portion shall be determined by multiplying the aggregate amount, if any, that would have been payable under the terms of each plan, if Executive had remained employed under this Agreement for the entire award period by the Partial Year Fraction.

To be eligible to receive benefits under this Section 6(e), the Executive shall be required to execute and deliver a valid, binding, and irrevocable general release in substantially the form attached hereto as Exhibit A (which Boise Office Solutions shall deliver to the Executive promptly after the date of Executive's termination of employment). The payments provided for in this Section 6(e) shall be made not later than the date the release described above becomes binding and irrevocable under applicable law.

(f) Insurance Benefits. If the Executive's employment is terminated in a Qualifying Termination during the Protection Period, Boise Office Solutions shall maintain in full force and effect for the 24 months following such termination all life insurance, disability insurance, accidental death and dismemberment insurance, dental coverage, and medical coverage in which the Executive and the Executive's dependents participated immediately before the Date of Termination, on the same cost-



sharing basis that applied to the Executive immediately prior to the Executive's Date of Termination. If such participation (or a particular type of coverage) under any such plan or arrangement shall be barred, Boise Office Solutions shall provide the Executive with benefits, at the same after-tax cost to the Executive, that are substantially similar to those the Executive and the Executive's dependents would have otherwise received under this Section. If the Executive, as the result of the Qualifying Termination during the Protection Period, elects to convert his Long-Term Disability Insurance, if any, to a personal policy maintained by the carrier used by Boise Office Solutions (not greater than the coverage in effect immediately prior to the Qualifying Termination), Boise Office Solutions shall reimburse the Executive for any premiums paid during the applicable period following the Qualifying Termination. If the Executive's employment is terminated after the Protection Period, but during the Term, Boise Office Solutions shall have no obligations under this Section 6(f), but Executive shall be entitled to receive such benefits for which Executive is enrolled, in accordance with the terms of such plan.

(g) Death. In the event of the Executive's death, Boise Office Solutions shall have no further obligations to the Executive under this Agreement, but the Executive's estate shall be entitled to receive death benefits under Boise Office Solutions' benefit plans and arrangements as may be applicable to the Executive.

(h) Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in Sections 6(c), (d), (e), and (f) by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in Sections 6(c), (d), or (e) be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise. Benefits otherwise receivable by the Executive pursuant to Section 6(f) shall be reduced to the extent comparable benefits are actually received by the Executive during the period Section 6(f) shall be applicable, and any such benefits actually received by the Executive shall be reported to Boise Office Solutions.

7. Excise Taxes. The following provisions shall apply to any excise tax imposed under Section 4999 of the Code (or its successor) (the "Excise Tax") as a result of payments due under Section 6(d):

(a) Subject to Section 7(b) below, if it shall be determined that any payment or distribution by Boise Office Solutions to or for the benefit of the Executive, whether paid or payable or distributed or distributable as a result of payments due under Section 6(d) (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, Boise Office Solutions shall pay the Executive an additional amount (the "Gross-Up Payment"), such that the net amount retained by the Executive after deduction of any Excise Tax, and any federal, state, and local income tax; employment tax; excise tax; and other tax imposed upon the Gross-Up Payment, shall be equal to the Payment.

(b) Notwithstanding Section 7(a), and notwithstanding any other provisions of this Agreement to the contrary, if the net after-tax benefit to the Executive

of receiving the Gross-Up Payment does not exceed the Safe Harbor Amount (as defined below) by more than 10% (as compared to the net after-tax benefit to the Executive resulting from elimination of the Gross-Up Payment and reduction of the Payments to the Safe Harbor Amount), then (i) Boise Office Solutions shall not pay the Executive the Gross-Up Payment; and (ii) the provisions of Section 7(c) below shall apply. The term "Safe Harbor Amount" means the maximum dollar amount of parachute payments that may be paid to the Executive under Section 280G of the Code without imposition of an Excise Tax under Section 4999 of the Code.

(c) The provisions of this Section 7(c) shall apply only if Boise Office Solutions is not required to pay the Executive a Gross-Up Payment as a result of Section 7(b) above. If Boise Office Solutions is not required to pay the Executive a Gross-Up Payment as a result of the provisions of Section 7(b), Boise Office Solutions will apply a limitation on the Payment amount as set forth below (a "Parachute Cap") as follows: The aggregate present value of the Payments under Section 6(d) of this Agreement ("Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of the Agreement Payments without causing any Payment to be subject to the limitation of deduction under Section 280G of the Code. For purposes of this Section 7, "present value" shall be determined in accordance with Section 280G(d)(4) of the Code.

(d) If the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment (or such other time as is hereinafter described), the Executive shall repay to Boise Office Solutions, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state, or local income tax imposed on the Gross-Up Payment being repaid by the Executive to the extent that such repayment results in a reduction in Excise Tax or a federal, state, or local income or employment tax deduction). If the Excise Tax exceeds the amount taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Boise Office Solutions shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties, or additions payable by the Executive with respect to such excess) at the time that the amount of such excess is finally determined. The Executive and Boise Office Solutions shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the total Payment.

(e) Except as set forth in the next sentence, all determinations to be made under this Section 7 shall be made by the nationally recognized independent public accounting firm used by Boise Office Solutions immediately prior to the Date of Termination ("Accounting Firm"), which Accounting Firm shall provide its determinations and any supporting calculations to Boise Office Solutions and the Executive within ten



days of the Executive's Date of Termination. The value of any noncompetition covenant applicable to the Executive shall be determined by independent appraisal by a nationally recognized business valuation firm selected by Boise Office Solutions, and a portion of the Payments shall, to the extent of that appraised value, be specifically allocated as reasonable compensation for such noncompetition covenant and shall not be treated as a parachute payment. If any Gross-Up Payment is required to be made, Boise Office Solutions shall make the Gross-Up Payment within ten days after receiving the Accounting Firm's calculations. Any such determination by the Accounting Firm shall be binding upon Boise Office Solutions and the Executive.

(f) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 7 shall be borne solely by Boise Office Solutions.

8. Confidentiality, Nonsolicitation and Covenant Not to Compete. For the purposes of this Section 8, the term "Boise" shall include Boise Cascade Corporation (which shall include Boise Office Solutions) and the Combined Enterprise (which shall include OfficeMax), as well as their affiliates and subsidiaries.

(a) Confidentiality. Boise and/or the Combined Enterprise shall provide Executive with certain confidential information and trade secrets ("Confidential Information"). Confidential Information includes, without limitation, the names, addresses, price lists, purchasing histories, and requirements of customers and potential customers; location, region, and company financial reports; sales and service manuals and bulletins; cost information and patterns; floor plans and drawings of facilities; marketing strategies; acquisition and expansion plans; and other similar information. Confidential Information shall also include, without limitation, all letters, memoranda, notes, tables, spreadsheets, and other similar documents, whether in hard copy or electronic form, created or generated by or on behalf of Executive using the information, or any part thereof, described in the previous sentence. Notwithstanding the definition of Confidential Information as set forth above, Confidential Information shall not include information that is or becomes generally available to the public other than as a result of a prohibited disclosure by Executive. Executive recognizes that such information is the Confidential Information and trade secrets of Boise and/or the Combined Enterprise and agrees not to divulge such information to any person, firm, or institution, except as such disclosure is a necessary part of a bona fide merchandise sale negotiation with an actual or potential customer. Further, upon termination of employment with the Combined Enterprise, Executive will continue to treat Confidential Information as private and privileged, and will not, either for Executive's own purposes or as an employee of or for the benefit of any other entity or person, use such information or disclose it to any person, firm, or institution.

(b) Return of Property. On termination of Executive's employment with the Combined Enterprise, Executive will immediately surrender, in good condition, all (a) Confidential Information; and (b) all letters, notes, memoranda, program design specifications, and all other similar items which relate to customers or potential customers of Boise and/or the Combined Enterprise that Executive obtained from



Boise's and/or the Combined Enterprise's files or databases, are supplied to Executive by Boise and/or the Combined Enterprise, or generated by Executive from Boise's and/or the Combined Enterprise's data and that are in Executive's possession, custody, or control wherever located, including all reproductions or copies of such materials, whether in hard copy or electronic form; and (c) all tangible property of Boise and/or the Combined Enterprise, including, but not limited to, computers, handheld electronic devices, cellular telephones, briefcases, samples, merchandise, and furniture.

(c) Nonsolicitation. For a period beginning on the Effective Date and ending 12 months from the Date of Termination for whatever reason, Executive agrees that he shall not directly or indirectly for Executive's benefit or on behalf of any other party (other than Boise and/or the Combined Enterprise):

(i) Solicit or attempt to solicit any customer of the Combined Enterprise for the purpose of selling or distributing office supplies, paper, office furniture, computer consumables, or related office products or services. For purposes hereof, a customer of the Combined Enterprise shall mean any person or business to whom the Combined Enterprise sold or distributed office supplies, paper, office furniture, computer consumables, or related office products and services during the last two years Executive was employed by the Combined Enterprise.

(ii) Solicit or discuss potential employment opportunities with any employee of Boise and/or the Combined Enterprise (other than for opportunities with Boise and/or the Combined Enterprise) or induce or attempt to induce any employee of Boise and/or the Combined Enterprise to leave the employ of Boise and/or the Combined Enterprise, or in any way interfere with the relationship between Boise and/or the Combined Enterprise and any employee thereof without the prior express written consent of Boise Office Solutions.

(iii) Offer, hire, or cause to be offered or hired any person who was employed by Boise and/or the Combined Enterprise at any time during the 12 months prior to the termination of Executive's employment with the Combined Enterprise.

(iv) Induce or attempt to induce any supplier, or other business relation of Boise and/or the Combined Enterprise to cease doing business with Boise and/or the Combined Enterprise or in any way interfere with the relationship between any such supplier or business relation and Boise and/or the Combined Enterprise (including, without limitation, making any negative statements or communications about Boise and/or the Combined Enterprise).

(d) Covenant Not to Compete. Executive acknowledges that as a key management employee, Executive will be involved on a high level in the development, implementation, and management of the Combined Enterprise's business strategies and plans that by virtue of Executive's unique and sensitive position and special background, employment of Executive by a competitor of the Combined Enterprise



represents a serious competitive danger to the Combined Enterprise, and the use of Executive's talent and knowledge and information about the Combined Enterprise's business strategies and plans can and would constitute a valuable competitive advantage over the Combined Enterprise. In view of the foregoing, Executive agrees that for a period of 12 months after termination of Executive's employment with the Combined Enterprise, whether such termination is voluntary or involuntary (or for a period of 12 months after a final judgment or injunction enforcing this covenant), Executive will not, directly or indirectly, own, manage, control, or participate in the ownership, management, or control of, or be employed or engaged by, or otherwise rendered service to, Staples, Office Depot (or any combination of Staples and Office Depot), or any other office products superstore retail chain, or any other business entity or person engaged in the sale or distribution of office supplies, paper, office furniture, computer consumables, or related office products or services in the Territory (as defined below); provided, however, that the ownership of not more than one (1%) of the equity of any publicly traded business entity will not be deemed a violation of this covenant. For purposes hereof, the Territory shall be all of North America, Australia, New Zealand, and wherever the Combined Enterprise has operations as of the Date of Termination.

(e) Enforcement. Executive expressly agrees and understands that the breach of this Section 8 will cause immediate, irreparable, and immeasurable injury to Boise, and therefore agrees that in addition to any other rights Boise has in order to enforce this Section 8, Boise shall be entitled to injunctive relief without bond or other security by any competent court to enjoin and restrain the breach of this Section 8.

(f) Severability. In case any one or more of the terms contained in Section 8(c)(i), (ii), or (iii) or in Section 8(c) shall for any reason become invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other terms herein, but such terms shall be deemed deleted and such deletion shall not affect the validity of the other terms of this Section 8. In addition, if any one or more of the terms contained in Section 8(c)(i), (ii), or (iii) or in Section 8(c) shall for any reason be held by a court of competent jurisdiction to be excessively broad or unreasonable with regard to duration, scope, or area, the terms shall be construed in a manner to enable it to be enforced to the maximum extent permitted by applicable law, and any such court shall have the power to modify such term.

(g) No Further Obligations of Boise. If the Executive violates any provision of this Section 8, then the obligation of Boise Office Solutions to make any Retention Incentive payments due following such violation, or any payments due under the terms of Sections 6(d), 6(e), or 6(f) following such violation, will terminate, and Executive will not be entitled to any such future payments, provided that with respect to a violation of any provision of Sections 8(b) and 8(c), Executive is given notice of such violation, and such violation is not cured by Executive within 15 days after the date of such notice.



9. Successors; Binding Agreement.

(a) Boise Office Solutions shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Combined Enterprise, by agreement in form and substance satisfactory to the Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Boise Office Solutions would be required to perform it if no such succession had taken place. Failure of Boise Office Solutions to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from Boise Office Solutions in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive had terminated the Executive's employment for Good Reason, except that for the purposes of implementing the foregoing, the date of which any such succession becomes effective shall be deemed the Date of Termination.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees, and legatees. If the Executive dies while any amount is still payable, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee, or if there shall be no such designee, to the Executive's estate.

10. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipts requested, postage prepaid as follows:

| | |
|---|---|
| If, to the Executive: | Gary Peterson<br>438 Club Drive<br>Aurora, OH 44202 |
| If, to Boise Office Solutions: | Boise Cascade Office<br>Products Corporation<br>Attention: CEO<br>150 Pierce Road<br>Itasca, IL 60143-1594 |
| With copy to: | Boise Cascade Corporation<br>Attention: General Counsel<br>1111 West Jefferson Street<br>P.O. Box 50<br>Boise, ID 83728 |

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.



11. Miscellaneous. By accepting, and as a condition to accepting, benefits payable under Sections 6(d), 6(e), or 6(f), the Executive agrees to waive, and will be deemed to have waived, for the Term any right or entitlement to severance or termination benefits related to the Executive's termination of employment under any other severance or termination plan, policy, program, or arrangement, including, without limitation, the Letter Agreement and the Executive Severance Agreement. For the avoidance of doubt, the waiver described in the preceding sentence shall apply only during the Term and only to severance or termination benefits payable to the Executive under any such plan, policy, program, or arrangement (including the Letter Agreement and the Executive Severance Agreement). In addition, by executing this Agreement, the Executive hereby amends and supersedes the Letter Agreement and the Executive Severance Agreement by deleting them in their entirety. That is, after the execution of this Agreement, the Letter Agreement and the Executive Severance Agreement are void and have no further force or effect. In no event shall the Executive be entitled to duplicative payments or benefits under this Agreement and any other severance or termination plan, policy, program, or arrangement of Boise Office Solutions, its Parent, or their subsidiaries or affiliates. No provision of this Agreement may be modified, waived, or discharged, unless such waiver, modification, or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by Boise Cascade Corporation's Board of Directors. No waiver by either party hereto at any time of any breach by the other party hereof, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Ohio (regardless of the law which may be applicable under principles of conflicts of law).

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or the enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Cleveland, Ohio, in accordance with the rules of (but not necessarily appointed by) the American Arbitration Association then in effect, except as provided herein. Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided, however, that the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. No such arbitration proceedings shall be commenced or conducted until at least 60 days after the parties in good faith shall have



attempted to resolve such dispute by mutual agreement; and the parties hereby agree to endeavor in good faith to resolve any dispute by mutual agreement. If mutual agreement cannot be attained, any disputing party, by written notice to the other ("Arbitration Notice") may commence arbitration proceedings. Such arbitration shall be conducted before a panel of three arbitrators, one appointed by each party within 30 days after the date of the Arbitration Notice, and one chosen within 60 days after the date of the Arbitration Notice by the town arbitrators appointed by the disputing parties. Any Cleveland, Ohio, court of competent jurisdiction shall appoint any arbitrator that has not been appointed within such time periods. Judgment may include costs and attorneys' fees and may be entered in any court of competent jurisdiction.

15. No Guaranty of Employment. Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive a right to be retained as an employee of the Combined Enterprise. Boise Office Solutions and/or the Combined Enterprise shall be entitled to terminate the Executive's employment at any time, subject to providing the benefits herein specified in accordance with the terms hereof. The Executive is free to resign from employment at any time, and Boise Office Solutions and/or the Combined Enterprise is free, subject to the terms of this Agreement, to terminate the Executive's employment at any time and for any reason.

16. Waiver. Executive acknowledges and confirms his previous waiver of any rights he may have had to benefits payable under Section 6(e) of OfficeMax, Inc.'s Annual Incentive Plan.

17. Acknowledgement that the Terms of Employment do not Constitute "Good Reason." By executing this Agreement, Executive acknowledges and agrees that the terms and conditions of employment, or any other term or condition provided in this Agreement, do not constitute "Good Reason" as that term is defined in Executive Severance Agreement and that no condition of "Good Reason" has occurred.

18. Confidentiality. Executive agrees that the terms of this Agreement are strictly confidential and that he may not disclose the existence of this Agreement, its term, or the amounts to be paid hereunder, to other individuals or entities, unless such terms are or become generally available to the public other than as a result of a prohibited disclosure by Executive. This prohibition does not preclude disclosure to Executive's financial, tax, or legal advisors, or spouse provided that Executive first advises and cautions any of the above individuals that the existence and terms of this Agreement are confidential and are not to be disclosed, and further that Executive obtains agreement from such individuals that they will abide by this confidentiality provision.



IN WITNESS WHEREOF, Boise Office Solutions and the Executive have caused this Agreement to be executed as of the date first written above.

BOISE CASCADE OFFICE
PRODUCTS CORPORATION

| | | |
|---|---|---|
| /s/ Gary Peterson | By | /s/ Christopher C. Milliken |
| Gary Peterson | Its | President & CEO |



EXHIBIT A

FORM OF
SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE ("Release") is made and entered into by and between ("Executive") and BOISE CASCADE OFFICE PRODUCTS CORPORATION [or other Participating Employer] ("Employer") in connection with Executive's separation of employment with Employer, effective ("Separation Date").

In consideration of the mutual promises and releases contained herein and other good and valuable consideration as set forth herein, it is hereby agreed as follows:

1. In full and final settlement of any claims and demands for relief which may be asserted by Executive against Employer, its parent, predecessors, successors and assigns, and the employees, current and former directors, officers, agents, attorneys, and representatives of same, Employer will pay Executive a lump sum equal to , subject to applicable tax and withholdings, which amount equals the cash severance benefits payable under the Employment Agreement dated , 2003, by and between Executive and Employer (the "Employment Agreement"). Executive agrees that such payment constitutes the exclusive payments due to Executive from Employer, except as specifically provided in Section 2 below. Executive shall receive such payment as soon as practicable after this Release becomes irrevocable.

2. Notwithstanding anything to the contrary contained herein, Executive and Employer agree and acknowledge that Executive is not waiving his rights to payment of:

(a) Payment of Executive's salary, wage payments, sales bonuses or commissions, and/or reimbursable business expenses due as of the Separation Date, subject to applicable taxes and withholdings.

(b) Payment of Executive's accrued but unused Your Time Off as of the Separation Date, subject to applicable taxes and withholdings.

(c) Payment of Benefits accrued as of the Separation Date under any "employee benefit plan" within the meaning of the Employee Retirement Income Security Act of 1974, as amended; provided, however, that as a condition to accepting the benefits payable under Section 1 above, Executive agrees to waive, and is deemed to have waived, any right or entitlement to severance or termination benefits related to Executive's termination of employment under any other severance or termination plan, policy, program, or arrangement.

(d) Executive's rights with respect to indemnification and directors' and officers' insurance coverage under Parent's corporate governance documents and directors' and officers' liability insurance coverage.

3. Executive hereby expressly agrees and acknowledges that any and all claims and demands for relief, of whatever nature or kind, including attorneys' fees, costs, and expenses, which Executive ever had or now has against Employer, its predecessors, successors, current and former employees, directors, officers, assigns, agents, attorneys and representatives, or affiliates, which arose out of or relate in any way to Executive's employment with or separation from employment with Employer and/or its predecessors, shall be forever waived, released, or discharged, including, but not limited to, (i) any claims under the Fair Labor Standards Act, 29 U.S.C. Section 201, et seq.; the Employee Retirement Income Security Act, 29 U.S.C. Section 1001, et seq.; the Family and Medical Leave Act, 29 U.S.C. Section 2601, et seq.; the Age Discrimination in Employment Act, 29 U.S.C. Section 621, et seq.; Title VII of the Civil Rights Act of 1991, 42 U.S.C. Sections 1981 and 1981a; the American with Disabilities Act, 42 U.S.C. Section 12100, et seq.; [add references to applicable state or local laws]; and any federal, state, or local laws prohibiting employment discrimination; (ii) claims relating to harassment, breach of contract or wrongful discharge, or breach of express or implied covenants; and (iii) claims arising from any legal restrictions on Employer's right to terminate its employees.

4. Executive represents and agrees that he has not relied on any statements by Employer regarding his rights under the various federal and state laws prohibiting discrimination in the workplace and that he is hereby advised, cautioned, warned, recommended, encouraged, and provided the opportunity to discuss all aspects of the Release with counsel of his own choosing, and that he has carefully read the Release, and that he is voluntarily and of his own free will and without any duress of any kind or nature entering into the Release.

5. Executive acknowledges the receipt and sufficiency of the consideration adequate to support this Release in general, and in particular, the Executive's releases of rights set forth in paragraphs 2 and 3 hereto, since the Executive is receiving benefits under paragraph 1 that the Executive would otherwise not have been entitled to receive.

6. Executive and Employer further expressly agree and understand that the Severance Agreement and Release constitute the complete and entire agreement of the parties with respect to the subject matter hereof, and that any other promises, inducements, representations, warranties, or agreements with respect to the subject matter hereof have been superseded hereby and are not intended to survive the Release, provided that any confidentiality, nonsolicitation and/or noncompete obligations binding on Executive shall continue to be binding on him in accordance with their terms. No amendment or modification of the Release shall be effective unless set forth in writing and signed by both the Executive and a duly authorized officer of Employer.

7. Executive and Employer agree that all matters relative to the construction and interpretation of this Release shall be construed and interpreted in accordance with the laws of the state of Ohio.



[8. Executive represents and agrees that he has been provided a period of 21 days to consider the terms of this Release and has been advised that, once executed, this Release may be revoked by Executive within seven days of execution.]

[Alternative paragraph (8), as appropriate:
8. Executive represents and agrees that he has been provided a period of 45 days to consider the terms of this Release and has been advised that, once executed, this Release may be revoked by Executive within seven days of execution.]

9. Employer is obligated to make the payments described in Section 1 above only providing the following conditions are met:

(a) The seven-day revocation period under Section 8 expires without Executive revoking this Release;

(b) Executive resigns as an officer of Employer;

10. Executive agrees not to disclose the terms of this Release to any person, except under the circumstances described in this Release.

11. This Release shall not become effective or enforceable until the eighth day after delivery of an executed copy by the Executive to the Employer, at which point it shall be effective and enforceable.

WITNESS
Date _____

Name of Executive

BOISE CASCADE OFFICE
PRODUCTS CORPORATION
[or other Participating Employer]

Date _____

By _____
Title _____

# EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into this 10th day of December, 2003, by and between BOISE CASCADE OFFICE PRODUCTS CORPORATION, a Delaware corporation ("Boise Office Solutions"), and PHILLIP P. DEPAUL (the "Executive").

R E C I T A L S :

WHEREAS, Boise Cascade Corporation ("Parent") and OfficeMax, Inc. ("OfficeMax"), entered into an Agreement and Plan of Merger, dated July 13, 2003 (the "Merger"), whereby Parent acquired OfficeMax and is integrating its operations with Boise Office Solutions, Parent's office products distribution business ("Combined Enterprise"); and

WHEREAS, Executive and OfficeMax entered into a Severance Agreement, dated April 7, 2003, regarding the Executive's employment with OfficeMax ("Prior Agreement"); and

WHEREAS, Executive and OfficeMax entered into an Executive Severance Agreement, dated June 24, 2003, wherein certain provisions of the Prior Agreement were amended and modified ("Executive Severance Agreement"); and

WHEREAS, for the purposes of this Agreement, Boise Office Solutions acknowledges that there has been a "Change in Control" as that term is defined in the Executive Severance Agreement; and

WHEREAS, Boise Office Solutions desires Executive to provide services to the Combined Enterprise, and Executive desires to provide such services to the Combined Enterprise, on the terms specified herein; and

WHEREAS, Boise Office Solutions and Executive acknowledge that there will be some period of time before OfficeMax and Boise Office Solutions will be fully integrated and combined, and, therefore, references to employment with the Combined Enterprise shall be deemed to include Executive's employment with OfficeMax after the Closing Date (as defined below), and such references to the Combined Enterprise shall mean both Boise Office Solutions and OfficeMax; and

WHEREAS, Boise Office Solutions and Executive mutually desire to agree upon the terms of Executive's employment with the Combined Enterprise and, in addition thereto, agree to certain benefits of employment.

NOW, THEREFORE, the parties agree as follows:

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1. Term of Agreement. Upon the Effective Date (as defined below), this Agreement amends and supersedes, by deleting them in their entirety, the Prior Agreement and the Executive Severance Agreement, which shall be completely null and void. This Agreement shall be effective upon the Closing Date (as that term is defined in the Agreement and Plan of Merger) of the Merger ("Effective Date") and shall continue in effect for a period of 36 months following the Effective Date ("Term"), at which time this Agreement shall expire by its terms and have no further force or effect; provided, however, that any confidentiality, nonsolicitation, and/or noncompete obligations binding on the Executive, including those set forth in Section 8, shall continue to be binding on him in accordance with their terms. Notwithstanding anything to the contrary stated herein, this Agreement shall terminate prior to the date set forth above without any further acts by either party upon (a) termination of the Executive's employment for Cause or Disability (each as respectively defined in Section 5); (b) termination of the Executive's employment due to Executive's death or by the Executive for other than Good Reason (as defined in Section 5); or (c) completion by Boise Office Solutions of all of its obligations if benefits shall become payable hereunder; provided, however, that any confidentiality, nonsolicitation, and/or noncompete obligations binding on the Executive, including those set forth in Section 8, shall continue to be binding on him in accordance with their terms.

2. Title and Duties. Executive shall be the " Senior Vice President, Planning and Control," for the Combined Enterprise, reporting to Chris Milliken, or his successor with responsibility for strategic and financial planning, accounting, internal control, internal financial reporting, and "dotted line" responsibility for security. Executive will also serve on the Retirement Funds Investment Committee for the Parent and the Real Estate Committee for the Combined Enterprise. The Executive shall perform such duties, compatible with the Executive's position, as may reasonably be required.

3. Compensation.

(a) Base Salary. Base annual salary shall be no less than $275,000/year ("Base Salary") during the Term, payable at the times established by Boise Office Solutions from time to time as the normal salary payment interval for its employees, subject to the Executive's rights set forth in Section 5(c), should Executive's Base Salary be reduced during the Term.

(b) Annual and Long-Term Incentives. Annual and long-term incentives, if any, shall be payable to Executive from time to time in accordance with the terms of such plans applicable to the Combined Enterprise (collectively, "Bonus Programs"), which are established and maintained by Combined Enterprise or Parent on behalf of the Combined Enterprise during the Term. Executive's annual target bonus under such Bonus Programs shall not be less than 50% of his Base Salary during the Term. The Combined Enterprise may modify, including termination of, any Bonus Program from time to time, and so long as such modifications are of general applicability to all participants in such program, all such modifications shall be applicable to Executive hereunder. Executive will be treated no less favorable than other similarly situated executives of the Combined Enterprise. No payout is guaranteed under any



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Bonus Program, and payouts, if any, are strictly governed by the terms of each such program.

(c) Retention Incentive. In consideration of Executive's employment with the Combined Enterprise, a retention incentive of $195,000 shall be paid to Executive ("Retention Incentive") under the terms stated in this Section 3(c). Partial payments of the Retention Incentive will be made in the form of a lump-sum cash payment at the end of the applicable 12 months, 24 months, and 36 months (measured from the Effective Date) as follows:

| Period of Employment | Lump-Sum Cash Payment |
|---|---|
| 12 months | $ 39,000 |
| 24 months | $ 39,000 |
| 36 months | $ 117,000 |

Payment of the Retention Incentive shall be due only if Executive remains employed with the Combined Enterprise throughout the relevant 12, 24, or 36-month period. Payment will be made within 15 days of such partial Retention Incentive becoming due.

4. Location of Employment. Position and function shall be initially based in Cleveland, Ohio. At a yet undetermined time (but no sooner than 12 months following the Effective Date), the function may be relocated to Itasca, Illinois, and Executive may be asked to relocate of the Itasca area. If so, relocation benefits according to Boise Office Solutions policy will be provided.

5. Termination of Employment. The Executive shall be entitled to the benefits provided under Section 6 upon the Executive's "Qualifying Termination" (as defined herein) during the 24-month period following the Effective Date (the "Protection Period"). For purposes hereof, a "Qualifying Termination" shall mean (i) a termination of Executive's employment by Boise Office Solutions for any reason other than for Cause or Disability or due to the Executive's death, or (ii) the Executive's termination of employment for "Good Reason" (as defined in this Section 5).

(a) Disability. If the Executive is absent from duties with the Combined Enterprise on a full-time basis for eighteen consecutive months due to a physical or mental incapacity, and the Executive has not returned to the full-time performance of the Executive's duties within thirty (30) days after written Notice of Termination (as defined below) is given to the Executive by Boise Office Solutions, such termination shall be considered to be termination by Boise Office Solutions for "Disability" for purposes of this Agreement.

(b) Cause. Boise Office Solutions may terminate the Executive's employment for Cause. For purposes of this Agreement only, Boise shall have "Cause" to terminate the Executive's employment hereunder only on the basis of (i) a violation of any policy of Boise Office Solutions or the Combined Enterprise that causes material



injury to either or both of Boise Office Solutions or the Combined Enterprise; (ii) an act of fraud, embezzlement, theft, or any other material violation of law that interferes with Executive's ability to perform Executive's duties and responsibilities for the Combined Enterprise; (iii) intentional damage to material assets of either or both of Boise Office Solutions or the Combined Enterprise; (iv) wrongful engagement in any competitive activity that would constitute a breach of the duty of loyalty to Boise Office Solutions or the Combined Enterprise; (v) wrongful disclosure of confidential information of Parent, Boise Office Solutions and/or Combined Enterprise; (vi) wrongful failure or refusal to perform, or gross negligence in the performance of, Executive's duties and responsibilities for the Combined Enterprise; (vii) making unauthorized comments to the media regarding Parent, Boise Office Solutions, and/or the Combined Enterprise; or (viii) a material violation of Boise Office Solutions' Standards of Business Conduct Policy, as updated from time to time, a current copy of which is attached.

(c) Good Reason. The Executive shall be entitled to terminate the Executive's employment for Good Reason if a Good Reason event occurs during the Protection Period. For purposes of this Agreement only, "Good Reason" shall exist if any of the following occur without the Executive's express prior written consent:

(i) A reduction in either the Executive's annual rate of Base Salary or level of participation in any Bonus Program for which he is eligible (other than part of a salary reduction or changes in Bonus Programs generally imposed on all executive officers of the Combined Enterprise);

(ii) An elimination or reduction of Executive's participation in any benefit plan generally available to executive officers of the Combined Enterprise, unless the Combined Enterprise continues to offer Executive benefits substantially similar to those made available by such plan, provided, however, that a change to a plan in which executive officers of the Combined Enterprise generally participate, including termination of any such plan, if it does not result in a proportionately greater reduction in the rights of, or benefits to, Executive as compared with the other executive officers of the Combined Enterprise or is required by law or a technical change, will not be deemed to be Good Reason;

(iii) Failure of any successor (whether direct or indirect, by purchase of stock or assets, merger, consolidation, or otherwise) to the Combined Enterprise to assume Boise Office Solutions' obligations under this Agreement; or

(iv) Other than as contemplated and provided for in Section 4, a transfer of Executive's principal business office to a location outside of the area where the function for which Executive is responsible is performed.

The Executive will be deemed to have waived his rights relating to circumstances constituting Good Reason if he has not provided to Boise Office Solutions a written Notice of Termination within ninety (90) days following his knowledge of circumstances constituting Good Reason.



(d) Notice of Termination. Any purported termination of the Executive by Boise Office Solutions or by the Executive shall be communicated by written Notice of Termination to the other party in accordance with Section 10. For purposes of this Agreement only, a "Notice of Termination" shall mean a notice that indicates the specific termination provision in this Agreement relied upon and the facts, if any, supporting application of such provision.

(e) Date of Termination; Dispute Concerning Termination. "Date of Termination" shall mean (i) if the Executive's employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive has not returned to the performance of the Executive's duties on a full-time basis during such thirty (30) day period); or (ii) if the Executive's employment is terminated by Boise Office Solutions for any reason other than Disability or by the Executive for any reason, the date specified in the Notice of Termination (which, in the case of a termination by Boise Office Solutions shall be not less than thirty (30) days, and in the case of a termination by the Executive shall not be more than sixty (60) days, respectively, from the date such Notice of Termination if given); or (iii) if the Executive dies, his date of death (without any requirement that a Notice of Termination be provided); provided, however, that if the party receiving such Notice of Termination notifies the other party within thirty (30) days after the date such Notice of Termination is given

that a dispute exists concerning the termination, the Date of Termination shall be the date on which the dispute is finally resolved, either by mutual written agreement of the parties or by a binding arbitration award referred to in Section 14; and provided, further, that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice shall pursue the resolution of such dispute with reasonable diligence. Boise Office Solutions shall continue to pay the Executive the Executive's full compensation in effect when the notice giving rise to the dispute was given and continue the Executive as a participant in all compensation, benefit and insurance plans in which the Executive participated, according to their terms and conditions, when the Notice of Termination was given (ignoring any reductions that gave rise to Good Reason) until the dispute is finally resolved in accordance with this Section. Amounts paid under this Section shall be offset against or reduce any other amounts due under this Agreement. In addition, for purposes of determining whether any Qualifying Termination has occurred during the Protection Period, the date of Notice of Termination is given pursuant to this Section shall be deemed the date of the Executive's Qualifying Termination.

6. Compensation Upon Termination.

(a) Salary and Other Compensation of Benefits. If the Executive's employment is terminated during the Protection Period, Boise Office Solutions shall pay the Executive's Base Salary through the Date of Termination at the rate in effect at the time the Notice of Termination is given, together with all compensation and benefits to which the Executive is entitled through the Date of Termination under the terms of any compensation or benefit plan, program or arrangement, or Bonus Program maintained



by the Combined Enterprise or its affiliates during such period (ignoring, if applicable, any reduction that gave rise to Good Reason).

(b) Disability. During any period that Executive fails to perform the Executive's duties hereunder as a result of mental or physical incapacity, the Executive shall continue to receive the Executive's Base Salary at the rate then in effect and continue to participate in all benefit plans and Bonus Programs until the Executive's employment is terminated pursuant to Section 5(a). Thereafter, the Executive's benefits shall be determined in accordance with the insurance and other benefit programs and Bonus Programs then applicable to the Executive.

(c) Cause; Voluntary Termination of Employment Without Good Reason. If the Executive's employment is terminated for Cause or the Executive voluntarily terminates employment without Good Reason, Boise Office Solutions shall pay the Executive only the Executive's Base Salary through the Date of Termination at the rate in effect at the time Notice of Termination is given, together with other compensation and benefits to which the Executive is entitled, if any, under the terms of any compensation or benefits plan, program or arrangement, or Bonus Programs maintained by the Combined Enterprise and applicable to the Executive, and Boise Office Solutions shall have no further obligations to the Executive under this Agreement.

(d) Qualifying Termination. If the Executive's employment is terminated in a Qualifying Termination during the Protection Period, then the Executive shall be entitled to the following benefits:

(i) In lieu of any further salary payments to the Executive for periods subsequent to the Date of Termination or other severance benefits, Boise Office Solutions shall pay to the Executive a lump sum payment of $445,000 (four hundred, forty-five thousand dollars);

(ii) Payment under the Bonus Programs, if any is due according to the terms of each plan; and

(iii) $10,000 for tax and financial planning services.

To be eligible to receive benefits under this Section 6(d), the Executive shall be required to execute and deliver a valid, binding, and irrevocable general release in substantially the form attached hereto as Exhibit A (which Boise Office Solutions shall deliver to the Executive promptly after the date of his Qualifying Termination). The payments provided for in this Section 6(d) shall be made not later than the date the release described above becomes binding and irrevocable under applicable law; provided, however, that, if the amounts of such payments cannot be finally determined on or before such day, Boise Office Solutions shall pay to the Executive on such day an estimate, as determined in good faith by Boise Office Solutions, of the minimum amount of such payments to which the Executive is clearly entitled, and shall pay the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of



the Internal Revenue Code of 1986, as amended (the "Code"), as soon as the amount thereof can be determined, but in no event later than the thirtieth ($30^{th}$) day after the Date of Termination. If the amount finally determined to be due to the Executive is less than the estimated payment previously paid to Executive, the Executive shall repay to Boise Office Solutions, within five (5) business days following the time that the amount of the reduction of the payment due is finally determined, the portion of the payment attributable to the reduction (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). When payments are made under this Section, Boise Office Solutions shall provide Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations, including, without limitation, any opinions or other advice Boise Office Solutions has received from outside counsel, auditors, or consultants (and any such written opinions or advice shall be attached to the statement).

(e) Involuntary Termination after the Protection Period.

If the Executive's employment is terminated by Boise Office Solutions after the end of the $24^{th}$ month, but before the end of the Term for any reason other than Cause or Disability, or due to the Executive's death, then Executive shall be entitled to the following benefits:

(1) Severance equal to one year's annual salary at the current rate; and

(2) Payment under the Bonus Programs, if any is due according to the terms of each plan.

To be eligible to receive benefits under this Section 6(e), the Executive shall be required to execute and deliver a valid, binding, and irrevocable general release in substantially the form attached hereto as Exhibit A (which Boise Office Solutions shall deliver to the Executive promptly after the date of Executive's termination of employment). The payments provided for in this Section 6(e) shall be made not later than the date the release described above becomes binding and irrevocable under applicable law.

(f) Insurance Benefits. If the Executive's employment is terminated in a Qualifying Termination during the Protection Period, Boise Office Solutions shall maintain in full force and effect for the 24 months following such termination all life insurance, disability insurance, accidental death and dismemberment insurance, dental coverage, and medical coverage in which the Executive and the Executive's dependents participated immediately before the Date of Termination, on the same cost-sharing basis that applied to the Executive immediately prior to the Executive's Date of Termination. If such participation (or a particular type of coverage) under any such plan or arrangement shall be barred, Boise Office Solutions shall provide the Executive with benefits, at the same after-tax cost to the Executive, that are substantially similar to those the Executive and the Executive's dependents would have otherwise received



under this Section. If the Executive, as the result of the Qualifying Termination during the Protection Period, elects to convert his Long-Term Disability Insurance, if any, to a personal policy maintained by the carrier used by Boise Office Solutions (not greater than the coverage in effect immediately prior to the Qualifying Termination), Boise Office Solutions shall reimburse the Executive for any premiums paid during the applicable period following the Qualifying Termination. If the Executive's employment is terminated after the Protection Period, but during the Term, Boise Office Solutions shall have no obligations under this Section 6(f), but Executive shall be entitled to receive such benefits for which Executive is enrolled, in accordance with the terms of such plan.

(g) Death. In the event of the Executive's death, Boise Office Solutions shall have no further obligations to the Executive under this Agreement, but the Executive's estate shall be entitled to receive death benefits under Boise Office Solutions' benefit plans and arrangements as may be applicable to the Executive.

(h) Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in Sections 6(c), (d), (e), and (f) by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in Sections 6(c), (d), or (e) be reduced by any compensation earned by the Executive as the result of employment by another employer after the Date of Termination, or otherwise. Benefits otherwise receivable by the Executive pursuant to Section 6(f) shall be reduced to the extent comparable benefits are actually received by the Executive during the period Section 6(f) shall be applicable, and any such benefits actually received by the Executive shall be reported to Boise Office Solutions.

7. Excise Taxes. The following provisions shall apply to any excise tax imposed under Section 4999 of the Code (or its successor) (the "Excise Tax") as a result of payments due under Section 6(d):

(a) Subject to Section 7(b) below, if it shall be determined that any payment or distribution by Boise Office Solutions to or for the benefit of the Executive, whether paid or payable or distributed or distributable as a result of payments due under Section 6(d) (a "Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, Boise Office Solutions shall pay the Executive an additional amount (the "Gross-Up Payment"), such that the net amount retained by the Executive after deduction of any Excise Tax, and any federal, state, and local income tax; employment tax; excise tax; and other tax imposed upon the Gross-Up Payment, shall be equal to the Payment.

(b) Notwithstanding Section 7(a), and notwithstanding any other provisions of this Agreement to the contrary, if the net after-tax benefit to the Executive of receiving the Gross-Up Payment does not exceed the Safe Harbor Amount (as defined below) by more than 10% (as compared to the net after-tax benefit to the Executive resulting from elimination of the Gross-Up Payment and reduction of the Payments to the Safe Harbor Amount), then (i) Boise Office Solutions shall not pay the Executive the Gross-Up Payment; and (ii) the provisions of Section 7(c) below shall



apply. The term "Safe Harbor Amount" means the maximum dollar amount of parachute payments that may be paid to the Executive under Section 280G of the Code without imposition of an Excise Tax under Section 4999 of the Code.

(c) The provisions of this Section 7(c) shall apply only if Boise Office Solutions is not required to pay the Executive a Gross-Up Payment as a result of Section 7(b) above. If Boise Office Solutions is not required to pay the Executive a Gross-Up Payment as a result of the provisions of Section 7(b), Boise Office Solutions will apply a limitation on the Payment amount as set forth below (a "Parachute Cap") as follows: The aggregate present value of the Payments under Section 6(d) of this Agreement ("Agreement Payments") shall be reduced (but not below zero) to the Reduced Amount. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of the Agreement Payments without causing any Payment to be subject to the limitation of deduction under Section 280G of the Code. For purposes of this Section 7, "present value" shall be determined in accordance with Section 280G(d)(4) of the Code.

(d) If the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment (or such other time as is hereinafter described), the Executive shall repay to Boise Office Solutions, at the time that the amount of such reduction in Excise Tax is finally determined, the portion of the Gross-Up Payment attributable to such reduction (plus that portion of the Gross-Up Payment attributable to the Excise Tax and federal, state, or local income tax imposed on the Gross-Up Payment being repaid by the Executive to the extent that such repayment results in a reduction in Excise Tax or a federal, state, or local income or employment tax deduction). If the Excise Tax exceeds the amount taken into account hereunder (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), Boise Office Solutions shall make an additional Gross-Up Payment in respect of such excess (plus any interest, penalties, or additions payable by the Executive with respect to such excess) at the time that the amount of such excess is finally determined. The Executive and Boise Office Solutions shall each reasonably cooperate with the other in connection with any administrative or judicial proceedings concerning the existence or amount of liability for Excise Tax with respect to the total Payment.

(e) Except as set forth in the next sentence, all determinations to be made under this Section 7 shall be made by the nationally recognized independent public accounting firm used by Boise Office Solutions immediately prior to the Date of Termination ("Accounting Firm"), which Accounting Firm shall provide its determinations and any supporting calculations to Boise Office Solutions and the Executive within ten days of the Executive's Date of Termination. The value of any noncompetition covenant applicable to the Executive shall be determined by independent appraisal by a nationally recognized business valuation firm selected by Boise Office Solutions, and a portion of the Payments shall, to the extent of that appraised value, be specifically allocated as reasonable compensation for such noncompetition covenant and shall not

be treated as a parachute payment. If any Gross-Up Payment is required to be made, Boise Office Solutions shall make the Gross-Up Payment within ten days after receiving the Accounting Firm's calculations. Any such determination by the Accounting Firm shall be binding upon Boise Office Solutions and the Executive.

(f) All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 7 shall be borne solely by Boise Office Solutions.

8. Confidentiality, Nonsolicitation and Covenant Not to Compete. For the purposes of this Section 8, the term "Boise" shall include Boise Cascade Corporation (which shall include Boise Office Solutions) and the Combined Enterprise (which shall include OfficeMax), as well as their affiliates and subsidiaries.

(a) Confidentiality. Boise and/or the Combined Enterprise shall provide Executive with certain confidential information and trade secrets ("Confidential Information"). Confidential Information includes, without limitation, the names, addresses, price lists, purchasing histories, and requirements of customers and potential customers; location, region, and company financial reports; sales and service manuals and bulletins; cost information and patterns; floor plans and drawings of facilities; marketing strategies; acquisition and expansion plans; and other similar information. Confidential Information shall also include, without limitation, all letters, memoranda, notes, tables, spreadsheets, and other similar documents, whether in hard copy or electronic form, created or generated by or on behalf of Executive using the information, or any part thereof, described in the previous sentence. Notwithstanding the definition of Confidential Information as set forth above, Confidential Information shall not include information that is generally available to the public other than as a result of a prohibited disclosure by Executive. Executive recognizes that such information is the Confidential Information and trade secrets of Boise and/or the Combined Enterprise and agrees not to divulge such information to any person, firm, or institution, except as such disclosure is a necessary part of a bona fide merchandise sale negotiation with an actual or potential customer, or otherwise in connection with his duties and responsibilities as an executive of the Combined Enterprise and except as may be required by law. Further, upon termination of employment with the Combined Enterprise, Executive will continue to treat Confidential Information as private and privileged, and will not, either for Executive's own purposes or as an employee of or for the benefit of any other entity or person, use such information or disclose it to any person, firm, or institution.

(b) Return of Property. On termination of Executive's employment with the Combined Enterprise, Executive will immediately surrender, in good condition, all (a) Confidential Information; and (b) all letters, notes, memoranda, program design specifications, and all other similar items which relate to customers or potential customers of Boise and/or the Combined Enterprise that Executive obtained from Boise's and/or the Combined Enterprise's files or databases, are supplied to Executive by Boise and/or the Combined Enterprise, or generated by Executive from Boise's and/or the Combined Enterprise's data and that are in Executive's possession, custody,



or control wherever located, including all reproductions or copies of such materials, whether in hard copy or electronic form; and (c) all tangible property of Boise and/or the Combined Enterprise, including, but not limited to, computers, handheld electronic devices, cellular telephones, briefcases, samples, merchandise, and furniture.

(c) Nonsolicitation. For a period beginning on the Effective Date and ending 12 months from the Date of Termination for whatever reason, Executive agrees that he shall not directly or indirectly for Executive's benefit or on behalf of any other party (other than Boise and/or the Combined Enterprise):

(i) Solicit or attempt to solicit any customer of the Combined Enterprise for the purpose of selling or distributing office supplies, paper, office furniture, computer consumables, or related office products or services. For purposes hereof, a customer of the Combined Enterprise shall mean any person or business to whom the Combined Enterprise sold or distributed office supplies, paper, office furniture, computer consumables, or related office products and services during the last two years Executive was employed by the Combined Enterprise.

(ii) Solicit or discuss potential employment opportunities with any employee of Boise and/or the Combined Enterprise (other than for opportunities with Boise and/or the Combined Enterprise) or induce or attempt to induce any employee of Boise and/or the Combined Enterprise to leave the employ of Boise and/or the Combined Enterprise, or in any way interfere with the relationship between Boise and/or the Combined Enterprise and any employee thereof without the prior express written consent of Boise Office Solutions.

(iii) Offer, hire, or cause to be offered or hired any person who was employed by Boise and/or the Combined Enterprise at any time during the 12 months prior to the termination of Executive's employment with the Combined Enterprise.

(iv) Induce or attempt to induce any supplier, or other business relation of Boise and/or the Combined Enterprise to cease doing business with Boise and/or the Combined Enterprise or in any way interfere with the relationship between any such supplier or business relation and Boise and/or the Combined Enterprise (including, without limitation, making any negative statements or communications about Boise and/or the Combined Enterprise).

(d) Covenant Not to Compete. Executive acknowledges that as a key management employee, Executive will be involved on a high level in the development, implementation, and management of the Combined Enterprise's business strategies and plans that by virtue of Executive's unique and sensitive position and special background, employment of Executive by a competitor of the Combined Enterprise represents a serious competitive danger to the Combined Enterprise, and the use of Executive's talent and knowledge and information about the Combined Enterprise's business strategies and plans can and would constitute a valuable competitive



advantage over the Combined Enterprise. In view of the foregoing, Executive agrees that for a period of 12 months after termination of Executive's employment with the Combined Enterprise, whether such termination is voluntary or involuntary (or for a period of 12 months after a final judgment or injunction enforcing this covenant), Executive will not, directly or indirectly, own, manage, control, or participate in the ownership, management, or control of,

or be employed or engaged by, or otherwise rendered service to, Staples, Office Depot (or any combination of Staples and Office Depot), or any other office products superstore retail chain, or any other business entity or person engaged in the sale or distribution of office supplies, paper, office furniture, computer consumables, or related office products or services in the Territory (as defined below); provided, however, that the ownership of not more than one (1%) of the equity of any publicly traded business entity will not be deemed a violation of this covenant. For purposes hereof, the Territory shall be all of North America, Australia, New Zealand, and wherever the Combined Enterprise has operations as of the Date of Termination.

(e) Enforcement. Executive expressly agrees and understands that the breach of this Section 8 will cause immediate, irreparable, and immeasurable injury to Boise, and therefore agrees that in addition to any other rights Boise has in order to enforce this Section 8, Boise shall be entitled to injunctive relief without bond or other security by any competent court to enjoin and restrain the breach of this Section 8.

(f) Severability. In case any one or more of the terms contained in Section 8(c)(i), (ii), or (iii) or in Section 8(c) shall for any reason become invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other terms herein, but such terms shall be deemed deleted and such deletion shall not affect the validity of the other terms of this Section 8. In addition, if any one or more of the terms contained in Section 8(c)(i), (ii), or (iii) or in Section 8(c) shall for any reason be held by a court of competent jurisdiction to be excessively broad or unreasonable with regard to duration, scope, or area, the terms shall be construed in a manner to enable it to be enforced to the maximum extent permitted by applicable law, and any such court shall have the power to modify such term.

(g) No Further Obligations of Boise. If the Executive violates any provision of this Section 8, then the obligation of Boise Office Solutions to make any Retention Incentive payments or any payments due under the terms of Sections 6(d), 6(e), or 6(f) will terminate, and Executive will not be entitled to any such payments.

9. Successors; Binding Agreement.

(a) Boise Office Solutions shall be entitled to assign this Agreement to a successor without Executive's consent. Boise Office Solutions shall require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of the Combined Enterprise, by agreement in form and substance satisfactory to the Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that Boise Office Solutions would be required to perform it if no such succession had taken



place. Failure of Boise Office Solutions to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from Boise Office Solutions in the same amount and on the same terms as the Executive would be entitled hereunder if the Executive had terminated the Executive's employment for Good Reason, except that for the purposes of implementing the foregoing, the date of which any such succession becomes effective shall be deemed the Date of Termination.

(b) This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees, and legatees. If the Executive dies while any amount is still payable, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee, or if there shall be no such designee, to the Executive's estate.

10. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipts requested, postage prepaid as follows:

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| If, to the Executive: | Phillip P. DePaul<br>Last home address shown<br>on Boise records |
| If, to Boise Office Solutions: | Boise Cascade Office<br>Products Corporation<br>Attention: CEO<br>150 Pierce Road<br>Itasca, IL 60143-1594 |
| With copy to: | Boise Cascade Corporation<br>Attention: General Counsel<br>1111 West Jefferson Street<br>P.O. Box 50<br>Boise, ID 83728 |

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

11. Miscellaneous. By accepting, and as a condition to accepting, benefits payable under Sections 6(d), 6(e), or 6(f), the Executive agrees to waive, and will be deemed to have waived, for the Term any right or entitlement to severance or termination benefits related to the Executive's termination of employment under any other severance or termination plan, policy, program, or arrangement, including, without limitation, the Prior Agreement and the Executive Severance Agreement. For the



avoidance of doubt, the waiver described in the preceding sentence shall apply only during the Term and only to severance or termination benefits payable to the Executive under any such plan, policy, program, or arrangement (including the Prior Agreement and the Executive Severance Agreement). In addition, by executing this Agreement, the Executive hereby amends and supersedes the Prior Agreement and the Executive Severance Agreement by deleting them in their entirety. That is, after the execution of this Agreement, the Prior Agreement and the Executive Severance Agreement are void and have no further force or

effect. In no event shall the Executive be entitled to duplicative payments or benefits under this Agreement and any other severance or termination plan, policy, program, or arrangement of Boise Office Solutions, its Parent, or their subsidiaries or affiliates. No provision of this Agreement may be modified, waived, or discharged, unless such waiver, modification, or discharge is agreed to in writing and signed by the Executive and such officer as may be specifically designated by Boise Cascade Corporation's Board of Directors. No waiver by either party hereto at any time of any breach by the other party hereof, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreement or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the state of Ohio (regardless of the law which may be applicable under principles of conflicts of law).

12. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or the enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Cleveland, Ohio, in accordance with the rules of (but not necessarily appointed by) the American Arbitration Association then in effect, except as provided herein. Judgment may be entered on the arbitrator's award in any court having jurisdiction, provided, however, that the Executive shall be entitled to seek specific performance of the Executive's right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement. No such arbitration proceedings shall be commenced or conducted until at least 60 days after the parties in good faith shall have attempted to resolve such dispute by mutual agreement; and the parties hereby agree to endeavor in good faith to resolve any dispute by mutual agreement. If mutual agreement cannot be attained, any disputing party, by written notice to the other ("Arbitration Notice") may commence arbitration proceedings. Such arbitration shall be conducted before a panel of three arbitrators, one appointed by each party within 30 days after the date of the Arbitration Notice, and one chosen within 60 days after the



date of the Arbitration Notice by the two arbitrators appointed by the disputing parties. Any Cleveland, Ohio, court of competent jurisdiction shall appoint any arbitrator that has not been appointed within such time periods. Judgment may include costs and attorneys' fees and may be entered in any court of competent jurisdiction.

15. No Guaranty of Employment. Neither this Agreement nor any action taken hereunder shall be construed as giving the Executive a right to be retained as an employee of the Combined Enterprise. Boise Office Solutions and/or the Combined Enterprise shall be entitled to terminate the Executive's employment at any time, subject to providing the benefits herein specified in accordance with the terms hereof. The Executive is free to resign from employment at any time, and Boise Office Solutions and/or the Combined Enterprise is free, subject to the terms of this Agreement, to terminate the Executive's employment at any time and for any reason.

16. Waiver. Executive acknowledges and confirms his previous waiver of any rights he may have had to benefits payable under Section 6(e) of OfficeMax, Inc.'s Annual Incentive Plan.

17. Acknowledgement that the Terms of Employment do not Constitute "Good Reason." By executing this Agreement, Executive acknowledges and agrees that the terms and conditions of employment, or any other term or condition provided in this Agreement, do not constitute "Good Reason" as that term is defined in Executive Severance Agreement and that no condition of "Good Reason" has occurred.

18. Confidentiality. Executive agrees that the terms of this Agreement are strictly confidential and that he may not disclose the existence of this Agreement, its term, or the amounts to be paid hereunder, to other individuals or entities. This prohibition does not preclude disclosure to Executive's financial, tax, or legal advisors, or spouse provided that Executive first advises and cautions any of the above individuals that the existence and terms of this Agreement are confidential and are not to be disclosed, and further that Executive obtains agreement from such individuals that they will abide by this confidentiality provision.

IN WITNESS WHEREOF, Boise Office Solutions and the Executive have caused this Agreement to be executed as of the date first written above.

BOISE CASCADE OFFICE
PRODUCTS CORPORATION

| | | |
|---|---|---|
| /s/ Phillip P. DePaul | By | /s/ Christopher C. Milliken |
| Phillip DePaul | Its | President & CEO |



EXHIBIT A

FORM OF
SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE ("Release") is made and entered into by and between ("Executive") and BOISE CASCADE OFFICE PRODUCTS CORPORATION [or other Participating Employer] ("Employer") in connection with Executive's separation of employment with Employer, effective ("Separation Date").

In consideration of the mutual promises and releases contained herein and other good and valuable consideration as set forth herein, it is hereby agreed as follows:

1. In full and final settlement of any claims and demands for relief which may be asserted by Executive against Employer, its parent, predecessors, successors and assigns, and the employees, current and former directors, officers, agents, attorneys, and representatives of same, Employer will pay Executive a lump sum equal to , subject to applicable tax and withholdings, which amount equals the cash severance benefits payable under the Employment Agreement dated , 2003, by and between Executive and Employer (the "Employment Agreement"). Executive agrees that such payment constitutes the exclusive payments due to Executive from Employer, except as specifically provided in Section 2 below. Executive shall receive such payment as soon as practicable after this Release becomes irrevocable.

2. Notwithstanding anything to the contrary contained herein, Executive and Employer agree and acknowledge that Executive is not waiving his rights to:

(a) Payment of Executive's salary, wage payments, sales bonuses or commissions, and/or reimbursable business expenses due as of the Separation Date, subject to applicable taxes and withholdings.

(b) Payment of Executive's accrued but unused Your Time Off as of the Separation Date, subject to applicable taxes and withholdings.

(c) Payment of Benefits accrued as of the Separation Date under any "employee benefit plan" within the meaning of the Employee Retirement Income Security Act of 1974, as amended; provided, however, that as a condition to accepting the benefits payable under Section 1 above, Executive agrees to waive, and is deemed to have waived, any right or entitlement to severance or termination benefits related to Executive's termination of employment under any other severance or termination plan, policy, program, or arrangement.

(d) Executive's rights with respect to indemnification and directors' and officers' insurance coverage under Parent's corporate governance documents and directors' and officers' liability insurance coverage.

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3. Executive hereby expressly agrees and acknowledges that any and all claims and demands for relief, of whatever nature or kind, including attorneys' fees, costs, and expenses, which Executive ever had or now has against Employer, its predecessors, successors, current and former employees, directors, officers, assigns, agents, attorneys and representatives, or affiliates, which arose out of or relate in any way to Executive's employment with or separation from employment with Employer and/or its predecessors, shall be forever waived, released, or discharged, including, but not limited to, (i) any claims under the Fair Labor Standards Act, 29 U.S.C. Section 201, et seq.; the Employee Retirement Income Security Act, 29 U.S.C. Section 1001, et seq.; the Family and Medical Leave Act, 29 U.S.C. Section 2601, et seq.; the Age Discrimination in Employment Act, 29 U.S.C. Section 621, et seq.; Title VII of the Civil Rights Act of 1991, 42 U.S.C. Sections 1981 and 1981a; the American with Disabilities Act, 42 U.S.C. Section 12100, et seq.; [add references to applicable state or local laws]; and any federal, state, or local laws prohibiting employment discrimination; (ii) claims relating to harassment, breach of contract or wrongful discharge, or breach of express or implied covenants; and (iii) claims arising from any legal restrictions on Employer's right to terminate its employees.

4. Executive represents and agrees that he has not relied on any statements by Employer regarding his rights under the various federal and state laws prohibiting discrimination in the workplace and that he is hereby advised, cautioned, warned, recommended, encouraged, and provided the opportunity to discuss all aspects of the Release with counsel of his own choosing, and that he has carefully read the Release, and that he is voluntarily and of his own free will and without any duress of any kind or nature entering into the Release.

5. Executive acknowledges the receipt and sufficiency of the consideration adequate to support this Release in general, and in particular, the Executive's releases of rights set forth in paragraphs 2 and 3 hereto, since the Executive is receiving benefits under paragraph 1 that the Executive would otherwise not have been entitled to receive.

6. Executive and Employer further expressly agree and understand that the Severance Agreement and Release constitute the complete and entire agreement of the parties with respect to the subject matter hereof, and that any other promises, inducements, representations, warranties, or agreements with respect to the subject matter hereof have been superseded hereby and are not intended to survive the Release, provided that any confidentiality, nonsolicitation and/or noncompete obligations binding on Executive shall continue to be binding on him in accordance with their terms. No amendment or modification of the Release shall be effective unless set forth in writing and signed by both the Executive and a duly authorized officer of Employer.

7. Executive and Employer agree that all matters relative to the construction and interpretation of this Release shall be construed and interpreted in accordance with the laws of the state of Ohio.



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[8. Executive represents and agrees that he has been provided a period of 21 days to consider the terms of this Release and has been advised that, once executed, this Release may be revoked by Executive within seven days of execution.]

[Alternative paragraph (8), as appropriate:
8. Executive represents and agrees that he has been provided a period of 45 days to consider the terms of this Release and has been advised that, once executed, this Release may be revoked by Executive within seven days of execution.]

9. Employer is obligated to make the payments described in Section 1 above only providing the following conditions are met:

(a) The seven-day revocation period under Section 8 expires without Executive revoking this Release;

(b) Executive resigns as an officer of Employer;

10. Executive agrees not to disclose the terms of this Release to any person, except under the circumstances described in this Release.

11. This Release shall not become effective or enforceable until the eighth day after delivery of an executed copy by the Executive to the Employer, at which point it shall be effective and enforceable.

WITNESS
Date _____

Name of Executive

BOISE CASCADE OFFICE
PRODUCTS CORPORATION
[or other Employer]

Date _____

By _____
Title _____

**EMPLOYMENT AGREEMENT**

This **EMPLOYMENT AGREEMENT** ("Agreement") is made and entered into by and between George J. Harad ("Executive") and Boise Cascade Corporation (the "Company" and, together with Executive, the "Parties"), effective as of the last date signed by the Parties (the "Effective Date").

**RECITALS**

**WHEREAS,** Executive is the Company's Chairman of the Board and Chief Executive Officer, with his home and office located in Boise, Idaho; and,

**WHEREAS,** the Company has entered into an agreement, dated July 26, 2004 (the "Sale Agreement") for the sale of its paper, forest products, and timber assets to affiliates of Boise Cascade, L.L.C., a new company formed by Madison Dearborn Partners LLC, (such transaction, the "Sale"); and,

**WHEREAS,** upon the closing of the Sale (the "Closing"), the Company intends to continue to operate its current office products distribution business in Chicago, Illinois; and,

**WHEREAS**, Executive does not intend to relocate from Idaho to Illinois; and

**WHEREAS,** the Parties agree that the Sale will not constitute a "Change in Control" pursuant to the Change in Control Severance Agreement between Executive and the Company dated September 30, 2003 (the "Severance Agreement"); and

**WHEREAS,** the Company acknowledges the importance of, and wishes to secure, Executive's continued services as contemplated in this Agreement, and considers such continued services essential to the best interests of its stockholders; and

**WHEREAS,** the Executive as part of this Agreement has agreed not to compete with the Company or solicit its employees after his employment, to provide the Company with a legal release, and to provide other benefits to the Company to which the Company would not otherwise be entitled, all as described herein.

**AGREEMENT**

**NOW, THEREFORE,** in consideration of the mutual promises and covenants contained herein, it is hereby agreed by and between the Parties hereto as follows:

**1. CONTINUATION OF EMPLOYMENT.** From the Effective Date until the date upon which the Closing occurs (the "Closing Date") (the "Initial Period"), Executive will continue in his current role as Chairman of the Board of Directors ("Chairman") and Chief Executive Officer ("CEO"). During the Initial Period, Executive will continue to (a) be paid his current annual salary of $1,100,000; (b) participate in the Company's 2004 Annual Incentive Award program under the terms and conditions currently applicable to his participation (including a target award

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of 1.2 times base pay); and (c) enjoy all other compensation, benefits and terms of employment to which he would be entitled absent this Agreement.

**2. EXECUTIVE CHAIRMAN POSITION.** Effective upon the Closing Date, Executive will no longer hold his position as CEO of the Company. During the period (the "Transition Period") from the Closing Date through the Separation Date (as defined in Paragraph 3(a), below) Executive will act as the Executive Chairman of the Board of Directors of the Company ("Board"), with the Company's President and CEO reporting to him.

**(a) EXECUTIVE CHAIRMAN DUTIES.** During the Transition Period, Executive will have the following responsibilities:

**(i)** In consultation with the lead director of the Board, schedule, set the agenda for and chair Board meetings;

**(ii)** Upon the request of the Board, assist in the recruitment of new directors as required, and coordinate Board committee assignments;

**(iii)** Manage transition issues related to the Sale;

**(iv)** Assist the CEO in establishing corporate staff functions, including recruiting, selecting and/or transferring key executives;

**(v)** Together with the CEO, conduct initial meetings with shareholders, analysts and other external audiences as required to familiarize these audiences with the office products business as a stand-alone entity;

**(vi)** Review the business strategy analysis and decisions prepared by the CEO and his management team;

**(vii)** In keeping with the business strategy, oversee resource allocation decisions for the office products business, including preparation of capital spending plans and operating budgets for calendar year 2005; and,

**(viii)** Any other duties reasonably requested by the Board, consistent with Executive's position.

**(b) COMPENSATION AND BENEFITS DURING TRANSITION PERIOD.** During the Transition Period, Executive's salary will be paid at the annual rate of $1,100,000. Executive will continue to accrue vacation time and be covered by the Company's group Medical, Dental and Vision Programs, and the Company's Supplemental Healthcare Program for Executive Officers.

**(c) USE OF COMPANY PLANE.** Before and during the Transition Period, Executive will have full access to the Company's corporate plane for business purposes.

**3. TERMINATION AND SEPARATION.**

**(a) SEPARATION DATE.** Provided that neither Executive nor the Company has previously terminated the employment relationship, and further provided that this Agreement has not become void pursuant to Paragraph 8 below, then (i) if the Closing occurs on or before June 30, 2005, Executive's last day as an employee and director of the Company will be June 30, 2005, or (ii) if the Closing has not occurred as of June 30, 2005, Executive's service as an employee and director of the Company will be extended until the date which is 30 days following the Closing Date (the "Extension Period"). The last date of Executive's employment is referred to throughout this Agreement as the "Separation Date." Subject to the provisions of Paragraphs 3(b), 3(c) or 8, which provisions will govern if applicable, and provided the Closing has occurred prior to the Separation Date, Executive shall be entitled to the Retention Benefits (as defined in Paragraph 4, below) and the Accrued Benefits (as defined in Paragraph 5, below).

**(b) TERMINATION FOR CAUSE OR OTHER THAN FOR GOOD REASON**. In the event that Executive's employment is terminated by the Company for Cause, or Executive resigns his employment with the Company without Good Reason, in either case at any time prior to June 30, 2005 (or, if applicable, prior to the end of the Extension Period), Executive shall not be entitled to the Retention Benefits, and shall instead only be entitled to the Accrued Benefits.

**(c) TERMINATION WITHOUT CAUSE, UPON DEATH OR DISABILITY, OR WITH GOOD REASON.** In the event that Executive's employment is terminated by the Company without Cause or due to Executive's death or Disability, or Executive resigns for Good Reason, Executive (1) will be entitled to the Accrued Benefits and (2) will be entitled to the Retention Benefits; but only if (i) the Closing has already occurred or (ii) the Closing occurs subsequent to such termination/resignation and prior to June 30, 2006 (in which case, where the context requires, the Closing Date shall be deemed to be the Separation Date for purposes of the payment of the Retention Benefits and the term of the restrictive covenants set forth in Paragraphs 14 and 16, below). In the event that Executive's employment is terminated due to his death or Disability, and conditions (i) or (ii) stated in this Paragraph 3(c) are otherwise met, Executive (or, as applicable his beneficiaries (see Paragraph 11, below)) will receive the Accrued Benefits and Retention Benefits, with the form of Supplemental Release Agreement described in Paragraph 4 to be provided by Executive or his beneficiaries, as applicable. Further, in the event that Executive's employment is terminated due to his death, the pension payments which result from payment of the Retention Payments will be paid as though the Executive had made an election to receive monthly installment payments over a fifteen year period beginning on July 1, 2005.

**(d) DEFINITIONS.**

**(i) CAUSE**. "Cause" shall mean a termination upon (A) Executive's willful and continued failure to substantially perform his duties with the Company (other than failure resulting from Executive's death or incapacity due to physical or mental illness or injury), for thirty (30) days after a written demand for substantial performance is delivered to Executive by the Board which specifically identifies the manner in which the Board believes that Executive has not substantially performed his duties, or (B) Executive's willful engagement in conduct which causes demonstrable and material injury to the Company monetarily or otherwise.



**(1)** For purposes of this definition of Cause, no act or failure to act on Executive's part shall be considered "willful" unless done or omitted to be done by Executive not in good faith and without reasonable belief that his act or omission was in the best interest of the Company.

**(2)** Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until:

**a.** a resolution is duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after thirty (30) days' notice to Executive and an opportunity for Executive, together with Executive's counsel, to be heard before the Board), finding that in the good faith, reasonable opinion of the Board Executive was guilty of conduct set forth above in clauses (A) or (B) of this Paragraph 3(d)(i) and specifying the particulars of Executive's conduct in detail, and

**b.** a copy of this resolution is delivered to Executive.

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

**(ii) GOOD REASON**. "Good Reason" shall mean any one or more of the following:

**(1)** material reduction by the Company in Executive's base salary as in effect on the Effective Date or failure to timely pay Executive's base salary when due, which failure persists for more than ten (10) business days following notice from Executive;

**(2)** failure by the Company to permit Executive to participate in the welfare benefit plans or arrangements and fringe benefit plans or arrangements which are made generally available by the Company to its senior executive officers, which failure persists for more than ten (10) business days following notice from Executive specifying the plan which Executive has not been permitted to participate in (unless an equitable substitute arrangement embodied in an ongoing substitute or alternative benefit or fringe benefit plan or arrangement has been made for the benefit of Executive);

**(3)** Executive's relocation to any office or location other than that at which Executive is based at the Effective Date or within 45 miles of such location, except for required travel by Executive on the Company's business to an extent substantially consistent with Executive's business travel obligations as of the Effective Date; or

**(4)** any purported termination of Executive's employment by the Company which is not a Termination for Cause, as described above, or due to Executive's death or Disability. For purposes of this Agreement, no such purported termination shall be effective.

**(iii) DISABILITY.** If, as a result of Executive's incapacity due to physical or mental illness or injury, Executive is absent from his duties with the Company on a full-time basis for six (6) consecutive months, and within thirty (30) days after written notice of

termination is given Executive has not returned to the full-time performance of his duties, the Company may terminate Executive's employment for "Disability."

**4. RETENTION BENEFITS.** The payments and benefits set forth in this Paragraph 4 constitute the "Retention Benefits," as defined in this Agreement, the payment or provision of which are subject to Paragraphs 3(a), 3(b), 3(c) and 8 and, on or following the Separation Date, the execution and failure of Executive (or, if applicable per Paragraph 3(c), his beneficiary) to revoke the form of Supplemental Release Agreement attached hereto as Exhibit A:

**(a) INCENTIVE BONUS.** Within ten (10) days of the Separation Date, Executive will be paid a guaranteed bonus of $1,320,000. It is understood that whether or not Executive remains an employee in 2005, he will not participate in the Company's 2005 Annual Incentive Award program.

**(b) RETENTION PAYMENT.** Within ten (10) days after the Separation Date the Company will pay Executive a retention bonus of $ 1,500,000.

**(c) SEVERANCE**. Within ten (10) days after the Separation Date, the Company will pay Executive severance in an amount equal to thirty-six (36) months of Executive's annual salary of $1,100,000 and target bonus of $1,320,000 (equal in total to $7,260,000).

**(d) HEALTH INSURANCE CONTINUATION** For a thirty-six (36) month period following the Separation Date, Executive will continue to be eligible to participate in the Company's healthcare programs (as in effect from time to time). During this period, the Company will make all necessary premium payments on Executive's behalf (other than employee contributions at the active salaried employee rate in effect as of the date of the contribution, which shall be Executive's responsibility) to continue his coverage at the same level that was in effect as of the Separation Date. Following the expiration of such period (the "Benefit Termination Date"), and as provided by the federal COBRA law and by the Company's current group health insurance policies, Executive will be eligible to continue his health insurance benefits at his own expense for up to eighteen (18) months following the Benefit Termination Date and, if permitted under the Company's policies or required by law, to convert to an individual policy if Executive wishes. Executive will be provided with a separate notice of his COBRA rights.

**(e) OTHER INSURANCE AND BENEFITS.** The Company shall, for a thirty-six (36) month period following the Separation Date, maintain in full force and effect for Executive's continued benefit, all life (other than the Company's Supplemental Life Plan), disability and accident insurance plans, programs, or arrangements, and financial counseling services in which Executive was participating immediately prior to the Separation Date.

**(f) PENSION BENEFITS**. As part of this Agreement, solely for the purpose of calculating the amount of benefit to which Executive is entitled under the Company's Pension Plan for Salaried Employees (the "Qualified Plan"), and under the Company's Excess Benefit Plan and Supplemental Early Retirement Plan (the "Nonqualified Plans"), Executive shall be deemed, to the extent permissible under the Qualified Plan and otherwise under the Nonqualified Plans to have continued to accrue pensionable earnings and service through June 30, 2005 and,



**(i)** Deemed to have accrued three (3) years of service credit in addition to his service credit accrued through June 30, 2005 (or, if applicable, through the end of the Extension Period); and

**(ii)** Deemed to have earned compensation for each year of the three (3) additional years of service credit (without giving effect to limitation in the Nonqualified Plans on the amount of compensation which may be taken into account in calculating the benefit under such Plans) equal to Executive's annual salary of $1,100,000 and target bonus of $1,320,000 (equal in total to $2,420,000 per year).

The benefits under this Paragraph 4(f) shall be paid in the same manner as, and shall otherwise possess the same rights and privileges as were available with respect to, benefits under the terms of the Qualified Plan and Nonqualified Plans as in effect immediately prior to the Separation Date.

**(g) OFFICE SPACE.** For a period of two (2) years after the Separation Date, the Company will provide Executive with fully paid office space and secretarial assistance in Boise, Idaho, provided that the cost of to the Company of such space and assistance shall not exceed eighty thousand dollars ($80,000) per year.

**(h) DISCHARGE OF OTHER OBLIGATIONS.** The Company's payment in full to Executive of the Retention Benefits supersedes and completely discharges any obligation the Company may have to Executive pursuant to the Severance Agreement and the Company's Executive Officer Severance Pay Policy (as amended through December 11, 1992) ("Executive Officer Severance Pay Policy").

**5. ACCRUED BENEFITS.** The following constitute the "Accrued Benefits," as defined in this Agreement:

**(a) ACCRUED SALARY AND VACATION.** On the Separation Date, the Company will pay Executive all salary and unused vacation accrued through June 30, 2005 (or, if applicable, through the end of the Extension Period).

**(b) BONUSES.** Within ten (10) days after the Separation Date, or prior to then if due under the relevant plan(s), the Company will pay Executive any earned and unpaid bonuses due under Executive's long-term and annual incentive plans. Such bonuses consist of any bonuses earned pursuant to:

**(i)** The Company's 2002-2004 Key Executive Performance Unit Plan; and,

**(ii)** The Company's 2004 Annual Incentive Award program.

**6. PARACHUTE PAYMENT.** In the event that any payments or benefits paid to Executive under this Agreement are deemed to be "Parachute Payments" pursuant to Internal Revenue Code section 280G(b)(2), and Executive is subject to excise tax under Internal Revenue Code section 4999, the Parties agree that Executive will be entitled to receive from the Company an additional amount (the "Gross-Up Payment), the amount of which shall be calculated in the

manner described in Section 7 of the Severance Agreement and which shall be subject to the other terms and conditions set forth in such section,

**7. CONFIRMATION OF OTHER OBLIGATIONS.** The Company acknowledges that, except as expressly provided herein, this Agreement is not intended to reduce or eliminate any benefits or compensation due to Executive under any other Company plans or agreements.

**8. TERMINATION OF SALE AGREEMENT.** Notwithstanding anything herein to the contrary, in the event that either (i) the Closing does not occur prior to June 30, 2006 or (ii) the Sale Agreement is terminated in accordance with its terms, this Agreement shall terminate immediately and shall be deemed to be null and void, *ab initio,* and Executive will continue to be employed with the compensation, benefits and other terms of employment which he would have received absent this Agreement.

**9. RESTRICTED STOCK AWARDS.** On July 31, 2003 and October 17, 2003 Executive received Performance Accelerated Restricted Stock Awards. The July 31, 2003 Award is unaffected by this Agreement. Effective as of the Closing, the Performance Goals described in paragraph 3.3 of the October 17, 2003 Award agreement shall be satisfied. Any unvested shares under the October 17, 2003 Award will otherwise vest in accordance with the terms and conditions of such Award, and Executive's rights to exercise vested shares will be as set forth in the October 17, 2003 Award Agreement.

**10. STOCK OPTIONS.** All of Executive's outstanding stock options (the "Options") are vested, and Executive's rights to exercise vested option shares will be as set forth in the Company's Stock Incentive Plans, Executive's Stock Option Agreement(s) and Stock Option Grant Notice(s).

**11. BENEFICIARIES.** In the event that Executive should die or become disabled on or prior to the payment by the Company of all payments due hereunder, such payments will be made to Executive's beneficiaries as designated in Exhibit B hereto (unless otherwise provided pursuant to the applicable plan). Executive shall have the right to amend Exhibit B at any time upon written notice to the Company. Executive may also change his beneficiaries under any other benefit plan pursuant to the procedures applicable to such plan.

**12. EXPENSE REIMBURSEMENTS.** Executive agrees that, within thirty (30) business days of the Separation Date, he will submit his final documented expense reimbursement statement reflecting all business expenses Executive incurred through the Separation Date, if any, for which he seeks reimbursement. The Company will reimburse Executive for these expenses pursuant to its regular business practice.

**13. RETURN OF COMPANY PROPERTY.** On the Separation Date, Executive shall return to the Company all Company documents (and all copies thereof) and other Company property that Executive has had in his possession at any time, including, but not limited to, Company files, notes, drawings, records, business plans and forecasts, financial information, specifications, training materials, computer-recorded information, tangible property including, but not limited to, computers, credit cards, entry cards, identification badges and keys; and any materials of any kind that contain or embody any proprietary or confidential information of the



Company (and all reproductions thereof). Executive may retain such documents, property, and materials after the Separation Date only to the extent approved by the Board.

**14. NON-COMPETITION COVENANT.** During his employment with the Company and, if Executive is entitled to receive the Retention Benefits, for a period of thirty-six (36) months following the Separation Date (for purposes of this Paragraph, the "Noncompete Period"), Executive will not, other than in connection with employment for the Company or as otherwise approved by the Company, engage in, manage or consult with, any business which is primarily involved in the office products distribution and/or office products retail business (the "Business") in any geographic area in which the Company then does business; provided, however, that Executive may personally own not more than 5% of the outstanding securities of any class of stock of a corporation engaged in the Business whose shares are listed on an exchange or the Nasdaq Stock Market. If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, such court is hereby requested and authorized by the parties hereto to revise the foregoing restrictions to include the maximum restrictions allowed under the applicable law. If such court refuses or declines to revise the restrictions as contemplated by the preceding sentence, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner. For purposes of this Paragraph 14, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company which it controls. If Executive becomes entitled to receive the Retention Benefits and thereafter (i) the Company gives Executive specific written notice of Executive's activities that it reasonably and in good faith believes materially violate the provisions of this Paragraph; (ii) Executive fails to stop such activities within thirty (30) days of receiving such notice; and (iii) there is a final determination by a court that conditions (i) and (ii) of this sentence have been met and Executive has materially violated the provisions of this Paragraph, Executive shall return to the Company a portion of the amount received by Executive pursuant to Paragraph 4(c), such amount being equal to the product of (1) $7,260,000 and (2) a fraction, the numerator of which is the number of full months remaining in the Noncompete Period upon such material violation and the denominator of which is 36.

**15. PROPRIETARY INFORMATION OBLIGATIONS.** Executive agrees that he will not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of his assigned duties and for the benefit of the Company, either during the period of his employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which Executive obtained during his employment by the Company. This restriction will not apply to information that (i) was known to the public before its disclosure to Executive; (ii) becomes known to the public after disclosure to Executive through no wrongful act of Executive; or (iii) Executive is required to disclose by applicable law, regulation or legal process (provided that Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information).

**16. NONSOLICITATION.** During the Transition Period and for a period of three (3) years following the Separation Date, Executive will not, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, knowingly solicit or attempt to solicit any managerial level employee of the Company or any of its subsidiaries or affiliates to

leave employment in order to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company.

**17. CONFIDENTIALITY.** The provisions of this Agreement will be held in strictest confidence by the Parties and will not be publicized or disclosed in any manner whatsoever; *provided, however,* that: (a) Executive may disclose this Agreement to his immediate family; (b) the Parties may disclose this Agreement in confidence to their respective attorneys, accountants, auditors, tax preparers, and financial advisors; (c) the Company may disclose this Agreement as necessary to fulfill standard or legally required corporate reporting or disclosure requirements; and (d) the Parties may disclose this Agreement insofar as such disclosure may be necessary to enforce its terms or as otherwise required by law, provided that, in the case of clauses (a) and (b), such disclosure shall only be permitted to the extent that the disclosing party requires the party receiving the disclosure to maintain the confidentiality of the Agreement in accordance with this Paragraph 17.

**18. NONDISPARAGEMENT.** The Parties agree not to disparage each other, and the other party's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; provided that the Parties may, without violation of this Paragraph 18, respond accurately and fully to any question, inquiry or request for information when required by legal process.

**19. INDEMNIFICATION.** The Company's indemnification and defense obligations to Executive, and obligations to Executive under its Directors and Officers (D&O) or other insurance policies, are unaffected by this Agreement. Further, the Company agrees to maintain insurance coverage for Executive for six (6) years following the Separation Date to the same extent and at the same level as it does for its then-current officers and directors.

**20. GENERAL RELEASE.** Except as provided in this Agreement, Executive hereby generally and completely releases the Company and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all known claims, liabilities and obligations, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to Executive's signing of this Agreement. This general release includes, but is not limited to: **(a)** all claims arising out of or in any way related to Executive's employment with the Company or the termination of that employment; **(b)** all claims related to Executive's compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; **(c)** all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; **(d)** all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and **(e)** all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), and, the federal Americans with Disabilities Act of 1990. *Provided, however,* that this release will not apply to Executive's vested or earned compensation or benefits, workers' compensation claims, or the Company's indemnification and defense obligations to Executive or its obligations to him under its D&O or other insurance policies.



**21. MISCELLANEOUS**. Payments made hereunder shall be subject to legally required tax withholding, if applicable.

**22. ENTIRE AGREEMENT**. This Agreement, including all referenced documents and exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between the Parties with regard to the subject matter hereof. It supersedes any and all other agreements entered into by and between the Parties. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein. It may not be modified except in a writing signed by Executive and a duly authorized representative of the Company. Each party has carefully read this Agreement, has been afforded the opportunity to be advised of its meaning and consequences by his or its respective attorneys, and signed the same of his or its own free will. Executive acknowledges that the receipt by him of the Retention Benefits will be in lieu of any rights to severance payments or benefits he may otherwise be entitled to from the Company or its affiliates pursuant to the Severance Agreement or the Executive Officer Severance Pay Policy.

**23. ATTORNEYS' FEES**. If either Executive or the Company brings any action to enforce rights under this Agreement, the prevailing party in any such action shall be entitled to recover reasonable attorneys' fees and costs incurred by the prevailing party in connection with such action. For purposes of this Agreement "prevailing party" shall be the party who obtained substantially the relief sought.

**24. SUCCESSORS AND ASSIGNS**. This Agreement will bind the heirs, personal representatives, successors, assigns, executors and administrators of each party, and will inure to the benefit of each party, its heirs, successors and assigns.

**25. APPLICABLE LAW AND VENUE**. This Agreement shall be governed by and construed in accordance with Delaware law, without giving effect to any conflicts of laws principles that require the application of the law of a different state. The Parties hereby expressly consent to personal jurisdiction and venue in the federal courts of Idaho for any lawsuit arising from or related to this Agreement.

**26. SEVERABILITY**. If a court of competent jurisdiction determines that any term or provision of this Agreement is invalid or unenforceable, in whole or in part, then the remaining terms and provisions hereof will be unimpaired. The court will then have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision that most accurately represents the parties' intention with respect to the invalid or unenforceable term or provision.

**27. WAIVER**. Any waiver or failure to enforce any provision of this Agreement on one occasion will not be deemed a waiver of any other provision or of such provision on any other occasion.

**28. COUNTERPARTS**. This Agreement may be executed in two counterparts, each of which will be deemed an original, all of which together constitutes one and the same instrument. Facsimile signatures are as effective as original signatures.



**IN WITNESS WHEREOF**, the Parties have duly authorized and caused this Agreement to be executed on the dates written below.

**BOISE CASCADE CORPORATION** **GEORGE J. HARAD**

By: /s/ Ward W. Woods
WARD W. WOODS

Date: October 15, 2004

/s/ George J. Harad

Date: 10/29/04



**EXHIBIT A**
**SUPPLEMENTAL RELEASE AGREEMENT**

Pursuant to the Employment Agreement dated between Boise Cascade Corporation (the "Company") and me, except as provided therein, I hereby release, acquit and forever discharge the Company, and its directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns from any and all known claims, liabilities and obligations, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to my signing of this Supplemental Release Agreement. This general release includes, but is not limited to: **(a)** all claims arising out of or in any way related to my employment with the Company or the termination of that employment; **(b)** all claims related to my compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership interests in the Company; **(c)** all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; **(d)** all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and **(e)** all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the federal Civil Rights Act of 1964 (as amended), and, the federal Americans with Disabilities Act of 1990. *Provided, however,* that this release will not apply to my vested or earned compensation or benefits, workers' compensation claims, or the Company's indemnification and defense obligations to me or its obligations to me under its D&O or other insurance policies.

I acknowledge that I am knowingly and voluntarily waiving and releasing any rights I may have under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"). I also acknowledge that the consideration given for the ADEA waiver is in addition to anything of value to which I was already entitled. I further acknowledge that I have been advised by this writing, as required by the ADEA, that: a) my ADEA waiver does not apply to any rights or claims that arise after the date I sign this Supplemental Release Agreement; b) I should consult with an attorney prior to signing this Supplemental Release Agreement; c) I have twenty-one (21) days to consider this Supplemental Release Agreement (although I may choose to voluntarily sign it sooner); d) I have seven (7) days following the date I sign this Supplemental Release Agreement to revoke the ADEA waiver; and e) the ADEA waiver will not be effective until the date upon which the revocation period has expired unexercised, which will be the eighth day after I sign this Supplemental Release Agreement.

GEORGE J. HARAD DATE

**EXHIBIT 10.11**

**REGISTRATION RIGHTS AGREEMENT**

This Registration Rights Agreement ("Agreement") is made this 29th day of October, 2004 by and among Boise Cascade Corporation, a Delaware corporation (to be renamed "OfficeMax Incorporated" on November 1, 2004, "BCC"), Forest Products Holdings, L.L.C., a Delaware limited liability company ("FPH"), and Boise Cascade Holdings, L.L.C., a Delaware limited liability company ("Boise Holdings").

**Preliminary Recitals**

1. BCC, FPH and Boise Land & Timber Corp., a Delaware corporation ("Timber Holding Co."), are parties to that certain Asset Purchase Agreement, dated as of July 26, 2004 (as amended from time to time in accordance with its terms, the "Asset Purchase Agreement");

2. Pursuant to and subject to the terms and conditions of the Asset Purchase Agreement, at the closing of the transactions contemplated thereby, certain wholly-owned Subsidiaries of Boise Holdings are acquiring substantially all of assets of the forest products business of BCC and certain of its Subsidiaries, and certain of Timber Holding Co.'s Affiliates are acquiring substantially all of the timberland assets of BCC and in connection therewith, BCC is acquiring shares of Boise Holdings;

3. As an inducement to BCC and FPH to enter into and consummate the transactions contemplated by the Asset Purchase Agreement, Boise Holdings has agreed to provide certain registration rights to BCC and FPH and transferees (to the extent provided herein) of their equity securities of Boise Holdings as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Certain Definitions.

"Common Stock" means the Series B Common and, in the event Boise Holdings has hereafter converted into a corporation or other entity form, the series of common stock or other comparable series of common equity securities of Boise Holdings.

"Initial Public Offering" shall mean the first underwritten public offering pursuant to an effective registration statement under the Securities Act (or any comparable form under any similar statute then in force), covering the offer and sale of Common Stock.

"LLC Agreement" means that certain limited liability company agreement governing the affairs of Boise Holdings, by and among FPH, BCC, and the other holders of unit membership interests in Boise Holdings, as amended from time to time in accordance with its terms.

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"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, a limited liability company or other unincorporated organization, and a governmental entity or any department, agency or political subdivision thereof.

"Registrable Securities" means, as of any date: (i) Common Stock issued on the date hereof to BCC pursuant to the Asset Purchase Agreement and issued to FPH or any of its Affiliates on or prior to the date hereof; (ii) any Common Stock issued or issuable with respect to the Common Stock in the preceding clause (i) by way of or in connection with a stock dividend, stock split, combination of shares, share subdivision, share exchange, recapitalization, merger, consolidation or other reorganization or transaction, and (iii) any other Common Stock otherwise acquired by BCC or FPH (including upon conversion of any other shares of capital stock). As of any date, Registrable Securities owned by BCC or any of its Affiliates are sometimes referred to herein as "BCC Registrable Securities." As of any date, Registrable Securities owned by FPH or any of its Affiliates are sometimes referred to herein as "FPH Registrable Securities." As of any date, Registrable Securities owned by any direct or indirect transferee of BCC (other than an Affiliate of BCC) or by any direct or indirect transferee of FPH (other than an Affiliate of FPH) are sometimes referred to herein as "Transferee Registrable Securities." As to any particular Registrable Securities, such securities will cease to be Registrable Securities when they have been distributed to the public pursuant to a offering registered under the Securities Act of 1933, as amended from time to time (the "Securities Act"), or distributed to the public in compliance with Rule 144 under the Securities Act. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the right to acquire directly or indirectly such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected.

"Registration Expenses" means any and all expenses incident to performance of, or compliance with any registration of securities pursuant to, this Agreement, including, without limitation: (i) the fees, disbursements and expenses of Boise Holdings' counsel and accountants; (ii) the fees, disbursements and expenses of one or more firms, as applicable pursuant to the terms of this Agreement, selected as counsel for the holders of the Registrable Securities in connection with the registration of the securities to be disposed of; (iii) all expenses, including registration and filing fees, in connection with the preparation, printing, filing and distribution of the registration statement, any preliminary prospectus or final prospectus, term sheets and any other offering documents, and amendments and supplements thereto, and the mailing and delivering of copies thereof to any underwriters and dealers; (iv) the cost of printing or producing any underwriting agreements and blue sky or legal investment memoranda, and any other documents in connection with the offering, sale or delivery of the securities to be disposed of; (v) all expenses in connection with the qualification of the securities to be disposed of for offering and sale under state securities laws, including the fees, disbursements and expenses of counsel for the underwriters or the holders of the Registrable Securities in connection with such qualification and in connection with any blue sky and legal investment surveys; (vi) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the securities to be disposed of; (vii) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering; (viii) all security engraving and security printing expenses; (ix)



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all fees, disbursements and expenses payable in connection with the listing of the securities on any securities exchange or automated interdealer quotation system and the rating of such securities; (x) any other fees, disbursements and expenses of underwriters customarily paid by the sellers of securities (excluding underwriting discounts and commissions); (xi) all liability insurance expense; and (xii) other out-of-pocket expenses of the holders of the Registrable Securities participating in such registration. Notwithstanding the foregoing, each holder of the Registrable Securities and Boise Holdings shall be responsible for its own internal administrative and similar costs.

"Series B Common" means the Series B Common Units of Boise Holdings, having the rights and preferences set forth with respect thereto in the LLC Agreement.

2. Demand Registrations.

(a) General. At any time and from time to time, upon written notice from the holders of at least 75% of the FPH Registrable Securities requesting that Boise Holdings effect the registration under the Securities Act of any or all of the FPH Registrable Securities, Boise Holdings shall effect the registration (under the Securities Act and applicable state securities laws) of such securities (and other Registrable Securities subject to Sections 2(c) and 2(d) below) in accordance with such notice, Section 5 below and the other provisions of this Agreement. At any time and from time to time after the date (the "Trigger Date") that is the earlier of (i) the date that Boise Holdings' Initial Public Offering has been consummated (the "IPO Date") and (ii) the fifth anniversary of the Closing, upon written notice from the holders of at least 75% of the BCC Registrable Securities requesting that Boise Holdings effect the registration under the Securities Act of any or all of the BCC Registrable Securities, Boise Holdings shall effect the registration (under the Securities Act and applicable state securities laws) of such securities (and other Registrable Securities subject to Sections 2(c) and 2(d) below) in accordance with such notice, Section 5 below and the other provisions of this Agreement; provided that, notwithstanding the foregoing, Boise Holdings shall have not have any obligation to effect any such registration or take other actions required by this sentence at any time prior to the IPO Date if, at the time such request is made, BCC does not hold at least 50% of the number of shares of Series B Common issued to BCC at closing under the Asset Purchase Agreement (as equitably adjusted for stock splits, stock dividends, stock combinations, reverse stock splits, recapitalizations or similar events effecting such class or series of stock). Any notice from holders of FPH Registrable Securities or BCC Registrable Securities pursuant to this Section 2(a) shall specify the approximate number of Registrable Securities to be registered and the expected per share price range for the offering. A registration pursuant to this Section 2 is sometimes referred to herein as a "Demand Registration."

(b) Limitations on Demand Registrations: Demand Registration Forms and Expenses. The holders of FPH Registrable Securities shall be entitled to separately request pursuant to this Section 2: (i) an unlimited number of effected registrations on Form S-1 or any similar or successor long form registration ("Long-Form Registrations") in which Boise Holdings shall pay all Registration Expenses, (ii) an unlimited number of registrations on Form S-2 or S-3 or any similar or successor short form registration ("Short-Form Registrations") in which Boise Holdings shall pay all Registration Expenses; and (iii) an unlimited number of Long-Form Registrations in which the holders of the Registrable Securities participating in such



registration shall pay all Registration Expenses. At and after the Trigger Date, the holders of BCC Registrable Securities shall be entitled to separately request pursuant to this Section 2: (x) two Long-Form Registrations in which Boise Holdings shall pay all Registration Expenses, (y) an unlimited number of Short-Form Registrations in which Boise Holdings shall pay all Registration Expenses; and (z) five Long-Form Registrations in which the holders of the Registrable Securities participating in such registration shall pay all Registration Expenses; provided that, notwithstanding the foregoing, Boise Holdings shall have not have any obligation to effect any such registration or take other actions required by this sentence at any time prior to the IPO Date if, at the time such request is made, BCC does not hold at least 50% of the number of shares of Series B Common issued to BCC at closing under the Asset Purchase Agreement (as equitably adjusted for stock splits, stock dividends, stock combinations, reverse stock splits, recapitalizations or similar events effecting such class or series of stock).

For purposes of clause (iii) above and clause (z) above, each holder of securities included in accordance with this Agreement in any registration pursuant to clause (iii) or clause (z) above shall pay those Registration Expenses allocable to the registration of such holder's securities so included, and any Registration Expenses not so allocable will be borne by all sellers of securities included in such registration in proportion to the aggregate selling price of the securities to be so registered. Boise Holdings shall pay and be solely responsible for Registration Expenses with respect to registrations effected under clauses (i), (ii), (x) and (y) above.

After Boise Holdings has become subject to the Securities Exchange Act of 1934, as amended from time to time ("Exchange Act"), Boise Holdings will use its reasonable best efforts to make Short-Form Registrations available for the sale of Registrable Securities. Demand Registrations will be Short Form Registrations whenever Boise Holdings is permitted to use any applicable short form; provided, however, that Boise Holdings shall nevertheless use a long-form registration statement in the event that both: (i) the use of a short-form registration statement would limit the offering to existing security holders, qualified institutional buyers or other classes of offerees or would otherwise, in the opinion of the managing underwriters, have an adverse effect on the offering under the Securities Act and regulations thereunder as then in effect; and (ii) the holders of 90% of the BCC Registrable Securities or FPH Registrable Securities, as the case may be, initially requesting the Demand Registration direct in such request that Boise Holdings utilize a long-form registration statement.

Notwithstanding any other provision of this Agreement to the contrary, a registration requested hereunder shall not be deemed to have been effected: (i) unless it has become and remains effective for the period specified in Section 5(b); (ii) if after it has become effective such registration is interfered with by any stop order, injunction or other order or requirement of the Securities and Exchange Commission ("SEC") or other governmental agency or court for any reason other than due solely to the fault of the holders of the Registrable Securities participating therein and, as a result thereof, the Registrable Securities requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the registration statement; or (iii) if the conditions to closing specified in any purchase agreement or underwriting agreement entered into in connection with any such registration are not satisfied or waived other than due solely to the fault of the holders of the Registrable Securities participating therein. In addition, a Demand Registration initially requested by the holders of the BCC Registrable Securities shall not be deemed to have been effected if the holders of the BCC



Registrable Securities are unable, as a result of the priority provisions in Section 2(d) below, to sell at least 90% of the BCC Registrable Securities initially requested to be included in such registration. Similarly, a Demand Registration initially requested by the holders of the FPH Registrable Securities shall not be deemed to have been effected if the holders of the FPH Registrable Securities are unable, as a result of the priority provisions in Section 2(d) below, to sell at least 90% of the FPH Registrable Securities initially requested to be included in such registration.

(c) Notice to Other Holders: Selection of Underwriter and Holder's Counsel. Within five (5) days after receipt of a request for a Demand Registration, Boise Holdings will give prompt written notice (in any event within five (5) days after its receipt of notice of any exercise of Demand Registration rights under this Agreement) of such request to all other holders of Registrable Securities, and subject to Section 2(d) below, will include within such registration all Registrable Securities with respect to which Boise Holdings has received written requests for inclusion therein within fifteen (15) days after

receipt of Boise Holdings' notice. The holders of a majority of the BCC Registrable Securities or FPH Registrable Securities, as applicable, submitting the initial request (i.e. excluding the holders submitting requests after Boise Holdings' notice) shall have the right to select the investment bankers and managers for the offering, subject in the case of holders of BCC Registrable Securities submitting the original request, to the approval of the holders of FPH Registrable Securities, if any, participating in such registration pursuant to this Agreement, which approval shall not be unreasonably withheld.

Counsel for all holders of Registrable Securities in connection with such registration shall be selected: (i) by the holders of a majority of the BCC Registrable Securities, if holders of the BCC Registrable Securities make the initial registration request; or (ii) by the holders of a majority of the FPH Registrable Securities, if the holders of the FPH Registrable Securities make the initial registration request; provided, however, if the holders of a majority of the FPH Registrable Securities, on the one hand, and a majority of the BCC Registrable Securities, on the other hand, reasonably conclude, after consultation with the other, that such representation is likely to result in a conflict of interest or materially adversely affect either group's rights in connection with such registration, then the holders of a majority of the FPH Registrable Securities and the holders of a majority of the BCC Registrable Securities, respectively, shall each be entitled to select a separate firm to represent them as counsel in connection with such registration. The fees and expenses of such firm or firms acting as counsel for the holders of the Registrable Securities shall be paid by Boise Holdings.

(d) Priority on Demand Registrations. Boise Holdings shall not include in any Demand Registration any securities which are not Registrable Securities without the prior written consent of the holders of at least 75% of the Registrable Securities included in such registration. If a Demand Registration is an underwritten offering and the managing underwriters advise Boise Holdings in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities, if any, which can be sold in an orderly manner in such offering within a price range acceptable to the holders of a majority of the BCC Registrable Securities or FPH Registrable Securities, as applicable, initially requesting registration, Boise Holdings will include in such registration only the number of Registrable



Securities which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the BCC Registrable Securities and the FPH Registrable Securities requested to be included therein, pro-rata among the holders of such Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(ii) second, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iii) third, any other securities requested to be included in such registration.

(e) Restrictions on Demand Registrations. Boise Holdings will not be obligated to effect any Demand Registration within 90 days after the effective date of a previous Demand Registration or previous registration in which holders of Registrable Securities were given piggyback rights pursuant to Section 3 at an offering price acceptable to the holders of the Registrable Securities and in which there was no reduction in the number of Registrable Securities requested to be included. Additionally, Boise Holdings may postpone for up to 90 days (on not more than one occasion during any 12-month period) the filing or the effectiveness of a registration statement for a Demand Registration if, based on the advice of counsel, Boise Holdings reasonably determines that such Demand Registration would likely have a material adverse effect on any proposal or plan by Boise Holdings to engage in any acquisition of assets (other than in the ordinary course of business) or any merger, consolidation, tender offer or similar transaction; provided, however, that in such event, the holders of Registrable Securities initially requesting such Demand Registration will be entitled to withdraw such request and, if such request is withdrawn, such Demand Registration will not count as one of the permitted Demand Registrations hereunder and Boise Holdings will pay all Registration Expenses in connection with such registration.

(f) Other Registration Rights. Boise Holdings will not register for the benefit of any Person other than BCC, FPH or their respective direct or indirect transferees, or grant to any such other Person the right to request Boise Holdings to register or to participate in Piggyback Registrations with respect to, any equity securities of Boise Holdings, or any securities convertible or exchangeable into or exercisable for such securities, without the prior written consent of holders of a majority of FPH Registrable Securities then outstanding.

3. Piggyback Registrations.

(a) General; Notice to Holders. In addition to the registration rights in Section 2 above, whenever Boise Holdings proposes to register any of its securities under the Securities Act (other than pursuant to a Demand Registration hereunder) and the registration form to be used may be used for the registration of Registrable Securities, Boise Holdings will give prompt written notice (in any event within five (5) days after its receipt of notice of any exercise of demand registration rights other than under this Agreement) to all holders of Registrable



Securities of its intention to effect such a registration. Subject to Sections 3(c) and 3(d) below, Boise Holdings shall include in such registration all Registrable Securities with respect to which Boise Holdings has received written requests for inclusion therein within fifteen (15) days after the receipt of Boise Holdings' notice. Registrations under this Section 3 are sometimes referred to herein as "Piggyback Registrations."

(b) Number of Piggyback Registrations; Piggyback Registration Expenses. The holders of the Registrable Securities shall be entitled to participate in an unlimited number of Piggyback Registrations. The Registration Expenses of the holders of Registrable Securities will be paid by Boise Holdings in all Piggyback Registrations.

(c) Priority on Primary Piggyback Registrations. Subject to Section 3(f) below, if a Piggyback Registration is an underwritten primary registration on behalf of Boise Holdings, and the managing underwriters advise Boise Holdings in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to Boise Holdings, Boise Holdings will include in such registration only the number of securities (including Registrable Securities) which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities Boise Holdings proposes to sell;

(ii) second, the BCC Registrable Securities and the FPH Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iii) third, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iv) fourth, any other securities requested to be included in such registration.

(d) Priority on Secondary Piggyback Registrations. Subject to Section 3(f) below, if a Piggyback Registration is an underwritten secondary registration on behalf of holders of Boise Holdings' securities, and the managing underwriters advise Boise Holdings in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the holders initially requesting such registration, Boise Holdings will include in such registration: in the case of a registration with respect to which Boise Holdings has provided notice under Section 3(a) above, only the number of securities (including Registrable Securities) which can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities requested to be included therein by the holders requesting such registration, the BCC Registrable Securities, if any, requested to be included therein, and the FPH Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such



securities (including Registrable Securities) on the basis of the number of shares requested to be included by each such holder;

(ii) second, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iii) third, any other securities requested to be included in such registration.

(e) Selection of Underwriter and Holder's Counsel. If any Piggyback Registration is an underwritten offering, the selection of investment bankers and managers for the offering must be approved by the holders of a majority of the Registrable Securities included in such Piggyback Registration. Such approval will not be unreasonably withheld. The holders of the BCC Registrable Securities and the FPH Registrable Securities shall have the right to select one or two firms as counsel as provided in Section 2(c) above, the fees and expenses of which shall be paid by Boise Holdings.

(f) Other Registrations. If Boise Holdings has been requested by the holders of Registrable Securities to file a registration statement pursuant to Section 2 above or if it has filed a Registration Statement pursuant to this Section 3, and if such previous request or registration has not been withdrawn or abandoned, Boise Holdings will not file or cause to be effected any other registration of any of its equity securities or securities convertible or exchangeable into or exercisable for its equity securities under the Securities Act (except on Form S-8 or any successor form), whether on its own behalf or at the request of any holder or holders of such securities, until the expiration of the effectiveness period required under Section 5(b) below.

4. Holdback Agreements.

(a) Agreement by Holders. Each holder of Registrable Securities agrees not to effect any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of equity securities of Boise Holdings, or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to and the 180-day period beginning on the effective date of any underwritten Demand Registration or any underwritten Piggyback Registration in which Registrable Securities are included (except as part of such underwritten registration), unless the underwriters managing the registered public offering otherwise agree.

(b) Agreements by Boise Holdings. Boise Holdings agrees: (i) not to effect or facilitate any public sale or distribution of its equity securities. or any securities convertible into or exchangeable or exercisable for such securities, during the thirty days prior to and during the 180-day period beginning on the effective date of any underwritten Demand Registration or Piggyback Registration (except as part of such underwritten Piggyback Registration or pursuant to registrations on Form S-8 or any successor form), unless the underwriters managing the registered public offering (and in the case of a Demand Registration, the holders of a majority of the Registrable Securities included therein) otherwise agree; and (ii) to cause Boise Holdings' directors, officers and affiliates not to effect or facilitate any public sale or distribution (including



sales pursuant to Rule 144 under the Securities Act) of any equity securities, or any securities convertible into or exchangeable or exercisable for such securities during such period (except as part of such underwritten registration, if otherwise permitted), unless the underwriters managing the registered public offering, the holders of a majority of the Registrable Securities participating in such registration otherwise agree.

5. Registration and Qualification. If and whenever Boise Holdings is required to effect the registration of any Registrable Securities, Boise Holdings shall as promptly as possible:

(a) prepare, file and use its reasonable best efforts to cause to become effective a registration statement under the Securities Act relating to the Registrable Securities to be offered and effect the sale of such Registrable Securities, in each case in accordance with the intended method of disposition thereof (Boise Holdings shall cause such registration statement to be effective as promptly as possible but in any event within 120 days of the request);

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities included therein until the earlier of: (i) such time as all of such Registrable Securities included therein have been disposed of in accordance with the intended methods of disposition; and (ii) the expiration of 180 days after such registration statement becomes effective;

provided, that such 180-day period shall be extended for such number of days that equals the number of days elapsing from (x) the date the written notice contemplated by paragraph 5(g) below is given by Boise Holdings to (y) the date on which Boise Holdings delivers to the holders of the Registrable Securities included in such registration statement the supplement or amendment contemplated by paragraph 5(g) below;

(c) provide copies of all registration statements, prospectus and amendments and supplements to each firm selected as their legal counsel by the holders of the Registrable Securities in accordance with this Agreement at least ten days prior to the filing thereof (if practicable, at least one day in the case of an amendment or supplement prepared pursuant to Section 5(g) below), with such counsel being provided with the opportunity (but not the obligation) to review and comment on such documents;

(d) furnish to the holders of the Registrable Securities included in such registration statement and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, such number of other offering documents, copies of any and all transmittal letters or other correspondence to or received from, the SEC or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering, and such other documents, as the holders of such Registrable Securities or such underwriter may reasonably request;



(e) use its reasonable best efforts to register or qualify all Registrable Securities covered by such registration statement under the securities or blue sky laws of such jurisdictions as the holders of the Registrable Securities included in such registration statement or any underwriter of such Registrable Securities shall request, and use its reasonable best efforts to obtain all appropriate registrations, permits and consents in connection therewith, and do any and all other acts and things which may be necessary or advisable to enable such holders of such Registrable Securities or any such underwriter to consummate the disposition in such jurisdictions of its Registrable Securities covered by such registration statement;

(f) furnish to the holders of the Registrable Securities included in such registration statement and to any underwriter of such Registrable Securities: (i) an opinion of counsel for Boise Holdings addressed to the holders of such Registrable Securities and dated the date of the closing under the underwriting agreement (if any) (or if such offering is not underwritten, dated the effective date of the registration statement); and (ii) a “cold comfort” letter addressed to the holders of such Registrable Securities and signed by the independent public accountants who have audited the financial statements of Boise Holdings included in such registration statement, in each such case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer’s counsel and in accountants’ letters delivered to underwriters in underwritten public offerings of securities and such other matters as the holders of such Securities may reasonably request and, in the case of such accountants’ letter, with respect to events subsequent to the date of such financial statements;

(g) as promptly as practicable, notify the holders of the Registrable Securities included in such registration statement in writing: (i) at any time when a prospectus relating to a registration statement hereunder is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) of any request by the SEC or any other regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or other document relating to such offering, and in either such case prepare and furnish to the holders of such Registrable Securities a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading;

(h) cause all such Registrable Securities included in such registration statement to be listed on each securities exchange on which similar securities issued by Boise Holdings are then listed and, if not so listed, to be listed on an exchange satisfactory to holders of a majority of Registrable Securities;

(i) furnish for delivery in connection with the closing of any offering of Registrable Securities pursuant to a registration hereunder unlegended certificates representing



ownership of the Registrable Securities being sold in such denominations as shall be requested by the holders of the Registrable Securities or the underwriters;

(j) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(k) enter into such customary agreements and take all such other actions as the holders of a majority of the Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including effecting a stock split or a combination of shares);

(l) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of Boise Holdings’ first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(m) permit any holder of Registrable Securities which holder, in its sole and exclusive judgment, might be deemed to be an underwriter or a controlling person of Boise Holdings, to participate in the preparation of such registration statement and to require the insertion therein of material, furnished to Boise Holdings in writing, which in the reasonable judgment of such holder and its counsel should be included; and

(n) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Common Stock included in such registration statement for sale in any

jurisdiction, Boise Holdings will use its reasonable best efforts promptly to obtain the withdrawal of such order.

If any such registration or comparable statement refers to any holder of Registrable Securities by name or otherwise as the holder of any securities of Boise Holdings and if in its sole and exclusive judgment, such holder is or might be deemed to be a controlling person of Boise Holdings, such holder will have the right to require: (i) the insertion therein of language, in form and substance satisfactory to such holder and presented to Boise Holdings in writing, to the effect that the holding by such holder of such securities is not to be construed as a recommendation by such holder of the investment quality of Boise Holdings' securities covered thereby and that such holding does not imply that such holder will assist in meeting any future financial requirements of Boise Holdings; or (ii) in the event that such reference to such holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force, the deletion of the reference to such holder; provided that with respect to this clause (ii) such holder will furnish to Boise Holdings an opinion of counsel to such effect.

6. Recapitalization; Underwriting; Due Diligence.

(a) For any Piggyback Registration or Demand Registration prior to the time Boise Holdings becomes subject to the Exchange Act with respect to Registrable Securities, Boise Holdings shall effect a stock split, stock dividend or stock combination which in the



opinion of the underwriters is desirable for the sale and marketing of the Registrable Securities to the public.

(b) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under this Agreement, Boise Holdings shall enter into an underwriting agreement with such underwriters for such offering, which agreement will contain such representations and warranties by Boise Holdings and such other terms and provisions as are customarily contained in underwriting agreements of Boise Holdings to the extent relevant and as are customarily contained in underwriting agreements generally with respect to secondary distributions to the extent relevant, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 7(a), and agreements as to the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 5(f). Subject to Section 9 below, the holders of the Registrable Securities included in such registration shall be parties to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, Boise Holdings to and for the benefit of such underwriters, shall also be made to and for the benefit of the holders of such Registrable Securities.

(c) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act pursuant to this Agreement, Boise Holdings shall give the holders of the Registrable Securities included in such registration and the underwriters, if any, and their respective counsel, accountants and agents, the opportunity (but such persons shall not have the obligation) to review the books and records of Boise Holdings and to discuss the business of Boise Holdings with its officers and the independent public accountants who have certified the financial statements of Boise Holdings as shall be necessary, in the opinion of the holders of such Registrable Securities and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

7. Indemnification.

(a) Boise Holdings Indemnification. Boise Holdings agrees to indemnify, to the maximum extent permitted by law, each holder of Registrable Securities, its officers and directors and each Person who controls such holder (within the meaning of the Securities Act) and the officers, directors, affiliates, employees and agents of each of the foregoing (whether or not any litigation is commenced or threatened and whether or not such indemnified Persons are parties to any litigation commenced or threatened), against all losses, claims, damages, liabilities and expenses including, without limitation, attorneys' fees, expert fees and amounts paid in settlement, resulting from or arising out of any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to Boise Holdings by such holder expressly for use therein or by such holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after Boise Holdings has furnished such holder with a sufficient number of copies of the same. In connection with an underwritten offering, Boise Holdings will indemnify such underwriters, their officers



and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the holders of Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the holders of the Registrable Securities or any underwriter and shall survive the transfer of such securities. The foregoing indemnity agreement is in addition to any liability that Boise Holdings may otherwise have to the holders of the Registrable Securities or any underwriter of the Registrable Securities or any controlling Person of the foregoing and the officers, directors, affiliates, employees and agents of each of the foregoing.

(b) Holder Indemnification. In connection with any registration statement in which a holder of Registrable Securities is participating, each such holder agrees to indemnify, to the extent permitted by law, Boise Holdings, its directors and officers and each Person who controls Boise Holdings (within the meaning of the Securities Act) and the officers, directors, affiliates, employees and agents of each of the foregoing (whether or not any litigation is commenced or threatened and whether or not such indemnified Persons are parties to any litigation commenced or threatened), against any losses, claims, damages, liabilities and expenses including, without limitation, attorneys' fees, expert fees and amounts paid in settlement, resulting from or arising out of any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information furnished in writing to Boise Holdings by such holder expressly for use in such registration statement; provided, however, that the obligation to indemnify will be individual to each such holder and will be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Resolution of Claims. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification hereunder; and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for

any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which case such indemnified party will be entitled to have the fees and expenses of its separate counsel paid by the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 7 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified party in respect of any loss, claim, damage, liability or expense referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the



amount paid or payable by such indemnified party as a result of such loss, claim, damage, liability or expense in such proportion as shall be appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other with respect to the statements or omissions which resulted in such loss, claim, damage, liability or expense as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the indemnifying party on the one hand or the indemnified party on the other. The amount paid or payable by an indemnified party as a result of the loss, cost, claim, damage, liability or expense, or action in respect thereof, referred to above in this Section 7(d) shall be deemed to include, for purposes of this Section 7(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. In any event, a holder's obligation to provide contribution pursuant to this Section 7(d) shall be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(e) State Securities Laws. Indemnification and contribution similar to that specified in the preceding paragraphs of this Section 7 (with appropriate modifications) shall be given by Boise Holdings, the holders of the Registrable Securities and underwriters with respect to any required registration or other qualification of securities under any state law or regulation or governmental authority.

(f) Other Rights. The obligations of the parties under this Section 7 shall be in addition to any liability which any party may otherwise have to any other party.

8. Rule 144. Boise Holdings shall use its reasonable best efforts to ensure that the conditions to the availability of Rule 144 set forth in paragraph (c) thereof shall be satisfied. Upon the request of the holders of a majority of the BCC Registrable Securities or the holders of a majority of the FPH Registrable Securities, Boise Holdings will deliver to such holders a written statement as to whether it has complied with such requirements.

9. Participation in Underwritten Registrations. No holder of Registrable Securities may participate in any registration hereunder which is underwritten unless such holder: (a) agrees to sell such holder's securities on the basis provided in any underwriting arrangements contemplated by such offering; and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements; provided, however, that no holder of Registrable Securities included in any underwritten registration will be required to make: (i) any representations or warranties to Boise Holdings, the underwriters or other Persons, other than representations and warranties regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution; or (ii) any indemnities to Boise Holdings, the underwriter or other Persons on terms which are not substantially identical to the provisions in Section 7(b) above.



10. Miscellaneous.

(a) No Inconsistent Agreements. Boise Holdings represents and warrants to the holders of the Registrable Securities that it has not entered into, and agrees with the holders of the Registrable Securities that it will not hereafter enter into, any agreement with respect to its securities which is inconsistent or conflicts with, or violates the rights granted to the holders of Registrable Securities in, this Agreement.

(b) Adjustments Affecting Registrable Securities. In addition to Boise Holdings' obligations under Section 6(a) above, Boise Holdings will not take any action, or permit any change to occur, with respect to its securities which would adversely affect the ability of the holders of Registrable Securities to include such Registrable Securities in a registration undertaken pursuant to this Agreement or which would adversely affect the marketability of such Registrable Securities in any such registration (including effecting a stock split or a combination of shares).

(c) Remedies. Each holder of Registrable Securities will have all rights and remedies set forth in this Agreement, Boise Holdings' Certificate of Incorporation and all rights and remedies which such holders have been granted at any time under any other agreement and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement will be entitled to enforce such rights specifically, without posting a bond or other security, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

(d) Amendments; Waiver. Except as otherwise expressly provided herein, the provisions of this Agreement may be amended and Boise Holdings may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if Boise Holdings has obtained the written consent of holders of a majority of FPH Registrable Securities; provided that if any such amendment or waiver materially and disproportionately affects holders of BCC Registrable Securities adversely in a manner different than holders of FPH Registrable Securities, such amendment or waiver shall be effective against holders of BCC Registrable Securities only with the prior written consent of holders of a majority of BCC Registrable Securities then outstanding. Boise Holdings shall deliver written notice to BCC (or in the event that BCC no longer holds BCC Registrable Securities, the record holder of the largest number of Boise Registrable Securities) promptly after any amendment is made that does not require the consent of the holders of a majority of Boise Registrable Securities (as determined in accordance with the proviso to the immediately foregoing sentence). No other course of dealing between Boise Holdings and the holder of any Registrable Securities or any delay in exercising any rights hereunder or under the Certificate of Incorporation will operate as a waiver of any rights of any such holders. For purposes of this Agreement, shares held by Boise Holdings or any of its Subsidiaries will not be deemed to be Registrable Securities. If Boise Holdings pays any consideration to any holder of Registrable Securities for such holder's consent to any amendment,

modification or waiver hereunder, Boise Holdings will also pay each other holder granting its consent hereunder equivalent consideration computed on a pro rata basis.

In the event that the Securities Act, Exchange Act and/or regulations thereunder, respectively, are amended in a material respect and one or more of such amendments reduce or diminish the benefits hereunder to the holders of the Registrable Securities, including, without limitation, amendments which may be adopted in connection with the Aircraft Carrier Release



(any such reducing or diminishing amendments being referred to herein as "Securities Law Amendments"), Boise Holdings shall, upon the written request of both (i) BCC, as long as it or any of its Affiliates owns any BCC Registrable Securities, and (ii) FPH, as long as it or any of its Affiliates owns any FPH Registrable Securities, amend this Agreement to provide the holders of the Registrable Securities with benefits which, after giving effect to such Securities Law Amendments, are equivalent to the benefits hereunder absent such Securities Law Amendments.

(e) Headings. The headings in this Agreement are inserted for convenience only and shall not be deemed to define or limit the scope of any section or subsection.

(f) Notices. All requests, notices, demands or other communications shall be in writing and will be deemed to have been given when delivered to the recipient, when received by facsimile or electronic transmission (but only if the sender receives confirmation of receipt from the intended recipient), one (1) business day after the date when sent to the recipient by overnight courier service, or five (5) business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such requests, notices, demands and other communications will be sent to BCC, FPH and to Boise Holdings at the addresses indicated below:

to BCC:

OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728
Attention: George Harad, Chairman of the Board
Facsimile: (208) 384-4912

with a copy to:

OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728
Attention: Matthew Broad, Vice President and General Counsel
Facsimile: (208) 384-7945

to FPH:

Forest Products Holdings, L.L.C.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056
Email: smencoff@mdcp.com
tsouleles@mdcp.com



with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

to Boise Holdings:

Boise Cascade Holdings, L.L.C.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056

Email: smencoff@mdcp.com
tsouleles@mdcp.com

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice in accordance with the procedures provided above. Notices to any other holders of Registrable Securities shall be sent to the address specified by prior written notice to Boise Holdings, BCC and FPH in accordance with the procedures provided above.

(g) No Third-Party Beneficiaries. Subject to Section 10(k), this Agreement will not confer any rights or remedies upon any Person other than Boise Holdings, BCC and FPH and their respective successors.

(h) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, that may have related in any way to the subject matter hereof.



(i) Governing Law. The corporate law of the State of Delaware will govern all issues concerning the relative rights of Boise Holdings and its securityholders. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

(j) Severability. In the event any provision in this Agreement is held to be invalid as applied to any fact or circumstance, it shall be ineffective only to the extent of such invalidity, and such invalidity shall not affect the other provisions of this Agreement or the same provision as applied to any other fact or circumstance.

(k) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and any Person who becomes a holder of Registrable Securities. This Agreement shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and any Person who becomes a holder of Registrable Securities (to the extent provided herein with respect to Registrable Securities of the type held by such holder).

(l) Counterparts. This Agreement may be executed in counterparts (including by facsimile or electronic transmission), all of which taken together shall constitute one and the same original.

(m) Termination. The rights of all holders of BCC Registrable Securities under this Agreement shall terminate as of the date when all BCC Registrable Securities can be sold within a three-month period without registration under the Securities Act pursuant to Rule 144.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**BOISE CASCADE CORPORATION**

By: /s/ Guy G. Hurlbutt
Name: Guy G. Hurlbutt
Title: Vice President

**FOREST PRODUCTS HOLDINGS, L.L.C.**

By: Madison Dearborn Capital Partners IV, L.P.
Its: Managing Member

By: Madison Dearborn Partners IV, L.P.
Its: General Partner

By: Madison Dearborn Partners, L.L.C.
Its: General Partner

By: /s/ Thomas S. Souleles
Name: Thomas S. Souleles
Title: Managing Director

**BOISE CASCADE HOLDINGS, L.L.C.**

By: /s/ Christopher J. McGowan

Name: Christopher J. McGowan
Title: Vice President

# REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement") is made this 29th day of October, 2004 by and among Kooskia Investment Corporation, a Delaware corporation ("Boise Sub"), Forest Products Holdings, L.L.C., a Delaware limited liability company ("FPH"), and Boise Land & Timber Holdings Corp., a Delaware corporation ("Timber Holding Co.").

**Preliminary Recitals**

1. Boise Cascade Corporation, a Delaware corporation and sole shareholder of Boise Sub (to be renamed "OfficeMax Incorporated" on November 1, 2004, "BCC"), FPH and Timber Holding Co. are parties to that certain Asset Purchase Agreement, dated as of July 26, 2004 (as amended from time to time in accordance with its terms, the "Asset Purchase Agreement");

2. Pursuant to and subject to the terms and conditions of the Asset Purchase Agreement, at the closing of the transactions contemplated thereby, certain wholly-owned Subsidiaries of Boise Land & Timber Corp., a Delaware corporation and a wholly-owned subsidiary of Timber Holding Co., are acquiring substantially all of the timberlands assets of BCC, and certain of Timber Holding Co.'s Affiliates are acquiring substantially all of the other assets of BCC's forest products business and certain of its Subsidiaries and in connection therewith, Boise Sub is acquiring shares of Timber Holding Co.;

3. As an inducement to Boise Sub and FPH to enter into and consummate the transactions contemplated by the Asset Purchase Agreement, Timber Holding Co. has agreed to provide certain registration rights to Boise Sub and FPH and transferees (to the extent provided herein) of their equity securities of Timber Holding Co. as provided herein.

NOW, THEREFORE, the parties hereto agree as follows:

1. Certain Definitions.

"Common Stock" means the Series B Common Stock, par value $.01 per share, of Timber Holding Co.

"Initial Public Offering" shall mean the first underwritten public offering pursuant to an effective registration statement under the Securities Act (or any comparable form under any similar statute then in force), covering the offer and sale of Common Stock.

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, a limited liability company or other unincorporated organization, and a governmental entity or any department, agency or political subdivision thereof.

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"Registrable Securities" means, as of any date: (i) Common Stock issued on the date hereof to Boise Sub pursuant to the Asset Purchase Agreement and issued to FPH or any of its Affiliates on or prior to the date hereof; (ii) any Common Stock issued or issuable with respect to the Common Stock in the preceding clause (i) by way of or in connection with a stock dividend, stock split, combination of shares, share subdivision, share exchange, recapitalization, merger, consolidation or other reorganization or transaction, and (iii) any other Common Stock otherwise acquired by Boise Sub or FPH (including upon conversion of any other shares of capital stock). As of any date, Registrable Securities owned by Boise Sub or any of its Affiliates are sometimes referred to herein as "Boise Sub Registrable Securities." As of any date, Registrable Securities owned by FPH or any of its Affiliates are sometimes referred to herein as "FPH Registrable Securities." As of any date, Registrable Securities owned by any direct or indirect transferee of Boise Sub (other than an Affiliate of Boise Sub) or by any direct or indirect transferee of FPH (other than an Affiliate of FPH) are sometimes referred to herein as "Transferee Registrable Securities." As to any particular Registrable Securities, such securities will cease to be Registrable Securities when they have been distributed to the public pursuant to a offering registered under the Securities Act of 1933, as amended from time to time (the "Securities Act"), or distributed to the public in compliance with Rule 144 under the Securities Act. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the right to acquire directly or indirectly such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected.

"Registration Expenses" means any and all expenses incident to performance of, or compliance with any registration of securities pursuant to, this Agreement, including, without limitation: (i) the fees, disbursements and expenses of Timber Holding Co.'s counsel and accountants; (ii) the fees, disbursements and expenses of one or more firms, as applicable pursuant to the terms of this Agreement, selected as counsel for the holders of the Registrable Securities in connection with the registration of the securities to be disposed of; (iii) all expenses, including registration and filing fees, in connection with the preparation, printing, filing and distribution of the registration statement, any preliminary prospectus or final prospectus, term sheets and any other offering documents, and amendments and supplements thereto, and the mailing and delivering of copies thereof to any underwriters and dealers; (iv) the cost of printing or producing any underwriting agreements and blue sky or legal investment memoranda, and any other documents in connection with the offering, sale or delivery of the securities to be disposed of; (v) all expenses in connection with the qualification of the securities to be disposed of for offering and sale under state securities laws, including the fees, disbursements and expenses of counsel for the underwriters or the holders of the Registrable Securities in connection with such qualification and in connection with any blue sky and legal investment surveys; (vi) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the securities to be disposed of; (vii) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering; (viii) all security engraving and security printing expenses; (ix) all fees, disbursements and expenses payable in connection with the listing of the securities on any securities exchange or automated interdealer quotation system and the rating of such securities; (x) any other fees, disbursements and expenses of underwriters customarily paid by the sellers of securities (excluding underwriting discounts and commissions); (xi) all liability



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insurance expense; and (xii) other out-of-pocket expenses of the holders of the Registrable Securities participating in such registration. Notwithstanding the foregoing, each holder of the Registrable Securities and Timber Holding Co. shall be responsible for its own internal administrative and similar costs.

2. Demand Registrations.

(a) General. At any time and from time to time, upon written notice from the holders of at least 75% of the FPH Registrable Securities requesting that Timber Holding Co. effect the registration under the Securities Act of any or all of the FPH Registrable Securities, Timber Holding Co. shall effect the registration (under the Securities Act and applicable state securities laws) of such securities (and other Registrable Securities subject to Sections 2(c) and 2(d) below) in accordance with such notice, Section 5 below and the other provisions of this Agreement. At any time and from time to time after the date (the "Trigger Date") that is the earlier of (i) the date that Timber Holding Co.'s Initial Public Offering has been consummated (the "IPO Date") and (ii) the fifth anniversary of the Closing, upon written notice from the holders of at least 75% of the Boise Sub Registrable Securities requesting that Timber Holding Co. effect the registration under the Securities Act of any or all of the Boise Sub Registrable Securities, Timber Holding Co. shall effect the registration (under the Securities Act and applicable state securities laws) of such securities (and other Registrable Securities subject to Sections 2(c) and 2(d) below) in accordance with such notice, Section 5 below and the other provisions of this Agreement; provided that, notwithstanding the foregoing, Timber Holding Co. shall have not have any obligation to effect any such registration or take other actions required by this sentence at any time prior to the IPO Date if, at the time such request is made, Boise Sub does not hold at least 50% of the number of shares of Common Stock issued to Boise Sub at closing under the Asset Purchase Agreement (as equitably adjusted for stock splits, stock dividends, stock combinations, reverse stock splits, recapitalizations or similar events effecting such class or series of stock). Any notice from holders of FPH Registrable Securities or Boise Sub Registrable Securities pursuant to this Section 2(a) shall specify the approximate number of Registrable Securities to be registered and the expected per share price range for the offering. A registration pursuant to this Section 2 is sometimes referred to herein as a "Demand Registration."

(b) Limitations on Demand Registrations: Demand Registration Forms and Expenses. The holders of FPH Registrable Securities shall be entitled to separately request pursuant to this Section 2: (i) an unlimited number of effected registrations on Form S-1 or any similar or successor long form registration ("Long-Form Registrations") in which Timber Holding Co. shall pay all Registration Expenses, (ii) an unlimited number of registrations on Form S-2 or S-3 or any similar or successor short form registration ("Short-Form Registrations") in which Timber Holding Co. shall pay all Registration Expenses; and (iii) an unlimited number of Long-Form Registrations in which the holders of the Registrable Securities participating in such registration shall pay all Registration Expenses. At and after the Trigger Date, the holders of Boise Sub Registrable Securities shall be entitled to separately request pursuant to this Section 2: (x) two Long-Form Registrations in which Timber Holding Co. shall pay all Registration Expenses, (y) an unlimited number of Short-Form Registrations in which Timber Holding Co. shall pay all Registration Expenses; and (z) five Long-Form Registrations in which the holders of the Registrable Securities participating in such registration shall pay all Registration Expenses;



provided that, notwithstanding the foregoing, Timber Holding Co. shall have not have any obligation to effect any such registration or take other actions required by this sentence at any time prior to the IPO Date if, at the time such request is made, Boise Sub does not hold at least 50% of the number of shares of Common Stock issued to Boise Sub at closing under the Asset Purchase Agreement (as equitably adjusted for stock splits, stock dividends, stock combinations, reverse stock splits, recapitalizations or similar events effecting such class or series of stock).

For purposes of clause (iii) above and clause (z) above, each holder of securities included in accordance with this Agreement in any registration pursuant to clause (iii) or clause (z) above shall pay those Registration Expenses allocable to the registration of such holder's securities so included, and any Registration Expenses not so allocable will be borne by all sellers of securities included in such registration in proportion to the aggregate selling price of the securities to be so registered. Timber Holding Co. shall pay and be solely responsible for Registration Expenses with respect to registrations effected under clauses (i), (ii), (x) and (y) above.

After Timber Holding Co. has become subject to the Securities Exchange Act of 1934, as amended from time to time ("Exchange Act"), Timber Holding Co. will use its reasonable best efforts to make Short-Form Registrations available for the sale of Registrable Securities. Demand Registrations will be Short Form Registrations whenever Timber Holding Co. is permitted to use any applicable short form; provided, however, that Timber Holding Co. shall nevertheless use a long-form registration statement in the event that both: (i) the use of a short-form registration statement would limit the offering to existing security holders, qualified institutional buyers or other classes of offerees or would otherwise, in the opinion of the managing underwriters, have an adverse effect on the offering under the Securities Act and regulations thereunder as then in effect; and (ii) the holders of 90% of the Boise Sub Registrable Securities or FPH Registrable Securities, as the case may be, initially requesting the Demand Registration direct in such request that Timber Holding Co. utilize a long-form registration statement.

Notwithstanding any other provision of this Agreement to the contrary, a registration requested hereunder shall not be deemed to have been effected: (i) unless it has become and remains effective for the period specified in Section 5(b); (ii) if after it has become effective such registration is interfered with by any stop order, injunction or other order or requirement of the Securities and Exchange Commission ("SEC") or other governmental agency or court for any reason other than due solely to the fault of the holders of the Registrable Securities participating therein and, as a result thereof, the Registrable Securities requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the registration statement; or (iii) if the conditions to closing specified in any purchase agreement or underwriting agreement entered into in connection with any such registration are not satisfied or waived other than due solely to the fault of the holders of the Registrable Securities participating therein. In addition, a Demand Registration initially requested by the holders of the Boise Sub Registrable Securities shall not be deemed to have been effected if the holders of the Boise Sub Registrable Securities are unable, as a result of the priority provisions in Section 2(d) below, to sell at least 90% of the Boise Sub Registrable Securities initially requested to be included in such registration. Similarly, a Demand Registration initially requested by the holders of the FPH Registrable Securities shall not be deemed to have been effected if the holders of the FPH Registrable Securities are unable, as a result of the priority provisions in Section 2(d) below, to



sell at least 90% of the FPH Registrable Securities initially requested to be included in such registration.

(c) Notice to Other Holders: Selection of Underwriter and Holder's Counsel. Within five (5) days after receipt of a request for a Demand Registration, Timber Holding Co. will give prompt written notice (in any event within five (5) days after its receipt of notice of any exercise of Demand Registration rights under this Agreement) of such request to all other holders of Registrable Securities, and subject to Section 2(d) below, will include within such registration all Registrable Securities with respect to which Timber Holding Co. has received written requests for inclusion therein within fifteen (15) days after receipt of Timber Holding Co.'s notice. The holders of a majority of the Boise Sub Registrable Securities or FPH Registrable Securities, as applicable, submitting the initial request (i.e. excluding the holders submitting requests after Timber Holding Co.'s notice) shall have the right to select the investment bankers and managers for the offering, subject in the case of holders of Boise Sub Registrable Securities submitting the original request, to the approval of the holders of FPH Registrable Securities, if any, participating in such registration pursuant to this Agreement, which approval shall not be unreasonably withheld.

Counsel for all holders of Registrable Securities in connection with such registration shall be selected: (i) by the holders of a majority of the Boise Sub Registrable Securities, if holders of the Boise Sub Registrable Securities make the initial registration request; or (ii) by the holders of a majority of the FPH Registrable Securities, if the holders of the FPH Registrable Securities make the initial registration request; provided, however, if the holders of a majority of the FPH Registrable Securities, on the one hand, and a majority of the Boise Sub Registrable Securities, on the other hand, reasonably conclude, after consultation with the other, that such representation is likely to result in a conflict of interest or materially adversely affect either group's rights in connection with such registration, then the holders of a majority of the FPH Registrable Securities and the holders of a majority of the Boise Sub Registrable Securities, respectively, shall each be entitled to select a separate firm to represent them as counsel in connection with such registration. The fees and expenses of such firm or firms acting as counsel for the holders of the Registrable Securities shall be paid by Timber Holding Co.

(d) Priority on Demand Registrations. Timber Holding Co. shall not include in any Demand Registration any securities which are not Registrable Securities without the prior written consent of the holders of at least 75% of the Registrable Securities included in such registration. If a Demand Registration is an underwritten offering and the managing underwriters advise Timber Holding Co. in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities, if any, which can be sold in an orderly manner in such offering within a price range acceptable to the holders of a majority of the Boise Sub Registrable Securities or FPH Registrable Securities, as applicable, initially requesting registration, Timber Holding Co. will include in such registration only the number of Registrable Securities which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the Boise Sub Registrable Securities and the FPH Registrable Securities requested to be included therein, pro-rata among the holders of



such Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(ii) second, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iii) third, any other securities requested to be included in such registration.

(e) Restrictions on Demand Registrations. Timber Holding Co. will not be obligated to effect any Demand Registration within 90 days after the effective date of a previous Demand Registration or previous registration in which holders of Registrable Securities were given piggyback rights pursuant to Section 3 at an offering price acceptable to the holders of the Registrable Securities and in which there was no reduction in the number of Registrable Securities requested to be included. Additionally, Timber Holding Co. may postpone for up to 90 days (on not more than one occasion during any 12-month period) the filing or the effectiveness of a registration statement for a Demand Registration if, based on the advice of counsel, Timber Holding Co. reasonably determines that such Demand Registration would likely have a material adverse effect on any proposal or plan by Timber Holding Co. to engage in any acquisition of assets (other than in the ordinary course of business) or any merger, consolidation, tender offer or similar transaction; provided, however, that in such event, the holders of Registrable Securities initially requesting such Demand Registration will be entitled to withdraw such request and, if such request is withdrawn, such Demand Registration will not count as one of the permitted Demand Registrations hereunder and Timber Holding Co. will pay all Registration Expenses in connection with such registration.

(f) Other Registration Rights. Timber Holding Co. will not register for the benefit of any Person other than Boise Sub, FPH or their respective direct or indirect transferees, or grant to any such other Person the right to request Timber Holding Co. to register or to participate in Piggyback Registrations with respect to, any equity securities of Timber Holding Co., or any securities convertible or exchangeable into or exercisable for such securities, without the prior written consent of holders of a majority of FPH Registrable Securities then outstanding.

3. Piggyback Registrations.

(a) General; Notice to Holders. In addition to the registration rights in Section 2 above, whenever Timber Holding Co. proposes to register any of its securities under the Securities Act (other than pursuant to a Demand Registration hereunder) and the registration form to be used may be used for the registration of Registrable Securities, Timber Holding Co. will give prompt written notice (in any event within five (5) days after its receipt of notice of any exercise of demand registration rights other than under this Agreement) to all holders of Registrable Securities of its intention to effect such a registration. Subject to Sections 3(c) and 3(d) below, Timber Holding Co. shall include in such registration all Registrable Securities with respect to which Timber Holding Co. has received written requests for inclusion therein within fifteen (15) days after the receipt of Timber Holding Co.'s notice. Registrations under this Section 3 are sometimes referred to herein as "Piggyback Registrations."



(b) Number of Piggyback Registrations; Piggyback Registration Expenses. The holders of the Registrable Securities shall be entitled to participate in an unlimited number of Piggyback Registrations. The Registration Expenses of the holders of Registrable Securities will be paid by Timber Holding Co. in all Piggyback Registrations.

(c) Priority on Primary Piggyback Registrations. Subject to Section 3(f) below, if a Piggyback Registration is an underwritten primary registration on behalf of Timber Holding Co., and the managing underwriters advise Timber Holding Co. in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to Timber Holding Co., Timber Holding Co. will include in such registration only the number of securities (including Registrable Securities) which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities Timber Holding Co. proposes to sell;

(ii) second, the Boise Sub Registrable Securities and the FPH Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iii) third, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iv) fourth, any other securities requested to be included in such registration.

(d) Priority on Secondary Piggyback Registrations. Subject to Section 3(f) below, if a Piggyback Registration is an underwritten secondary registration on behalf of holders of Timber Holding Co.'s securities, and the managing underwriters advise Timber Holding Co. in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the holders initially requesting such registration, Timber Holding Co. will include in such registration: in the case of a registration with respect to which Timber Holding Co. has provided notice under Section 3(a) above, only the number of securities (including Registrable Securities) which can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities requested to be included therein by the holders requesting such registration, the Boise Sub Registrable Securities, if any, requested to be included therein, and the FPH Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such securities (including Registrable Securities) on the basis of the number of shares requested to be included by each such holder;

(ii) second, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee



Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iii) third, any other securities requested to be included in such registration.

(e) Selection of Underwriter and Holder's Counsel. If any Piggyback Registration is an underwritten offering, the selection of investment bankers and managers for the offering must be approved by the holders of a majority of the Registrable Securities included in such Piggyback Registration. Such approval will not be unreasonably withheld. The holders of the Boise Sub Registrable Securities and the FPH Registrable Securities shall have the right to select one or two firms as counsel as provided in Section 2(c) above, the fees and expenses of which shall be paid by Timber Holding Co.

(f) Other Registrations. If Timber Holding Co. has been requested by the holders of Registrable Securities to file a registration statement pursuant to Section 2 above or if it has filed a Registration Statement pursuant to this Section 3, and if such previous request or registration has not been withdrawn or abandoned, Timber Holding Co. will not file or cause to be effected any other registration of any of its equity securities or securities convertible or exchangeable into or exercisable for its equity securities under the Securities Act (except on Form S-8 or any successor form), whether on its own behalf or at the request of any holder or holders of such securities, until the expiration of the effectiveness period required under Section 5(b) below.

4. Holdback Agreements.

(a) Agreement by Holders. Each holder of Registrable Securities agrees not to effect any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of equity securities of Timber Holding Co., or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to and the 180-day period beginning on the effective date of any underwritten Demand Registration or any underwritten Piggyback Registration in which Registrable Securities are included (except as part of such underwritten registration), unless the underwriters managing the registered public offering otherwise agree.

(b) Agreements by Timber Holding Co.. Timber Holding Co. agrees: (i) not to effect or facilitate any public sale or distribution of its equity securities. or any securities convertible into or exchangeable or exercisable for such securities, during the thirty days prior to and during the 180-day period beginning on the effective date of any underwritten Demand Registration or Piggyback Registration (except as part of such underwritten Piggyback Registration or pursuant to registrations on Form S-8 or any successor form), unless the underwriters managing the registered public offering (and in the case of a Demand Registration, the holders of a majority of the Registrable Securities included therein) otherwise agree; and (ii) to cause Timber Holding Co.'s directors, officers and affiliates not to effect or facilitate any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of any equity securities, or any securities convertible into or exchangeable or exercisable for such securities during such period (except as part of such underwritten registration, if otherwise



permitted), unless the underwriters managing the registered public offering, the holders of a majority of the Registrable Securities participating in such registration otherwise agree.

5. Registration and Qualification. If and whenever Timber Holding Co. is required to effect the registration of any Registrable Securities, Timber Holding Co. shall as promptly as possible:

(a) prepare, file and use its reasonable best efforts to cause to become effective a registration statement under the Securities Act relating to the Registrable Securities to be offered and effect the sale of such Registrable Securities, in each case in accordance with the intended method of disposition thereof (Timber Holding Co. shall cause such registration statement to be effective as promptly as possible but in any event within 120 days of the request);

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities included therein until the earlier of: (i) such time as all of such Registrable Securities included therein have been disposed of in accordance with the intended methods of disposition; and (ii) the expiration of 180 days after such registration statement becomes effective; provided, that such 180-day period shall be extended for such number of days that equals the number of days elapsing from (x) the date the written notice contemplated by paragraph 5(g) below is given by Timber Holding Co. to (y) the date on which Timber Holding Co. delivers to the holders of the Registrable Securities included in such registration statement the supplement or amendment contemplated by paragraph 5(g) below;

(c) provide copies of all registration statements, prospectus and amendments and supplements to each firm selected as their legal counsel by the holders of the Registrable Securities in accordance with this Agreement at least ten days prior to the filing thereof (if practicable, at least one day in the case of an amendment or supplement prepared pursuant to Section 5(g) below), with such counsel being provided with the opportunity (but not the obligation) to review and comment on such documents;

(d) furnish to the holders of the Registrable Securities included in such registration statement and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, such number of other offering documents, copies of any and all transmittal letters or other correspondence to or received from, the SEC or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering, and such other documents, as the holders of such Registrable Securities or such underwriter may reasonably request;



(e) use its reasonable best efforts to register or qualify all Registrable Securities covered by such registration statement under the securities or blue sky laws of such jurisdictions as the holders of the Registrable Securities included in such registration statement or any underwriter of such Registrable Securities shall request, and use its reasonable best efforts to obtain all appropriate registrations, permits and consents in connection therewith, and do any and all other acts and things which may be necessary or advisable to enable such holders of such Registrable Securities or any such underwriter to consummate the disposition in such jurisdictions of its Registrable Securities covered by such registration statement;

(f) furnish to the holders of the Registrable Securities included in such registration statement and to any underwriter of such Registrable Securities: (i) an opinion of counsel for Timber Holding Co. addressed to the holders of such Registrable Securities and dated the date of the closing under the underwriting agreement (if any) (or if such offering is not underwritten, dated the effective date of the registration statement); and (ii) a “cold comfort” letter addressed to the holders of such Registrable Securities and signed by the independent public accountants who have audited the financial statements of Timber Holding Co. included in such registration statement, in each such case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer’s counsel and in accountants’ letters delivered to underwriters in underwritten public offerings of securities and such other matters as the holders of such Securities may reasonably request and, in the case of such accountants’ letter, with respect to events subsequent to the date of such financial statements;

(g) as promptly as practicable, notify the holders of the Registrable Securities included in such registration statement in writing: (i) at any time when a prospectus relating to a registration statement hereunder is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) of any request by the SEC or any other regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or other document relating to such offering, and in either such case prepare and furnish to the holders of such Registrable Securities a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading;

(h) cause all such Registrable Securities included in such registration statement to be listed on each securities exchange on which similar securities issued by Timber Holding Co. are then listed and, if not so listed, to be listed on an exchange satisfactory to holders of a majority of Registrable Securities;

(i) furnish for delivery in connection with the closing of any offering of Registrable Securities pursuant to a registration hereunder unlegended certificates representing



ownership of the Registrable Securities being sold in such denominations as shall be requested by the holders of the Registrable Securities or the underwriters;

(j) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(k) enter into such customary agreements and take all such other actions as the holders of a majority of the Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including effecting a stock split or a combination of shares);

(l) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of Timber Holding Co.’s first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(m) permit any holder of Registrable Securities which holder, in its sole and exclusive judgment, might be deemed to be an underwriter or a controlling person of Timber Holding Co., to participate in the preparation of such registration statement and to require the insertion therein of material, furnished to Timber Holding Co. in writing, which in the reasonable judgment of such holder and its counsel should be included; and

(n) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Common Stock included in such registration statement for sale in any jurisdiction, Timber Holding Co. will use its reasonable best efforts promptly to obtain the withdrawal of such order.

If any such registration or comparable statement refers to any holder of Registrable Securities by name or otherwise as the holder of any securities of Timber Holding Co. and if in its sole and exclusive judgment, such holder is or might be deemed to be a controlling person of Timber Holding Co., such holder will have the right to require: (i) the insertion therein of language, in form and substance satisfactory to such holder and presented to Timber Holding Co. in writing, to the effect that the holding by such holder of such securities is not to be construed as a recommendation by such holder of the investment quality of Timber Holding Co.'s securities covered thereby and that such holding does not imply that such holder will assist in meeting any future financial requirements of Timber Holding Co.; or (ii) in the event that such reference to such holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force, the deletion of the reference to such holder; provided that with respect to this clause (ii) such holder will furnish to Timber Holding Co. an opinion of counsel to such effect.

6. Recapitalization; Underwriting; Due Diligence.

(a) For any Piggyback Registration or Demand Registration prior to the time Timber Holding Co. becomes subject to the Exchange Act with respect to Registrable Securities,



Timber Holding Co. shall effect a stock split, stock dividend or stock combination which in the opinion of the underwriters is desirable for the sale and marketing of the Registrable Securities to the public.

(b) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under this Agreement, Timber Holding Co. shall enter into an underwriting agreement with such underwriters for such offering, which agreement will contain such representations and warranties by Timber Holding Co. and such other terms and provisions as are customarily contained in underwriting agreements of Timber Holding Co. to the extent relevant and as are customarily contained in underwriting agreements generally with respect to secondary distributions to the extent relevant, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 7(a), and agreements as to the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 5(f). Subject to Section 9 below, the holders of the Registrable Securities included in such registration shall be parties to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, Timber Holding Co. to and for the benefit of such underwriters, shall also be made to and for the benefit of the holders of such Registrable Securities.

(c) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act pursuant to this Agreement, Timber Holding Co. shall give the holders of the Registrable Securities included in such registration and the underwriters, if any, and their respective counsel, accountants and agents, the opportunity (but such persons shall not have the obligation) to review the books and records of Timber Holding Co. and to discuss the business of Timber Holding Co. with its officers and the independent public accountants who have certified the financial statements of Timber Holding Co. as shall be necessary, in the opinion of the holders of such Registrable Securities and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

7. Indemnification.

(a) Timber Holding Co. Indemnification. Timber Holding Co. agrees to indemnify, to the maximum extent permitted by law, each holder of Registrable Securities, its officers and directors and each Person who controls such holder (within the meaning of the Securities Act) and the officers, directors, affiliates, employees and agents of each of the foregoing (whether or not any litigation is commenced or threatened and whether or not such indemnified Persons are parties to any litigation commenced or threatened), against all losses, claims, damages, liabilities and expenses including, without limitation, attorneys' fees, expert fees and amounts paid in settlement, resulting from or arising out of any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to Timber Holding Co. by such holder expressly for use therein or by such holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after Timber Holding Co. has furnished such holder with a sufficient



number of copies of the same. In connection with an underwritten offering, Timber Holding Co. will indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the holders of Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the holders of the Registrable Securities or any underwriter and shall survive the transfer of such securities. The foregoing indemnity agreement is in addition to any liability that Timber Holding Co. may otherwise have to the holders of the Registrable Securities or any underwriter of the Registrable Securities or any controlling Person of the foregoing and the officers, directors, affiliates, employees and agents of each of the foregoing.

(b) Holder Indemnification. In connection with any registration statement in which a holder of Registrable Securities is participating, each such holder agrees to indemnify, to the extent permitted by law, Timber Holding Co., its directors and officers and each Person who controls Timber Holding Co. (within the meaning of the Securities Act) and the officers, directors, affiliates, employees and agents of each of the foregoing (whether or not any litigation is commenced or threatened and whether or not such indemnified Persons are parties to any litigation commenced or threatened), against any losses, claims, damages, liabilities and expenses including, without limitation, attorneys' fees, expert fees and amounts paid in settlement, resulting from or arising out of any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information furnished in writing to Timber Holding Co. by such holder expressly for use in such registration statement; provided, however, that the obligation to indemnify will be individual to each such holder and will be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Resolution of Claims. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification hereunder; and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not

entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which case such indemnified party will be entitled to have the fees and expenses of its separate counsel paid by the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 7 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified party in respect of any loss, claim, damage, liability or expense referred to therein, then each



indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage, liability or expense in such proportion as shall be appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other with respect to the statements or omissions which resulted in such loss, claim, damage, liability or expense as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the indemnifying party on the one hand or the indemnified party on the other. The amount paid or payable by an indemnified party as a result of the loss, cost, claim, damage, liability or expense, or action in respect thereof, referred to above in this Section 7(d) shall be deemed to include, for purposes of this Section 7(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. In any event, a holder's obligation to provide contribution pursuant to this Section 7(d) shall be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(e) State Securities Laws. Indemnification and contribution similar to that specified in the preceding paragraphs of this Section 7 (with appropriate modifications) shall be given by Timber Holding Co., the holders of the Registrable Securities and underwriters with respect to any required registration or other qualification of securities under any state law or regulation or governmental authority.

(f) Other Rights. The obligations of the parties under this Section 7 shall be in addition to any liability which any party may otherwise have to any other party.

8. Rule 144. Timber Holding Co. shall use its reasonable best efforts to ensure that the conditions to the availability of Rule 144 set forth in paragraph (c) thereof shall be satisfied. Upon the request of the holders of a majority of the Boise Sub Registrable Securities or the holders of a majority of the FPH Registrable Securities, Timber Holding Co. will deliver to such holders a written statement as to whether it has complied with such requirements.

9. Participation in Underwritten Registrations. No holder of Registrable Securities may participate in any registration hereunder which is underwritten unless such holder: (a) agrees to sell such holder's securities on the basis provided in any underwriting arrangements contemplated by such offering; and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements; provided, however, that no holder of Registrable Securities included in any underwritten registration will be required to make: (i) any representations or warranties to Timber Holding Co., the underwriters or other Persons, other than representations and warranties regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution; or (ii) any indemnities to Timber Holding Co., the underwriter or other Persons on terms which are not substantially identical to the provisions in Section 7(b) above.



10. Miscellaneous.

(a) No Inconsistent Agreements. Timber Holding Co. represents and warrants to the holders of the Registrable Securities that it has not entered into, and agrees with the holders of the Registrable Securities that it will not hereafter enter into, any agreement with respect to its securities which is inconsistent or conflicts with, or violates the rights granted to the holders of Registrable Securities in, this Agreement.

(b) Adjustments Affecting Registrable Securities. In addition to Timber Holding Co.'s obligations under Section 6(a) above, Timber Holding Co. will not take any action, or permit any change to occur, with respect to its securities which would adversely affect the ability of the holders of Registrable Securities to include such Registrable Securities in a registration undertaken pursuant to this Agreement or which would adversely affect the marketability of such Registrable Securities in any such registration (including effecting a stock split or a combination of shares).

(c) Remedies. Each holder of Registrable Securities will have all rights and remedies set forth in this Agreement, Timber Holding Co.'s Certificate of Incorporation and all rights and remedies which such holders have been granted at any time under any other agreement and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement will be entitled to enforce such rights specifically, without posting a bond or other security, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

(d) Amendments; Waiver. Except as otherwise expressly provided herein, the provisions of this Agreement may be amended and Timber Holding Co. may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if Timber Holding Co. has obtained the written consent of holders of a majority of FPH Registrable Securities; provided that if any such amendment or waiver materially and disproportionately affects holders of Boise Sub Registrable Securities adversely in a manner different than holders of FPH Registrable Securities, such amendment or waiver shall be effective against holders of Boise Sub Registrable Securities only with the prior written consent of holders of a majority of Boise Sub Registrable Securities then outstanding. Timber Holding Co. shall deliver written notice to Boise Sub (or in the event that Boise Sub no longer holds Boise Sub Registrable Securities, the record holder of the largest number of Boise Registrable Securities) promptly after any amendment is made that does not require the consent of the holders of a majority of Boise Registrable Securities (as determined in accordance with the proviso to the immediately foregoing sentence). No other course of dealing between Timber Holding Co. and the holder of any Registrable Securities or any delay in exercising any rights hereunder or under the Certificate of Incorporation will operate as a waiver of any rights of any such holders. For purposes of this Agreement, shares held by Timber Holding Co. or any of its Subsidiaries will not be deemed to be Registrable Securities. If Timber Holding Co. pays any consideration to any holder of Registrable Securities for

such holder's consent to any amendment, modification or waiver hereunder, Timber Holding Co. will also pay each other holder granting its consent hereunder equivalent consideration computed on a pro rata basis.



In the event that the Securities Act, Exchange Act and/or regulations thereunder, respectively, are amended in a material respect and one or more of such amendments reduce or diminish the benefits hereunder to the holders of the Registrable Securities, including, without limitation, amendments which may be adopted in connection with the Aircraft Carrier Release (any such reducing or diminishing amendments being referred to herein as "Securities Law Amendments"), Timber Holding Co. shall, upon the written request of both (i) Boise Sub, as long as it or any of its Affiliates owns any Boise Sub Registrable Securities, and (ii) FPH, as long as it or any of its Affiliates owns any FPH Registrable Securities, amend this Agreement to provide the holders of the Registrable Securities with benefits which, after giving effect to such Securities Law Amendments, are equivalent to the benefits hereunder absent such Securities Law Amendments.

(e) Headings. The headings in this Agreement are inserted for convenience only and shall not be deemed to define or limit the scope of any section or subsection.

(f) Notices. All requests, notices, demands or other communications shall be in writing and will be deemed to have been given when delivered to the recipient, when received by facsimile or electronic transmission (but only if the sender receives confirmation of receipt from the intended recipient), one (1) business day after the date when sent to the recipient by overnight courier service, or five (5) business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such requests, notices, demands and other communications will be sent to Boise Sub, FPH and to Timber Holding Co. at the addresses indicated below:

to Boise Sub:

Kooskia Investment Corporation
c/o OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728
Attention: George Harad, Chairman of the Board
Facsimile: (208) 384-4912

with a copy to:

OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728
Attention: Matthew Broad, Vice President and General Counsel
Facsimile: (208) 384-7945

to FPH:

Forest Products Holdings, L.L.C.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800



Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056
Email: smencoff@mdcp.com
tsouleles@mdcp.com

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

to Timber Holding Co.:

Boise Land & Timber Holdings Corp.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056

Email: smencoff@mdcp.com
tsouleles@mdcp.com

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice in accordance with the procedures provided above. Notices to any other holders of Registrable Securities shall be sent to the address specified by prior written notice to Timber Holding Co., Boise Sub and FPH in accordance with the procedures provided above.



(g) No Third-Party Beneficiaries. Subject to Section 10(k), this Agreement will not confer any rights or remedies upon any Person other than Timber Holding Co., Boise Sub and FPH and their respective successors.

(h) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, that may have related in any way to the subject matter hereof.

(i) Governing Law. The corporate law of the State of Delaware will govern all issues concerning the relative rights of Timber Holding Co. and its stockholders. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

(j) Severability. In the event any provision in this Agreement is held to be invalid as applied to any fact or circumstance, it shall be ineffective only to the extent of such invalidity, and such invalidity shall not affect the other provisions of this Agreement or the same provision as applied to any other fact or circumstance.

(k) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and any Person who becomes a holder of Registrable Securities. This Agreement shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and any Person who becomes a holder of Registrable Securities (to the extent provided herein with respect to Registrable Securities of the type held by such holder).

(l) Counterparts. This Agreement may be executed in counterparts (including by facsimile or electronic transmission), all of which taken together shall constitute one and the same original.

(m) Termination. The rights of all holders of Boise Sub Registrable Securities under this Agreement shall terminate as of the date when all Boise Sub Registrable Securities can be sold within a three-month period without registration under the Securities Act pursuant to Rule 144.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**KOOSKIA INVESTMENT CORPORATION**

By: /s/ J. W. Holleran
Name: J. W. Holleran
Title: President

**FOREST PRODUCTS HOLDINGS, L.L.C.**

By: Madison Dearborn Capital Partners IV, L.P.
Its: Managing Member

By: Madison Dearborn Partners IV, L.P.
Its: General Partner

By: Madison Dearborn Partners, L.L.C.
Its: General Partner

By: /s/ Thomas S. Souleles
Name: Thomas S. Souleles
Title: Managing Director

**BOISE LAND & TIMBER HOLDINGS CORP.**

By: /s/ Christopher J. McGowan
Name: Christopher J. McGowan
Title: Vice President

**EXHIBIT 10.13**

BOISE CASCADE HOLDINGS, L.L.C.

A Delaware Limited Liability Company

OPERATING AGREEMENT

Dated as of October 29, 2004

And effective as of September 22, 2004

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH INTERESTS MAY NOT BE OFFERED, SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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**OPERATING AGREEMENT**
**OF**
**BOISE CASCADE HOLDINGS, L.L.C.**
**a Delaware Limited Liability Company**

THIS OPERATING AGREEMENT of Boise Cascade Holdings, L.L.C. (this "Agreement"), dated as of October 29, 2004 and effective as of September 22, 2004, is adopted, executed and agreed to, for good and valuable consideration, by the Members.

Unless otherwise defined herein, capitalized terms used in this Agreement will have the meanings given to such terms in Section 13.1. Capitalized terms defined in the text of this Agreement are indexed in Section 13.2.

## ARTICLE I
## ORGANIZATION

**1.1 Formation**. The Company has been organized as a Delaware limited liability company by the filing of a Certificate of Formation (the "Certificate") under and pursuant to the Act.

**1.2 Name**. The name of the Company is " Boise Cascade Holdings, L.L.C.," and all Company business shall be conducted in that name or such other names that comply with applicable law as the Board may select from time to time.

**1.3 Registered Office; Registered Agent; Principal Office; Other Offices**. The Company shall maintain a registered office in the State of Delaware at, and the name and address of the Company's registered agent in the State of Delaware is, National Registered Agents, Inc., 9 East Loockerman Street, Suite 1B, Dover, Delaware 19901. The Board may, from time to time, change the Company's registered office and/or registered agent and shall forthwith amend the Certificate to reflect such change(s). The principal office of the Company shall be at such place as the Board may designate from time to time, which need not be in the State of Delaware, and the Company shall maintain records there. The Company may have such other offices as the Board may designate from time to time.

**1.4 Purposes**. The purpose of the Company is to engage in any and all lawful businesses and activities that limited liability companies are permitted to carry on under the Act. The Company shall possess and may exercise all the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, insofar as such powers and privileges are necessary, appropriate, advisable, incidental or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

**1.5 Foreign Qualification**. Prior to the Company's conducting business in any jurisdiction other than Delaware, the Board shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Board, with

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all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Board, each Holder shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

**1.6 Term**. The term of the Company commenced on the date the Certificate was filed with the office of the Secretary of State of Delaware and shall continue until termination and dissolution thereof as determined under Section 11.1 of this Agreement.

**1.7 No State-Law Partnership**. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Holder or Director be a partner or joint venturer of any other Holder or Director, for any purposes other than federal and, if applicable, state tax purposes, and this Agreement shall not be construed to suggest otherwise. Unless otherwise determined by the Tax Matters Member pursuant to Section 8.2(b), the Members intend that the Company shall be treated as a partnership for federal and, if applicable, state income tax purposes, and each Holder and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

**1.8 Company Property**. Company assets shall be deemed to be owned by the Company as an entity, and no Holder, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. Legal title to any or all Company assets may be held in the name of the Company or one or more nominees, as the Board may determine. The Board hereby declares and warrants that any Company assets for which legal title is held in the name of any nominee shall be held in trust by such nominee for the use and benefit of the Company in accordance with the provisions of this Agreement. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held. The Units of each Holder shall constitute personal property.

**1.9 Limited Liability Company Agreement**. The Members hereby execute this Agreement for the purpose of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Act. The Members hereby agree that, during the term of the Company set forth in Section 1.6 hereof, the rights and obligations of the Holders with respect to the Company shall be determined in accordance with the terms and conditions of this Agreement and, except where the Act provides that such rights and obligations specified in the Act shall apply "unless otherwise provided in a limited liability company agreement" or words of similar effect and such rights and obligations are set forth in this Agreement, the Act. Notwithstanding the foregoing, Section 18-210 of the Act (entitled "Contractual Appraisal Rights") and Section 18-305(a) of the Act (entitled "Access to and Confidentiality of Information; Records") shall not apply to the Company or be incorporated into this Agreement.



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## ARTICLE II
## UNIT INTERESTS; CAPITAL CONTRIBUTIONS

**2.1 Unit Interests.**

(a) Authorized Units. Subject to the terms of this Agreement, the Company is authorized to issue equity interests in the Company designated as Units. The total number of Units that the Company shall have authority to issue is 653,165,775. The capital structure of the Company shall initially consist of three (3) classes of membership interests: (i) Series A Common Units, (ii) Series B Common Units and (iii) Series C Common Units. The authorized Units that the Company has the authority to issue shall consist of (A) 66,000,000 Series A Common Units, (B) 549,000,000 Series B Common Units and (C) 38,165,775 Series C Common Units.

(b) Interests of Unit Holders. The relative rights, powers, preferences, duties, liabilities and obligations of Holders of the Units (including the Series A Common Units, the Series B Common Units and the Series C Common Units) shall be as set forth herein. Each Holder's interest in the Company, including such Holder's interest in income, gains, losses, deductions and expenses of the Company, shall be represented by the Units held by such Holder.

(c) Voting Rights. Each Series B Common Unit shall entitle the Member owning such Unit to one vote on any matter to be voted on by the Members as provided in this Agreement or required by applicable law, and the Series A Common Units and Series C Common Units shall not entitle the Holders thereof to any vote on any matters to be voted on by the Members; provided that to the extent any Holder of Series B Common Units is required to obtain any governmental approval, consent or authorization prior to acquiring voting securities of the Company, such Holder shall not be entitled to a vote in respect of such Series B Common Units until such necessary governmental approval, consent or authorization has been obtained.

(d) Subdivisions or Combinations of Common Units. If the Company in any manner subdivides or combines the outstanding number of one class of Common Units, the outstanding number of the other class of Common Units shall be proportionately subdivided or combined in a similar manner.

(e) Certification of Units. The Units owned by the Members will be recorded on the attached Schedule of Members and, initially, will not be represented by physical certificates. The Board may in its discretion issue certificates to the Holders representing the Units held by each Holder.

(f) Restrictive Legend. In the event that certificates representing the Units are issued, each certificate or instrument shall be imprinted with a legend in substantially the following form:

> THE UNITS REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON , , HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS") AND MAY



> NOT BE SOLD, ASSIGNED, PLEDGED OR TRANSFERRED OR OTHERWISE DISPOSED OF WITHOUT AN EFFECTIVE REGISTRATION UNDER THE ACT OR STATE ACTS OR AN EXEMPTION THEREFROM. THE TRANSFER OF THE UNITS REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN AN OPERATING AGREEMENT, DATED AS OF OCTOBER 29, 2004 AND EFFECTIVE AS OF SEPTEMBER 22, 2004, AS AMENDED AND MODIFIED FROM TIME TO TIME, GOVERNING THE ISSUER (THE "COMPANY") AND BY AND AMONG CERTAIN INVESTORS. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE.

**2.2 Initial Units Issued as of the Date Hereof**. As of the date hereof the Members listed on the attached Schedule of Members (the "Initial Members") have acquired the number of Series A Common Units and Series B Common Units, and have made Capital Contributions with respect thereto, as set forth opposite each such Initial Member's name on the attached Schedule of Members.

**2.3 Additional Units Issued after the Date Hereof.**

(a) Issuances of Additional Units. The Board shall have the right to cause the Company to issue or sell to Members or other Persons: (i) additional Units (including other classes or series thereof having different rights), (ii) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units, and (iii) warrants, options or other rights to purchase or otherwise acquire Units.

(b) FPH Management Units. Without limiting the generality of Section 2.3(a), from time to time after the date hereof, (i) in the event that FPH issues any FPH Series B Units to an FPH Management Member, then in connection with such issuance the Company will issue to FPH an equal number of Series B Common Units; and (ii) in the event that FPH issues any FPH Series C Units to an FPH Management Member, then in connection with such issuance the Company will issue to FPH an equal number of Series C Common Units.

(c) Series C Common Units. It is presently anticipated that, when and as determined by the Board pursuant to Section 2.3(a) and 2.3(b), the Series C Common Units will be issued to FPH for no consideration and will represent an interest only in profits and appreciation of the Company after the date of issuance thereof. To this end, in connection with any grant of a Series C Common Unit, the Board will determine the Equity Value of the Company immediately prior to the grant of such Series C Common Unit. If such Equity Value is greater than the sum of the aggregate Unreturned Capital and Unpaid Series A Yield of the Series A Common Units and the aggregate Unreturned Capital of the Series B Common Units as of the date of such issuance, then such Series C Common Unit shall have a "Threshold Equity Value" equal to the sum of (x) the Equity Value of the Company immediately prior to such issuance, plus (y) the aggregate Distributions pursuant to Section 4.2(b)(i) and (ii) made prior to such issuance. Such Threshold Equity Value shall be calculated by the Board and set forth on the Schedule of Members.



(d) Capital Contributions. In connection with any issuance of additional Units or other interests in the Company, the acquiring Person shall in exchange for such Units or other interests make Capital Contributions to the Company in an amount, if any, specified by the Board.

(e) Record of Additional Issuances; Amendments. In connection with any issuance of additional Units or other interests in the Company, the Board shall amend the Schedule of Members as necessary to reflect such additional issuances (including the number and class of Units and Capital Contributions of the acquiring Person), and shall have the power to make any other amendments to this Agreement as it deems necessary to authorize

any such Units or other securities, provide for the relative rights, powers, preferences, duties, liabilities and obligations thereof, or otherwise reflect or provide for such additional issuances.

(f) Counterparts. As of the date hereof, each Member has executed a counterpart of this Agreement. Subject to the restrictions in Article X, upon the acquisition of any Units or other interests in the Company by a Person who is not a Member, such Person shall execute and deliver a counterpart of this Agreement and, subject to compliance with the conditions set forth in Section 10.7 or 10.8 hereof, as applicable, such Person shall become a Member hereunder and shall be listed as a Member on the Schedule of Members, together with such Member's address, number and class of Units and amount of Capital Contributions.

## ARTICLE III
## CAPITAL ACCOUNTS

**3.1 Establishment and Determination of Capital Accounts**. A capital account ("Capital Account") shall be established for each Holder. The Capital Account of each Holder shall consist of its initial Capital Contribution and shall be (a) increased by (i) any additional Capital Contributions made by such Holder pursuant to the terms of this Agreement and (ii) such Holder's share of items of income and gain allocated to such Holder pursuant to Article IV, (b) decreased by (i) such Holder's share of items of loss, deduction and expense allocated to such Holder pursuant to Article IV and (ii) any Distributions to such Holder of cash or the fair market value of any other property (net of liabilities assumed by such Holder and liabilities to which such property is subject) distributed to such Holder and (c) adjusted as otherwise required by the Code and the regulations thereunder, including, but not limited to, the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). Any references in this Agreement to the Capital Account of a Holder shall be deemed to refer to such Capital Account as the same may be increased or decreased from time to time as set forth above.

**3.2 Computation of Amounts**. For purposes of computing the amount of any item of income, gain, loss, deduction or expense to be reflected in Capital Accounts, the determination, recognition and classification of each such item shall be the same as its determination, recognition and classification for federal income tax purposes; provided that:

(i) any income that is exempt from Federal income tax shall be added to such taxable income or losses;



(ii) any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)*(i)*, shall be subtracted from such taxable income or losses;

(iii) if the Book Value of any Company property is adjusted pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)*(e)* (in connection with a distribution of such property) or *(f)* (in connection with a revaluation of Capital Accounts), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such property;

(iv) if property that is reflected on the books of the Company has a Book Value that differs from the adjusted tax basis of such property, depreciation, amortization and gain or loss with respect to such property shall be determined by reference to such Book Value; and

(v) the computation of all items of income, gain, loss, deduction and expense shall be made without regard to any election pursuant to Section 754 of the Code that may be made by the Company, unless the adjustment to basis of Company property pursuant to such election is reflected in Capital Accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)*(m)*.

**3.3 Negative Capital Accounts**. No Holder shall be required to pay to the Company or any other Holder any deficit or negative balance that may exist from time to time in such Holder's Capital Account. Notwithstanding anything expressed or implied to the contrary in this Agreement, upon liquidation, dissolution or winding up of the Company, no Holder shall be required to make any Capital Contribution to the Company in respect of any deficit in such Holder's Capital Account.

**3.4 Company Capital**. No Holder shall be paid interest on any Capital Contribution to the Company or on such Holder's Capital Account, and no Holder shall have any right (i) to demand the return of such Holder's Capital Contribution or any other Distribution from the Company (whether upon resignation, withdrawal or otherwise), except upon dissolution of the Company pursuant to Article XI hereof, (ii) to seek or obtain a partition of any Company assets, or (iii) to own or use any particular or individual assets of the Company.

**3.5 No Withdrawal**. No Holder shall be entitled to withdraw any part of such Holder's Capital Contribution or Capital Account or to receive any Distribution from the Company, except as expressly provided herein.

**3.6 Loans From Holders**. Loans by Holders to the Company shall not be considered Capital Contributions. If any Holder shall loan funds to the Company in excess of the amounts required hereunder to be contributed by such Holder to the capital of the Company, the making of such loans shall not result in any increase in the amount of the Capital Account of such Holder. The amount of any such loans shall be a debt of the Company to such Holder and shall be payable or collectible in accordance with the terms and conditions upon which such loans are made.



**3.7 Adjustments to Book Value**. The Company shall adjust the Book Value of its assets to fair market value in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(*f*) as of the following times: (a) at the Board's discretion in connection with the issuance of Units in the Company; (b) at the Board's discretion in connection with the Distribution by the Company to a Holder of more than a *de minimis* amount of Company assets, including cash, if as a result of such Distribution, such Holder's interest in the Company is reduced; and (c) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(*g*). Any such increase or decrease in Book Value of an asset shall be allocated as a Profit or Loss to the Capital Accounts of the Holders under Section 4.3 (determined immediately prior to the issuance of the new Units or the distribution of assets in an ownership reduction transaction).

## ARTICLE IV
## DISTRIBUTIONS; ALLOCATIONS OF

**PROFITS AND LOSSES**

**4.1 Generally**. Subject to the provision of Section 18-607 of the Act and Sections 4.2(a) and 4.2(e) of this Agreement, the Board shall have sole discretion regarding the amounts and timing of Distributions to Holders, in each case subject to the retention of, or payment to third parties of, such funds as it deems necessary with respect to the reasonable business needs of the Company, which shall include (but not by way of limitation) the payment or the making of provision for the payment when due of Company obligations, including the payment of any management or administrative fees and expenses or any other obligations.

**4.2 Distributions.**

(a) Tax Distributions. The Board shall use reasonable efforts, subject to any applicable covenants and restrictions contained in the Company's loan agreements and other agreements or obligations to which the Company or its properties are subject, to cause the Company to distribute to each Holder with respect each Taxable Year (within 75 days after the close of such Taxable Year, or on a quarterly or other basis as shall be determined by the Board in its sole discretion to be appropriate to enable each such Holder to pay estimated income tax liabilities) an amount equal to the product of (x) the combined maximum marginal federal, state, and local income tax rates (taking into account the deductibility of state and local income tax for federal income tax purposes) applicable to any Holder (or its partners or stockholders, if applicable), as determined by the Board after reasonable inquiry, times (y) the difference of (i) the taxable income and gains for such Taxable Year allocated to such Holder pursuant to Section 4.5, reduced by (ii) the sum of (A) the taxable losses and deductions for such Taxable Year allocated to such Holder pursuant to Section 4.5, and (B) the excess of the aggregate taxable losses and deductions over the aggregate taxable income and gains for all prior Taxable Years allocated to such Holder pursuant to Section 4.5, but only to the extent that such excess can be applied or used for such Taxable Year. Any Distribution to a Holder pursuant to this Section 4.2(a) (I) that is made to a Holder of Series A Common Units as a result of taxable income and gains allocated to such Series A Common Units, shall be treated as an advance Distribution of Unpaid Series A Yield pursuant to Section 4.2(b)(i) and shall reduce the amount of Unpaid Series A Yield, or (II) that is made to a Holder of Series B Common Units and/or Series C Common Units as a result of taxable income and gains allocated to such Series B Common Units and/or Series C Common Units, shall be treated as an advance Distribution under Section



4.2(b)(ii) and shall be offset against future Distributions that such Holder would otherwise be entitled to receive pursuant to Section 4.2(b)(ii).

(b) Priority of Distributions. Subject to Sections 4.2(a) and 4.2(e), all other Distributions (including in connection with the dissolution and liquidation of the Company pursuant to the terms of Article XI hereof) shall be made when and as declared by the Board to the Holders in the following order and priority:

(i) First, to the Holders of Series A Common Units and Series B Common Units, an amount equal to the aggregate Unreturned Capital and Unpaid Series A Yield with respect to their Series A Common Units, and the aggregate Unreturned Capital with respect to their Series B Common Units, outstanding immediately prior to such Distribution (pro rata in proportion to each Holder's Pro Rata Share) until the aggregate Unreturned Capital and Unpaid Series A Yield with respect to all Series A Common Units, and the aggregate Unreturned Capital with respect to all Series B Common Units, outstanding immediately prior to such Distribution has been reduced to zero; and no Distribution or any portion thereof shall be made under Section 4.2(b)(ii) below until the entire amount of the aggregate Unreturned Capital and Unpaid Series A Yield with respect to the Series A Common Units, and the aggregate Unreturned Capital with respect to the Series B Common Units, outstanding immediately prior to such Distribution has been paid in full; and

(ii) Second, to the Holders of Series B Common Units and Series C Common Units, an amount equal to the remainder of the aggregate amount to be Distributed (in the proportion that the number of Series B Common Units and Series C Common Units held by each such Holder immediately prior to such Distribution bears to the aggregate number of Series B Common Units and Series C Common Units outstanding immediately prior to such Distribution.

For all purposes of Section 4.2(b)(ii), if any Series C Common Unit has been granted with a Threshold Equity Value established pursuant to Section 2.3(c), then such Series C Common Unit will not have the right to receive any Distributions under Section 4.2(b)(ii) (and such Series C Common Unit will be disregarded for purposes of allocating Distributions among the Holders of Series B Common Units and Series C Common Units pursuant to the parenthetical in Section 4.2(b)(ii)) until the aggregate Distributions that have been made to all other Units under Sections 4.2(b)(i) and (ii) from and after the date hereof are equal to the Threshold Equity Value of such Series C Common Unit.

(c) In-Kind Distributions. At any time, and from time to time, the Company may distribute to its Holders securities or other property held by the Company; provided that any such Distribution shall not satisfy any of the Company's obligations pursuant to Section 4.2(a). In any Distribution pursuant to this Section 4.2(c), the property so distributed will be distributed among the Holders in the same proportions as cash equal to the fair market value of such property (as determined in good faith by the Board) would be distributed among the Holders pursuant to Section 4.2(b). The Board may require as a condition of Distribution of securities hereunder that the Holders execute and deliver such documents as the Board may deem necessary or appropriate to ensure compliance with all U.S. federal and state securities laws



which apply to such Distribution and any further transfer of the distributed securities, and may appropriately legend the certificates which represent such securities to reflect any restriction on transfer with respect to such laws.

(d) Sale of the Company. In connection with any Sale of the Company, unless otherwise determined by the Board, the aggregate cash, securities and other property to be received in such Sale of the Company as consideration in respect of the Units shall be allocated in such Sale of the Company among the Holders as if such consideration were Distributed by the Company to the Holders pursuant to the provisions of Section 4.2(b).

(e) Redemption of FPH Common Units in connection with Repurchases from FPH Management Members. In the event FPH elects to exercise its rights under any FPH Management Equity Agreement to repurchase FPH Series B Units from an FPH Management Member, the Company will redeem an equal number of Series B Common Units held by FPH at a redemption price equal to the repurchase price payable by FPH for such FPH Series B Units pursuant to the terms of such FPH Management Equity Agreement (less any amount distributed to FPH in respect thereof by Boise Land & Timber

Holdings Corp.). In the event FPH elects to exercise its rights under any FPH Management Equity Agreement to repurchase FPH Series C Units from an FPH Management Member, the Company will redeem an equal number of Series C Common Units held by FPH at a redemption price equal to the repurchase price, if any, payable by FPH for such FPH Series C Units pursuant to the terms of such FPH Management Equity Agreement (less any amount distributed to FPH in respect thereof by Boise Land & Timber Holdings Corp.). In either case, such redemption price will be paid to FPH in cash or, to the extent the Company is prohibited by applicable law or by the terms of its or its Subsidiaries' debt financing agreements from paying such redemption price in cash, by issuance of a promissory note to FPH in the amount and on substantially the same terms as the promissory note that such FPH Management Equity Agreement provides will be issued by FPH in lieu of cash to such FPH Management Member for such FPH Series B Units or FPH Series C Units, as applicable.

**4.3 Allocation of Profits and Losses**. For each Fiscal Year of the Company, after adjusting each Holder's Capital Account for all Capital Contributions and distributions during such Fiscal Year and all special allocations pursuant to Section 4.4 with respect to such Fiscal Year, all Profits and Losses (other than Profits and Losses specially allocated pursuant to Section 4.4) shall be allocated to the Holders' Capital Accounts in a manner such that, as of the end of such Fiscal Year, the Capital Account of each Holder (which may be either a positive or negative balance) shall be equal to (i) the amount which would be distributed to such Holder, determined as if the Company were to liquidate all of its assets for the Book Value thereof and distribute the proceeds thereof (after payment of all Company debts, liabilities and obligations) pursuant to Section 4.2(b) hereof, minus (ii) the sum of (A) such Holder's share of Company Minimum Gain (as determined according to Treasury Regulation Section 1.704-2(d) and (g)(3)) and Member Minimum Gain (as determined according to Treasury Regulation Section 1.704-2(i)) and (B) the amount, if any, which such Holder is obligated to contribute to the capital of the Company as of the last day of such Fiscal Year.



**4.4 Special Allocations**. Notwithstanding the provisions of Section 4.3:

(a) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Holders of Common Units, pro rata in proportion to the total number of such Common Units held by each such Holder. If there is a net decrease in Company Minimum Gain during any Taxable Year, each Holder shall be specially allocated items of taxable income or gain for such Taxable Year (and, if necessary, subsequent Taxable Years) in an amount equal to such Holder's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulation Section 1.704-2(g). The items to be so allocated shall be determined in accordance with Treasury Regulation Section 1.704-2(f)(6). This paragraph is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Nonrecourse Deductions. Member Nonrecourse Deductions shall be allocated in the manner required by Treasury Regulation Section 1.704-2(i). Except as otherwise provided in Treasury Regulation Section 1.704-2(i)(4), if there is a net decrease in Member Minimum Gain during any Taxable Year, each Holder that has a share of such Member Minimum Gain shall be specially allocated items of taxable income or gain for such Taxable Year (and, if necessary, subsequent Taxable Years) in an amount equal to that Holder's share of the net decrease in Member Minimum Gain. Items to be allocated pursuant to this paragraph shall be determined in accordance with Treasury Regulation Sections 1.704-2(i)(4) and 1.704-2(j)(2). This paragraph is intended to comply with the minimum gain chargeback requirements in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Unexpected Adjustments. If any Holder unexpectedly receives any adjustments, allocations or Distributions described in Treasury Regulation Section 1.704-l(b)(2)(ii)(d)(4), (5) or (6), items of taxable income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate the adjusted capital account deficit (determined according to Treasury Regulation Section 1.704-1 (b)(2)(ii)(d)) created by such adjustments, allocations or Distributions as quickly as possible. This paragraph is intended to comply with the qualified income offset requirement in Treasury Regulation Section 1.704-1 (b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) Curative Allocations. The allocations set forth in paragraphs (a), (b) and (c) above (the "Regulatory Allocations") are intended to comply with certain requirements of the Treasury Regulations under Code Section 704. Notwithstanding any other provisions of this Article IV (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating Profits and Losses among Holders so that, to the extent possible, the net amount of such allocations of Profits and Losses and other items and the Regulatory Allocations (including Regulatory Allocations that, although not yet made, are expected to be made in the future) to each Holder shall be equal to the net amount that would have been allocated to such Member if the Regulatory Allocations had not occurred.

(e) Transactions between Holders and the Company. If, and to the extent that, any Holder is deemed to recognize any item of income, gain, loss, deduction or credit as a result of any transaction between such Holder and the Company pursuant to Code Sections 1272-1274, 7872, 483, 482, 83 or any similar provision now or hereafter in effect, and the Board determines that any corresponding Profit or Loss of the Company should be allocated to the Holder who



recognized such item in order to reflect the Holder's economic interests in the Company, then the Board may so allocate such Profit or Loss.

**4.5 Tax Allocations; Code Section 704(c).**

(a) General. The income, gains, losses, deductions and expenses of the Company shall be allocated, for federal, state and local income tax purposes, among the Holders in accordance with the allocation of such income, gains, losses, deductions and expenses among the Holders for computing their Capital Accounts, except that if any such allocation is not permitted by the Code or other applicable law, the Company's subsequent income, gains, losses, deductions and expenses shall be allocated among the Holders so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

(b) Section 704(c). In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss, deduction and expense with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Holders so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value at the time of contribution.

(c) Adjustment of Book Value. If the Book Value of any Company asset is adjusted pursuant to Section 4.5, subsequent allocations of items of taxable income, gain, loss, deduction and expense with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c).

(d) Board Authority. Any elections or other decisions relating to allocations for federal, state and local income tax purposes shall be made by the Board in any manner that reasonably reflects the purpose and intent of this Agreement. Allocations pursuant to this Section 4.5 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Holder's Capital Account or share of profits, losses, other items or distributions pursuant to any provisions of this Agreement.

**4.6 Amounts Withheld**. All amounts withheld pursuant to Section 8.3 from any Distribution to a Holder shall be treated as amounts distributed to such Holder pursuant to this Article IV for all purposes under this Agreement.

## ARTICLE V
## MANAGEMENT

**5.1 Management by the Directors.**

(a) Authority of Board. Except for situations in which the approval of the Members is required by this Agreement or by nonwaivable provisions of applicable law, and subject to the provisions of Section 5.2 and Section 5.9, (i) the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed under the direction of, the Board and (ii) the Board may make all decisions and take all



actions for the Company not otherwise provided for in this Agreement, including, without limitation, the following:

(i) entering into, making and performing contracts, agreements and other undertakings binding the Company that may be necessary, appropriate or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;

(ii) maintaining the assets of the Company in good order;

(iii) collecting sums due the Company;

(iv) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(v) acquiring, utilizing for Company purposes and disposing of any assets of the Company;

(vi) to the extent that funds of the Company are available therefor, paying debts and obligations of the Company;

(vii) hiring and employing executives, supervisors and other personnel;

(viii) selecting, removing and changing the authority and responsibility of lawyers, accountants and other advisers and consultants;

(ix) borrowing money or otherwise committing the credit of the Company for its activities and voluntary prepayments or extensions of debt;

(x) obtaining insurance for the Company;

(xi) establishing reserves for commitments and obligations (contingent or otherwise) of the Company;

(xii) determining Distributions of Company cash and other property as provided in Section 4.2;

(xiii) establishing a seal for the Company; and

(xiv) filing a petition under the federal bankruptcy laws or under any other receivership, insolvency or reorganization laws.

(b) Power to Bind Company. Unless the Board consists of one Director, no Director (acting in his capacity as such) shall have any authority to bind the Company to any third party with respect to any matter except pursuant to a resolution expressly authorizing such



action, which resolution is duly adopted by the Board by the affirmative vote required for such matter pursuant to the terms of this Agreement.

(c) Officer Supervision. The management of the business and affairs of the Company by the officers and the exercising of their powers shall be conducted under the supervision of and subject to the approval of the Board.

**5.2 Actions by the Directors; Committees; Delegation of Authority and Duties.**

(a) Board of Directors. In managing the business and affairs of the Company and exercising their powers, the Directors shall be members of and shall act as a Board of Directors (the "Board"). The Board may act (i) through meetings and written consents pursuant to Sections 5.5 and 5.7,

(ii) through committees pursuant to Section 5.2(c) and (iii) through any officer to whom authority and duties have been delegated pursuant to Sections 5.2(e) and 5.9.

(b) Time and Attention. Each Holder acknowledges and agrees that no Director shall, as a result of being a Director (as such), be bound to devote all of his business time to the affairs of the Company, and that he and his Affiliates do and will continue to engage for their own account and for the accounts of others in other business ventures.

(c) Committees. The Board may, from time to time, designate one or more committees, each of which shall be composed of at least two Directors. Any such committee, to the extent provided in such resolution or in the Certificate or this Agreement, shall have and may exercise all of the authority of the Board delegated to such committee. The Board may dissolve any committee at any time, unless otherwise provided in the Certificate or this Agreement.

(d) Committee Rules. Unless the Board otherwise provides, each committee designated by the Board may adopt, amend and repeal rules for the conduct of its business. In the absence of a resolution by the Board or a provision in the rules of such committee to the contrary, the presence of a majority of the total number of members of such committee shall constitute a quorum for the transaction of business, and the vote of a majority of the members of the Board present at a meeting at which a quorum is present shall be the act of such committee.

(e) Delegation; Generally. The Board may, from time to time, delegate to one or more Persons (including any Director or officer) such authority and duties as the Board may deem advisable. The Board also may assign titles to any Director, Holder or other individual and may delegate to such Director, Holder or other individual certain authority and duties. Any number of titles may be held by the same Director, Holder or other individual. Any delegation pursuant to this Section 5.2(e) may be revoked at any time by the Board.

**5.3 Number and Term of Office**. Each Director shall be a "manager" as described in the Act. The initial number of Directors and members of the Board of Directors shall be six. Thereafter, the number of Directors shall be established from time to time by the affirmative vote of the Members holding the Required Interest. The initial Directors shall be Samuel M. Mencoff, Thomas S. Souleles, Christopher J. McGowan, Zaid F. Alsikafi, W. Thomas Stephens, and one vacancy**,** and by execution hereof, the Members holding the Required Interest hereby approve by written consent the appointment of such persons as Directors of the Company, and this Agreement shall serve as a written consent of members in lieu of a meeting pursuant to



Section 18-302 of the Act with respect to the election of Directors of the Board as set forth above. Each Director shall hold office for the term for which he is elected and thereafter until his successor shall have been elected and qualified, or until his earlier death, resignation or removal. A Director need not be a Member or a Holder and need not be a resident of the State of Delaware.

**5.4 Vacancies; Removal; Resignation**. Any Director position to be filled by reason of an increase in the number of Directors or by any other reason shall be filled by the affirmative vote of the Members holding the Required Interest. A Director elected to fill a vacancy occurring other than by reason of an increase in the number of Directors shall be elected for the unexpired term of his predecessor in office. Any Director may be removed, with or without cause, by the Members holding the Required Interest. Any Director may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time is specified, at the time of its receipt by the remaining Directors. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

**5.5 Board Meetings.**

(a) Quorum; Voting. A majority of the total number of Directors fixed by, or in the manner provided in, this Agreement shall constitute a quorum for the transaction of business of the Board, and except as otherwise provided in this Agreement, the act of a majority of the Directors present at a meeting of the Board at which a quorum is present shall be the act of the Board. A Director who is present at a meeting of the Board at which action on any Company matter is taken shall be presumed to have assented to the action unless its dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the Person acting as secretary of the meeting before the adjournment thereof or shall deliver such dissent to the Company immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

(b) Place; Attendance. Meetings of the Board may be held at such place or places as shall be determined from time to time by resolution of the Board. At all meetings of the Board, business shall be transacted in such order as shall from time to time be determined by resolution of the Directors. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(c) Meeting In Connection With Member Meeting. In connection with any annual meeting of Members at which Directors were elected, the Board may, if a quorum is present, hold a first meeting for the transaction of business immediately after and at the same place as such annual meeting of the Members. Notice of such meeting at such time and place shall not be required.

(d) Time, Place and Notice. Regular meetings of the Board shall be held at such times and places as shall be designated from time to time by resolution of the Directors, or



as requested by the Members holding the Required Interest. Notice of such meetings shall not be required.

(e) Special Meetings. Special meetings of the Board may be called by any Director on at least 24 hours' notice to each other Director. Such notice need not state the purpose or purposes of, nor the business to be transacted at, such meeting, except as may otherwise be required by law or provided for in this Agreement.

**5.6 Approval or Ratification of Acts or Contracts by Members**. Any Director in its discretion may submit any act or contract for approval or ratification at any meeting of the Board, and any act or contract that shall be approved or be ratified by the Board shall be as valid and as binding upon the Company and upon all the Members as if it shall have been approved or ratified by every Member of the Company.

**5.7 Action by Written Consent or Telephone Conference**. Any action permitted or required by the Act, the Certificate or this Agreement to be taken at a meeting of the Board or any committee designated by the Board may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by not less than the minimum number of Directors or members of such committee, as the case may be, that would be necessary to take such action at a meeting at which all Directors or members of such committee, as the case may be, were present and voted. Such consent shall have the same force and effect as a vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Delaware, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Board or any such committee, as the case may be. Prompt notice of the taking of any action without a meeting by less than unanimous written consent will be given to those Directors or members of such committee, as applicable, who did not consent in writing to such action. Subject to the requirements of the Act, the Certificate or this Agreement for notice of meetings, unless otherwise restricted by the Certificate, the Directors or members of any committee designated by the Board may participate in and hold a meeting of the Board or any committee of Directors, as the case may be, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**5.8 Compensation**. The Board shall have the authority to fix the compensation of Directors, including, without limitation, a stated salary or other compensation for attendance at each meeting of the Board or a stated annual salary as a Director; provided that no such compensation shall be payable to any Director who is a management employee of the Company or its Subsidiaries. Upon submission of reasonable documentation, a Director shall be paid his or her reasonable out-of-pocket expenses, if any, of attendance at each meeting of the Board. None of the foregoing payments shall preclude any Director from serving the Company in any other capacity and receiving compensation therefor. Members of special or standing committees may, as determined by the Board, be allowed like compensation for attending committee meetings.



**5.9 Officers.**

(a) Designation and Appointment. The Board may (but need not), from time to time, designate and appoint one or more persons as an officer of the Company. An officer need not be a resident of the State of Delaware, a Holder nor a Director. Any officers so designated shall have such authority and perform such duties as the Board may, from time to time, delegate to them. The Board may assign titles (including chairman, chief executive officer, president, vice president, secretary, assistant secretary, treasurer and assistant treasurer) to particular officers. Unless the Board otherwise decides, if the title is one commonly used for officers of a business corporation formed, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to (i) any specific delegation of authority and duties made to such officer by the Board pursuant to the third sentence of this Section 5.9(a) and (ii) any delegation of authority and duties made to one or more officers pursuant to the terms of Section 5.2(e). Each officer shall hold office until such officer's successor shall be duly designated and shall qualify or until such officer's death or until such officer shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same individual. The salaries or other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Board.

(b) Resignation. Any officer (subject to any contract rights available to the Company, if applicable) may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Board. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation. Any officer may be removed as such, either with or without cause, by the Board in its discretion at any time; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the individual so removed. Designation of an officer shall not of itself create contract rights. Any vacancy occurring in any office of the Company may be filled by the Board.

(c) Initial Officers. Without limiting the generality of the foregoing, as of the date hereof, the Board hereby designates the Persons set forth on the attached Schedule of Officers as officers as set forth thereon until their replacements shall be appointed in accordance with the terms of this Agreement.

**5.10 Reliance by Third Parties**. Any Person dealing with the Company, other than a Holder, may rely on the authority of the Board (or any Director or officer authorized by the Board) in taking any action in the name of the Company without inquiry into the provisions of this Agreement or compliance herewith, regardless of whether that action actually is taken in accordance with the provisions of this Agreement. Every agreement, instrument or document executed by the Board (or any Director or officer authorized by the Board) in the name of the Company with respect to any business or property of the Company shall be conclusive evidence in favor of any Person relying thereon or claiming thereunder that (i) at the time of the execution or delivery thereof, this Agreement was in full force and effect, (ii) such agreement, instrument or document was duly executed according to this Agreement and is binding upon the Company and (iii) the Board or such Director or officer was duly authorized and empowered to execute and deliver such agreement, instrument or document for and on behalf of the Company.



## ARTICLE VI
## MEETINGS OF MEMBERS

**6.1 Lack of Authority**. No Holder or Member (in its capacity as such) has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company or to make any expenditures on behalf of the Company, unless (i) such specific authority has been expressly granted to and not revoked from such Person by the Board or (ii) such specific authority has been expressly granted to such Person pursuant to this Agreement, and the Holders hereby consent to the exercise by the Board of the powers conferred on them by law and this Agreement.

**6.2 Member Meetings.**

(a) Quorum; Voting. A quorum shall be present at a meeting of Members if the Members holding a Required Interest are represented at the meeting in person or by proxy. With respect to any matter, other than a matter for which the affirmative vote of the holders of a specified portion of all Members entitled to vote is required by the Act, the affirmative vote of the Members holding the Required Interest at a meeting of Members at which a quorum is present shall be the act of the Members.

(b) Place; Attendance. All meetings of the Members shall be held at the principal place of business of the Company or at such other place within or outside the State of Delaware as shall be specified or fixed in the notices or waivers of notice thereof; provided that any or all Members may participate in any such meeting by means of conference telephone or similar communications equipment pursuant to Section 6.5.

(c) Power to Adjourn. Notwithstanding the other provisions of the Certificate or this Agreement, the chairman of the meeting or the Members holding the Required Interest shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. If such meeting is adjourned by the Members, such time and place shall be determined by a vote of the Members holding the Required Interest. Upon the resumption of such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(d) Meetings. Meetings of the Members for any proper purpose or purposes may be called at any time by the Board or by Members holding the Required Interest. If not otherwise stated in or fixed in accordance with the remaining provisions hereof, the record date for determining Members entitled to call a special meeting is the date any Member first signs the notice of that meeting. Only business within the purpose or purposes described in the notice (or waiver thereof) required by this Agreement may be conducted at a meeting of the Members.

(e) Notice. Written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the Board, to each Member entitled to vote at such meeting. If mailed, any



such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at its address provided for in Section 12.5, with postage thereon prepaid.

(f) Fixing of Record Date. The date on which notice of a meeting of Members is mailed or the date on which the resolution of the Directors declaring a Distribution is adopted, as the case may be, shall be the record date for the determination of the Members entitled to notice of or to vote at such meeting (including any adjournment thereof) or the Members entitled to receive such Distribution.

(g) No Cumulative Voting. There shall be no cumulative voting in the election of Directors hereunder.

**6.3 Proxies**. A Member may vote either in person or by proxy executed in writing by the Member. A telegram, telex, cablegram or similar transmission by the Member, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the Member shall be treated as an execution in writing for purposes of this Section. Proxies for use at any meeting of Members or in connection with the taking of any action by written consent shall be filed with the Board, before or at the time of the meeting or execution of the written consent as the case may be. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the Board, who shall decide all questions concerning the qualification of voters, the validity of the proxies and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Should a proxy designate two or more Persons to act as proxies, unless that instrument shall provide to the contrary, a majority of such Persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, the Company shall not be required to recognize such proxy with respect to such issue if such proxy does not specify how the Units that are the subject of such proxy are to be voted with respect to such issue.

**6.4 Conduct of Meetings**. The Chairman of the Board shall preside at all meetings of the Members, or in his absence, the Members attending the meeting shall elect their own chairman of the meeting. The Secretary of the Company shall act as secretary of all meetings of the Members and keep the minutes. In the absence of the Secretary, the chairman of the meeting may appoint any person to act as the secretary of the meeting.

**6.5 Action by Written Consent or Telephone Conference.**

(a) Action By Written Consent. Any action required or permitted to be taken at any annual or special meeting of Members may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the Member or Members holding not less than the minimum percentages of Units or each class of Units that would be necessary to take such action at a meeting at which all



Members entitled to vote on the action were present and voted. Every written consent shall bear the date of signature of each Member who signs the consent. No written consent shall be effective to take the action that is the subject to the consent unless, within 60 days after the date of the earliest dated consent delivered to the Company in the manner required by this Section, a consent or consents signed by the Member or Members holding not less than the minimum percentages of Units or each class of Units that would be necessary to take the action that is the subject of the consent are delivered to the Company by delivery to its registered office, its principal place of business or the Board. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to a Director. A telegram, telex, cablegram or similar transmission by a Member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Member, shall be regarded as signed by the Member for purposes of this Section. Prompt notice of the taking of any action by Members without a meeting by less than unanimous written consent shall be given to those Members entitled to vote on such action and who did not consent in writing to the action.

(b) Fixing of Record Date. The record date for determining Members entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its registered office, its principal place of business, or the Board. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to a Director.

(c) State Filings. If any action by Members is taken by written consent, any certificate or documents filed with the Secretary of State of Delaware as a result of the taking of the action shall state, in lieu of any statement required by the Act concerning any vote of Members, that written consent has been given in accordance with the provisions of the Act and that any written notice required by the Act has been given.

(d) Telephone Conference. Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a Person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE VII
## LIMITED LIABILITY, EXCULPATION, AND INDEMNIFICATION

**7.1 Limited Liability of Members.**

(a) Limitation of Liability. Except as otherwise required by applicable law and as explicitly set forth in this Agreement, the debts, liabilities, commitments and other obligations of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member or Holder shall have any personal liability whatsoever in its capacity as a Member or Holder, whether to the Company, to any of the other Members or Holders, to the creditors of the Company or to any other Person, for



the debts, liabilities, commitments or any other obligations of the Company or for any Losses of the Company. Accordingly, a Member or Holder shall be liable only to make its Capital Contributions to the Company required pursuant to the terms hereof and the other payments expressly provided for herein.

(b) Observance of Formalities. Notwithstanding anything contained herein to the contrary, the failure of the Company, or any Director or Holder, to observe any formalities or procedural or other requirements relating to the exercise of its powers or management of the Company's business and affairs under this Agreement or the Act shall not be grounds for imposing personal liability on any of the Members or Holders.

(c) Return of Distributions. In accordance with the Act and the laws of the State of Delaware, a member of a limited liability company may, under certain circumstances, be required to return amounts previously distributed to such member. It is the intent of the Holders that no Distribution to any Holder pursuant to Article IV hereof shall be deemed a return of money or other property paid or distributed in violation of the Act. The payment of any such Distribution of money or property to a Holder shall be deemed to be a compromise within the meaning of the Act, and the Holder receiving any such money or property shall not be required to return to any Person any such money or property. However, if any court of competent jurisdiction holds that, notwithstanding the provisions of this Agreement, any Holder is obligated to make any such payment, such obligation shall be the obligation solely of such Holder and not of any other Holder or Director. Notwithstanding the foregoing, a Holder will be required to return to the Company any Distribution to the extent made to it in clear and manifest accounting, clerical, or other similar error (as determined in good faith by the Board).

**7.2 Exculpation of Covered Persons**. The personal liability of any Covered Person to any Director, the Company or to any Member or Holder for any loss suffered by the Company or any monetary damages for breach of fiduciary duties is hereby eliminated to the fullest extent permitted by the Act. The Covered Persons shall not be liable for errors in judgment. Any Covered Person may consult with counsel and accountants and any Member, Director, officer, employee or committee of the Company or other professional expert in respect of Company affairs, and provided the Covered Person acts in good faith reliance upon the advice or opinion of such counsel or accountants or other persons, the Covered Person shall not be liable for any loss suffered by the Company in reliance thereon. If the Act is hereafter amended or interpreted to permit further limitation of the liability of a Covered Person beyond the foregoing, then this paragraph shall be interpreted to limit the personal liability of the Covered Person to the fullest extent permitted by the Act, as amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to limit the personal liability of the Covered Person to a greater extent than that permitted by said law prior to such amendment). In furtherance of, and without limiting the generality of the foregoing, no Covered Person shall be (a) personally liable for the debts, obligations or liabilities of the Company, including any such debts, obligations or liabilities arising under a judgment, decree or order of a court; (b) obligated to cure any deficit in any Capital Account; (c) required to return all or any portion of any Capital Contribution; or (d) required to lend any funds to the Company.

**7.3 Right to Indemnification for Covered Persons**. Subject to the limitations and conditions as provided in this Article VII, each Person who was or is made a party or is



threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative (hereinafter a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was a Covered Person or while a Covered Person is or was serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Company to the fullest extent permitted by the Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such Person in connection with such Proceeding, and indemnification under this Article VII shall continue as to a Person who has ceased to serve in the capacity that initially entitled such Person to indemnity hereunder; provided that no such Person shall be indemnified for any judgments, penalties, fines, settlements or expenses (i) to the extent attributable to conduct for which indemnification would not be permitted under the Act or other applicable law, (ii) for any present or future breaches of any representations, warranties or covenants by such Person contained in this Agreement or in any other agreement with the Company, or (iii) in any action (except an action to enforce indemnification rights set forth in this Section 7.3) brought by such Person. It is expressly acknowledged that the indemnification provided in this Article could involve indemnification for negligence or under theories of strict liability.

**7.4 Contract with Company**. The rights granted pursuant to this Article VII shall be deemed contract rights, and no amendment, modification or repeal of this Article shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any amendment,

modification or repeal.

**7.5 Advance Payment**. The right to indemnification conferred in this Article VII shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 7.3 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding shall be made only upon delivery to the Company of a written affirmation by such Person of his or her good faith belief that he has met the standard of conduct necessary for indemnification under Article VII and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified Person is not entitled to be indemnified under this Article VII or otherwise.

**7.6 Indemnification of Employees and Agents**. The Company, by adoption of a resolution of the Board, may indemnify and advance expenses to any employees or agents of the Company who are not or were not Covered Persons but who are or were serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee,



agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against liabilities and expenses asserted against such Person and incurred by such Person in such a capacity or arising out of their status as such a Person, to the same extent that it may indemnify and advance expenses to Covered Persons under this Article VII.

**7.7 Appearance as a Witness**. Notwithstanding any other provision of this Article VII, the Company may pay or reimburse expenses incurred by a Covered Person in connection with the appearance as a witness or other participation in a Proceeding at a time when such Covered Person is not a named defendant or respondent in the Proceeding.

**7.8 Nonexclusivity of Rights**. The right to indemnification and the advancement and payment of expenses conferred in this Article VII shall not be exclusive of any other right that a Covered Person or other Person indemnified pursuant to Section 7.6 may have or hereafter acquire under any law (common or statutory), provision of the Certificate or this Agreement, any agreement, vote of Members or disinterested Directors or otherwise.

**7.9 Insurance**. The Company may purchase and maintain insurance, at its expense, to protect itself and any Person who is or was serving as a Covered Person or is or was serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited ability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under this Article VII.

**7.10 Savings Clause**. If this Article VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Director or any other Person indemnified pursuant to this Article VII as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

**7.11 Investment Opportunities; Conflicts of Interest.**

(a) Directors. Subject to the other express provisions of this Agreement and of any agreement entered into by a Member with the Company or its Subsidiaries or Affiliates, each Director of the Company at any time and from time to time may engage in and own interests in other business ventures of any and every type and description, independently or with others (including ones in competition with the Company) with no obligation to offer to the Company or any other Member, Holder, Director or officer the right to participate therein.

(b) FPH. The Holders expressly acknowledge that, subject to the other express provisions of this Agreement, (i) FPH and its respective Affiliates are permitted to have, and may presently or in the future have, investments or other business relationships with entities engaged in the forestry products business (including in areas in which the Company or any of its



Subsidiaries may in the future engage in business), and in related businesses other than through the Company or any of its Subsidiaries (an "Other Business"), (ii) FPH and its respective Affiliates have and may develop a strategic relationship with businesses that are and may be competitive with the Company or any of its Subsidiaries, (iii) none of FPH or its respective Affiliates (including their respective representatives serving on the Board) will be prohibited by virtue of their investments in the Company or its Subsidiaries or their service on the Board from pursuing and engaging in any such activities, (iv) none of FPH or its respective Affiliates (including their respective representatives serving on the Board) will be obligated to inform the Company, or any Member, Holder, Director, or officer of any such opportunity, relationship or investment, (v) neither the Company nor any other Member, Holder, Director or officer will acquire or be entitled to any interest or participation in any Other Business as a result of the participation therein of any of FPH or its respective Affiliates and (vi) the involvement of FPH or its respective Affiliates (including their respective representatives serving on the Board) in any Other Business will not constitute a conflict of interest by such Persons with respect to the Company, any of its Subsidiaries or its Members or Holders.

(c) Transactions with the Company. The Company may transact business with any Director, Member, Holder or officer or any Affiliate thereof; provided that the terms of such transactions are no less favorable than those the Company could obtain on an arm's-length basis from unrelated third parties.

## ARTICLE VIII
## TAX MATTERS

**8.1 Tax Returns**. The Board shall cause to be prepared and filed all necessary federal and state income tax and other tax returns for the Company, including making any elections the Board may deem appropriate and in the best interests of the Members. Each Holder shall furnish to the Board all

pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax and other tax returns to be prepared and filed.

**8.2 Tax Matters Member**. Unless and until the Members shall otherwise unanimously agree, FPH shall be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the "Tax Matters Member").

(a) Authority of Tax Matters Member. The Tax Matters Member is authorized to represent the Company before the Internal Revenue Service and any other governmental agency with jurisdiction, and to sign such consents and to enter into settlements and other agreements with such agencies as the Board deems necessary or advisable.

(b) Tax Elections. The Tax Matters Member may, in its sole discretion, make or revoke any election under the Code or the Treasury Regulations issued thereunder (including for this purpose any new or amended Treasury Regulations issued after the date of formation of the Company), including, without limitation, an election to be taxed as a corporation for U.S. federal income tax purposes pursuant to Treasury Regulation Section 301.7701-3.



(c) Reimbursement of Expenses. Promptly following the written request of the Tax Matters Member, the Company shall, to the fullest extent permitted by law, reimburse and indemnify the Tax Matters Member for all reasonable expenses, including reasonable legal and accounting fees, claims, liabilities, losses and damages incurred by the Tax Matters Member in connection with any administrative or judicial proceeding (i) with respect to the tax liability of the Company and/or (ii) with respect to the tax liability of the Holders in connection with the operations of the Company.

(d) Survival of Provisions. The provisions of this Section 8.2 shall survive the termination of the Company or the termination of any Holder's interest in the Company and shall remain binding on the Holders for as long a period of time as is necessary to resolve with the Internal Revenue Service any and all matters regarding the Federal income taxation or other taxes of the Company or the Holders.

**8.3 Indemnification and Reimbursement for Payments on Behalf of a Holder**. If the Company is obligated to pay any amount to a governmental agency (or otherwise makes a payment) because of a Holder's status or otherwise specifically attributable to a Holder (including, without limitation, federal withholding taxes with respect to foreign Persons, state personal property taxes, state personal property replacement taxes, state withholding taxes, state unincorporated business taxes, etc.), then such Holder (the "Indemnifying Holder") shall indemnify the Company in full for the entire amount paid (including, without limitation, any interest, penalties and expenses associated with such payments). The amount to be indemnified shall be charged against the Capital Account of the Indemnifying Holder, and, at the option of the Board, either:

(a) promptly upon notification of an obligation to indemnify the Company, the Indemnifying Holder shall make a cash payment to the Company equal to the full amount to be indemnified (and the amount paid shall be added to the Indemnifying Holder's Capital Account but shall not be treated as a Capital Contribution), or

(b) the Company shall reduce distributions which would otherwise be made to the Indemnifying Holder, until the Company has recovered the amount to be indemnified (and, notwithstanding Section 3.1, the amount withheld shall not be treated as a Capital Contribution).

A Holder's obligation to make contributions to the Company under this Section 8.3 shall survive the termination, dissolution, liquidation and winding up of the Company, and for purposes of this Section 8.3, the Company shall be treated as continuing in existence. The Company may pursue and enforce all rights and remedies it may have against each Holder under this Section 8.3, including instituting a lawsuit to collect such contribution with interest calculated at a rate equal to the Base Rate plus three percentage points per annum (but not in excess of the highest rate per annum permitted by law).



## ARTICLE IX
## BOOKS AND RECORDS, REPORTS, AND CONFIDENTIALITY

**9.1 Maintenance of Books.**

(a) Books and Records. The Company shall keep books and records of account and shall keep minutes of the proceedings of, or maintain written consents executed by, its Members, the Board and each committee of the Board. The calendar year shall be the accounting year of the Company.

(b) Schedule of Members. The Company will maintain, and as required update, the attached Schedule of Members, which sets forth with respect to each Member their respective name, address, number and class of Units owned by such Member and the amount of Capital Contributions made by such Member with respect thereto. Unless otherwise determined by the Board, the Schedule of Members will be and remain confidential, and each Member hereby accepts, acknowledges and agrees that, notwithstanding anything herein to the contrary, it will have no right to view or obtain the Schedule of Members or otherwise obtain any such information relating to any Member other than itself.

**9.2 Reports.**

(a) Tax Information. To the extent reasonably practicable, within 90 days after the end of each Taxable Year, the Company shall prepare and mail to each Holder and, to the extent necessary, to each former Holder (or such Holder's legal representatives), a report setting forth in sufficient detail such information as shall enable such Holder or former Holder (or such Holder's legal representatives) to prepare its respective federal, state, and local income tax returns in accordance with the laws, rules, and regulations then prevailing. The Company shall also provide Form K-1s to each of the Holders as soon as reasonably practicable after the end of each Taxable Year.

(b) Cost of Reports; No Additional Information. The Company shall bear the costs of all reports and other information provided pursuant to this Section 9.2. Except as otherwise provided in this Section 9.2, each Member hereby waives any and all rights under the Act entitling such

Member to additional information from or access to the Company.

**9.3** **Company Funds**. The Board may not commingle the Company's funds with the funds of any Holder, Director or any officer.

**9.4** **Confidentiality**. Each Holder recognizes and acknowledges that it may receive certain confidential and proprietary information and trade secrets of the Company and its Subsidiaries, including but not limited to confidential information of the Company and its Subsidiaries regarding identifiable, specific and discrete business opportunities being pursued by the Company or its Subsidiaries (the "Confidential Information"). Each Holder (on behalf of itself and, to the extent that such Holder would be responsible for the acts of the following persons under principles of agency law, its directors, officers, shareholders, partners, employees, agents and members) agrees that it will not, during or after the term of this Agreement, whether through an Affiliate or otherwise, take commercial or proprietary advantage of or profit from any Confidential Information or disclose Confidential Information to any Person for any reason or purpose whatsoever, except (i) to authorized representatives and employees of the Company or the Subsidiaries and as otherwise may be proper in the course of performing such Holder's obligations, or enforcing such Holder's rights, under this Agreement, (ii) as part of such Holder's normal reporting or review procedure, or in connection with such Holder's or such Holder's



Affiliates' normal fund raising, marketing, informational or reporting activities, or to such Holder's (or any of its Affiliates') Affiliates, employees, auditors, attorneys or other agents, (iii) to any bona fide prospective purchaser of the equity or assets of such Holder or its Affiliates or the Units held by such Holder, or prospective merger partner of such Holder or its Affiliates, provided that such purchaser or merger partner agrees to be bound by the provisions of this Section 9.4 or (iv) as is required to be disclosed by order of a court of competent jurisdiction, administrative body or governmental body, or by subpoena, summons or legal process, or by law, rule or regulation, provided that the Holder required to make such disclosure shall provide to the Board prompt notice of such requirement. For purposes of this Section 9.4, Confidential Information shall not include any information of which (x) such Person became aware prior to its affiliation with the Company, (y) such Person learns from sources other than the Company or its Subsidiaries, (provided that such Person does not know or have reason to know, at the time of such Person's disclosure of such information, that such information was acquired by such source through violation of law, or breach of contractual confidentiality obligations or breach of fiduciary duties) or (z) is disclosed in a prospectus or other documents for dissemination to the public. Nothing in this Section 9.4 shall in any way limit or otherwise modify any confidentiality covenants entered into by the Management Members pursuant to the Management Equity Agreements or any other agreement entered into with the Company or its Subsidiaries.

## ARTICLE X
## TRANSFERS; ADMISSION OF MEMBERS

**10.1** Transfers.

(a) Generally. THE TRANSFER OF ANY INTEREST IN THE COMPANY IS SUBJECT TO THE RESTRICTIONS ON TRANSFER CONTAINED IN THIS AGREEMENT AND, WITH RESPECT TO CERTAIN HOLDERS PARTY HERETO, THE SECURITYHOLDERS AGREEMENT (WHICH RESTRICTIONS ARE INCORPORATED HEREIN BY REFERENCE). THE BOARD, IN ITS SOLE DISCRETION, MAY PROHIBIT ANY PROPOSED TRANSFER OF AN EQUITY INTEREST IF SUCH TRANSFER FAILS TO SATISFY ONE OF THE SAFE HARBORS SET FORTH IN TREASURY REGULATION SECTION 1.7704-1(e) - - (j) OR IF SUCH TRANSFER COULD OTHERWISE CREATE A RISK THAT THE COMPANY COULD BE TREATED AS A PUBLICLY TRADED PARTNERSHIP WITHIN THE MEANING OF CODE SECTION 7704.

(b) Restrictions on Transfers. The offer, sale, transfer, assignment, pledge or other disposition of any interest in any Unit (whether with or without consideration and whether voluntarily or involuntarily or by operation of law), directly or indirectly, is referred to herein as a "Transfer." So long as the Securityholders Agreement is in effect, no Holder of Common Units that is party to the Securityholders Agreement shall Transfer any interest in any Units, except as permitted pursuant to the terms of the Securityholders Agreement.

**10.2** Incorporation of the Company. The Board may, in advance of, and in order to facilitate, a Public Offering of securities of the Company, or for other reasons that the Board deems to be in the best interests of the Company, cause the Company to incorporate its business, or any portion thereof, including, without limitation, by way of: (a) the Transfer of all of the assets of the Company, subject to the liabilities of the Company, or the Transfer of any portion of



such assets and liabilities, to one or more corporations in exchange for equity interests of said corporation(s) and the subsequent distribution of such equity interests, at such time as the Board may determine, to the Holders in accordance with this Agreement, (b) Transfer by each of the Holders of Units held by such Holder to one or more corporations in exchange for equity interests of said corporation(s) and, in connection therewith, each Holder hereby agrees to the Transfer of its Units in accordance with the terms of exchange as provided by the Board and further agrees that, as of the effective date of such exchange, any Units outstanding thereafter that shall not have been tendered for exchange shall represent only the right to receive a certificate representing the number of equity interests of said corporation(s) as provided in the terms of the exchange, (c) the merger of the Company with and into a corporation as a result of which the Holders receive as merger consideration equity interests of such corporation, as the surviving entity to the merger, which merger shall not be required to be approved by the Members, (d) if the only assets of the Company consist of cash and stock of a corporation, dissolve the Company and distribute such cash and shares of stock to the Holders, or (e) the conversion of the Company to a corporation or other entity pursuant to applicable law, which conversion shall not be required to be approved by Members; provided that the organizational documents of any such new corporation or entity, its equity interests and/or a shareholders' or other agreement, as appropriate, will in all material respects reflect and be consistent with the terms and provisions applicable to each Holder's ownership of Units immediately prior to such transaction; provided further, that each Holder is, as a result of such transaction, in substantially the same ownership position with respect to the Company (or its successor) as it was in immediately prior to such transaction. Each Holder will take all reasonable actions in connection with the consummation of such conversion as requested by the Board.

**10.3** Void Assignment. Any sale, exchange or other transfer by any Holder of any Units or other interests in the Company in contravention of this Agreement shall be void and ineffectual and shall not bind or be recognized by the Company or any other party. No such purported assignee shall have any right to any Profits, Losses or Distributions of the Company.

**10.4** Effect of Valid Assignment.

(a) Assignment. A Transfer of Units permitted hereunder shall be effective as of the date of assignment and compliance with the conditions to such Transfer. Profits, Losses and other Company items shall be allocated between the assignor and the assignee according to Code Section 706. Distributions made before the effective date of such Transfer shall be paid to the assignor, and Distributions made after such date shall be paid to the assignee.

(b) Record Owner. Notwithstanding the foregoing, the Company and the Board shall be entitled to treat the record owner of any Units or other interest in the Company as the absolute owner thereof and shall incur no liability for Distributions of cash or other property made in good faith to such owner until such time as a written assignment of such Units or other interest in the Company, which assignment is permitted pursuant to the terms and conditions of this Article X, has been received and accepted by the Board and recorded on the books of the Company.

(c) Rights and Obligations of Assignee. Unless and until an assignee becomes a substituted Member pursuant to Section 10.5, the assignee shall not be entitled to any



of the rights granted to a Member hereunder or under applicable law, other than the rights granted specifically to assignees pursuant to this Agreement or pursuant to the Act; provided that without relieving the assigning Holder from any such limitations or obligations, as more fully described in Section 10.4(e) hereof, such assignee shall be bound by any limitations and obligations of a Holder contained herein by which a Member or other Holder would be bound on account of the assignee's interest in the Company (including the obligation to make required Capital Contributions with respect to any transferred Units).

(d) Acceptance of Benefits. Any Person who acquires in any manner whatsoever any Units or other interest in the Company, irrespective of whether such Person has accepted and adopted in writing the terms and provisions of this Agreement, shall be deemed by the acceptance of the benefits of the acquisition thereof to have agreed to be subject to and bound by all the terms and conditions of this Agreement that any predecessor in such Units or other interest in the Company of such Person was subject to or by which such predecessor was bound.

(e) Rights and Obligations of Assignor. Any Member or Holder who shall assign any Units or other interest in the Company shall cease to be a Member or Holder of the Company with respect to such Units or other interest and shall no longer have any rights or privileges of a Member or Holder with respect to such Units or other interest, except that the applicable provisions of Article VII shall continue to inure to the benefit of such Member or Holder in accordance with the terms thereof. Unless and until such an assignee is admitted as a substituted Member in accordance with the provisions of Section 10.5 hereof, (i) such assigning Holder shall retain all of the duties, liabilities and obligations of a Holder with respect to such Units or other interest, including, without limitation, the obligation (together with its assignee, pursuant to Section 10.4(c) hereof) to make and return Capital Contributions on account of such Units or other interest pursuant to the terms of this Agreement and (ii) the Board may, in its sole discretion, reinstate all or any portion of the rights and privileges of such Holder with respect to such Units or other interest for any period of time prior to the date such assignee becomes a substituted Member. Nothing contained herein shall relieve any Holder who transfers any Units or other interest in the Company from any liability of such Holder to the Company or the other Holders with respect to such Units or other interest that may exist on the date such assignee becomes a substituted Member or that is otherwise specified in the Act and incorporated into this Agreement or for any liability to the Company or any other Person for any materially false statement made by such Holder (in its capacity as such) in any Management Equity Agreement or for any present or future breaches of any representations, warranties or covenants by such Holder (in its capacity as such) contained herein or in the other agreements with the Company.

**10.5** Admission of Substituted Member.

(a) Admission. An assignee of any Units or other interests in the Company of a Member, or any portion thereof, shall become a substituted Member entitled to all the rights of a Member if and only if (i) the assignor gives the assignee such right, (ii) the Board has granted its prior written consent to such assignment and substitution, which consent may be withheld in the sole discretion of the Board, and (iii) such assignee shall execute and deliver a counterpart of this Agreement agreeing to be bound by all of the terms and conditions of this Agreement, and such other documents and instruments as may be necessary or appropriate to effect such Person's admission as a substituted Member, in form satisfactory to the Board. Any such assignee will



become a substituted Member on the later of (i) the effective date of Transfer, and (ii) the date on which all of the conditions set forth in the preceding sentence have been satisfied.

(b) Update Schedule of Members. Upon the admission of a substituted Member, the Schedule of Members attached hereto shall be amended to reflect the name, address, number and class of Units and amount of Capital Contributions of such substituted Member and to eliminate the name and address of and other information relating to the assigning Member with regard to the assigned Units and other interests in the Company.

**10.6** Admission of Additional Members

(a) Admission. A Person may be admitted to the Company as an additional Member only as contemplated under Section 2.3 hereof and only if such additional Member shall execute and deliver a counterpart of this Agreement agreeing to be bound by all of the terms and conditions of this Agreement, and such other documents and instruments as may be necessary or appropriate to effect such Person's admission as an additional Member (including pursuant to a Management Equity Agreement, as applicable, and such other documents referenced therein), in form satisfactory to the Board. Such admission shall become effective on the date on which the Board determines in its sole discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company.

(b) Update Schedule of Members. Upon the admission of an additional Member, the Schedule of Members attached hereto shall be amended to reflect the name, address, number and class of Units and amount of Capital Contributions of such additional Member.

**10.7** Effect of Incapacity. Except as otherwise provided herein, the Incapacity of a Member shall not dissolve or terminate the Company. In the event of such Incapacity, the executor, administrator, guardian, trustee or other personal representative of the Incapacitated Member shall be deemed to be the assignee of such Member's Units or other interests in the Company and may, subject to the approval of the Board, become a substituted Member upon the terms and conditions set forth in Section 10.5.

**10.8** Interests in a Member. A Member that is not a natural person may not cause or permit an interest, direct or indirect, in itself to be Disposed of such that, after the Disposition, (i) the Company would be considered to have terminated within the meaning of Section 708 of the Code or (ii) without the consent of the Board, it shall cease to be controlled by substantially the same Persons who control it as of the date of its admission to the Company as a Member.

## ARTICLE XI
## DISSOLUTION, LIQUIDATION AND TERMINATION

**11.1** Dissolution. The Company shall be dissolved and its affairs shall be wound up on the first to occur of the following:

(a) a determination by the Board;

(b) the written consent of the Members holding the Required Interest; or



(c) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act.

The Company shall not be dissolved by the admission of additional or substituted Members. The death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member, or the occurrence of any other event that terminates the continued membership of a Member in the Company, shall not cause a dissolution of the Company. Except as otherwise set forth in this Article XI, the Company is intended to have perpetual existence.

**11.2** Liquidation and Termination. On dissolution of the Company, the Board shall act as liquidators or may appoint one or more Members as liquidator. The liquidators shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of liquidation shall be borne as a Company expense. Until final distribution, the liquidators shall continue to operate the Company properties with all of the power and authority of the Board. The steps to be accomplished by the liquidators are as follows:

(a) Proper Accounting. As promptly as possible after dissolution and again after final liquidation, the liquidators shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) Notice. The liquidators shall cause the notice described in the Act to be mailed to each known creditor of and claimant against the Company in the manner described thereunder;

(c) Satisfaction of Liabilities. The liquidators shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof;

(d) Contractual Claims. The liquidators shall make reasonable provision to pay all contingent, conditional or unmatured contractual claims known to the Company;

(e) Compensation for Claims. The liquidators shall make such provision as will be reasonably likely to be sufficient to provide compensation for any claim against the Company which is the subject of a pending action, suit or proceeding to which the Company is a party;

(f) Unknown Claims. The liquidators shall make such provision as will be reasonably likely to be sufficient for claims that have not been made known to the Company or that have not arisen but that, based on facts known to the Company, are likely to arise or to become known to the Company within 10 years after the date of dissolution; and

(g) Remaining Assets. All remaining assets of the Company shall be distributed to the Holders in accordance with Section 4.2(b) by the end of the Taxable Year of



the Company during which the liquidation of the Company occurs (or, if later, 90 days after the date of the liquidation).

All distributions in kind to the Holders shall be made subject to the liability of each distributee for costs, expenses and liabilities theretofore incurred or for which the Company has committed prior to the date of termination, and those costs, expenses and liabilities shall be allocated to the distributees pursuant to this Section 11.2. The distribution of cash and/or property to a Holder in accordance with the provisions of this Section 11.2 constitutes a complete return to the Holder of its Capital Contributions and a complete distribution to the Holder of its interest in the Company and all of the Company's property and constitutes a compromise to which all Members have consented within the meaning of the Act. To the extent that a Holder returns funds to the Company, it has no claim against any other Holder for those funds.

**11.3** Cancellation of Certificate. On completion of the Distribution of Company assets as provided herein, the Company shall be terminated, and the Board (or such other Person or Persons as the Act may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to Section 1.1 or 12.3 and take such other actions as may be necessary to terminate the Company.

**11.4** Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 11.2 hereof in order to minimize any losses otherwise attendant upon such winding up.

**11.5** Return of Capital**.** The liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Holders (it being understood that any such return shall be made solely from Company assets).

**ARTICLE XII**
**GENERAL PROVISIONS**

**12.1** Power of Attorney.

(a) Granting of Power of Attorney. Each Holder hereby constitutes and appoints the Board and the liquidators, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his, her or its name, place and stead, to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices; (i) this Agreement, all certificates and other instruments and all amendments thereof which are in accordance with the terms of this Agreement and which the Board deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property, (ii) all instruments which the Board deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement which is made and approved in accordance with its terms, (iii) all conveyances and other instruments or documents which the Board deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a



certificate of cancellation and (iv) all instruments relating to the admission, withdrawal or substitution of any Holder pursuant to Article X hereof.

(b) Irrevocable. The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the Incapacity of any Holder and the transfer of all or any portion of his or its Units and shall extend to such Holder's heirs, successors, assigns and personal representatives.

**12.2 [Reserved]**

**12.3** Filings. Following the execution and delivery of this Agreement, the Company and the Members shall promptly prepare any documents required to be filed and recorded under the Act, and the Company and the Members shall promptly cause each such document to be filed and recorded in accordance with the Act and, to the extent required by local law, to be filed and recorded or notice thereof to be published in the appropriate place in each jurisdiction in which the Company may hereafter establish a place of business. The Company and the Members shall also promptly cause to be filed, recorded and published such statements of fictitious business name and any other notices, certificates, statements or other instruments required by any provision of any applicable law of the United States or any state or other jurisdiction that governs the conduct of its business from time to time.

**12.4** Offset. Whenever the Company or any Subsidiary is to pay any sum to any Holder under this Agreement or pursuant to any other agreement or right, any amounts that such Holder owes to the Company or any Subsidiary under this Agreement or pursuant to any other agreement or right may be offset against and deducted from that sum before payment.

**12.5** Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests, or consents provided for or permitted to be given under this Agreement must be in writing and shall be deemed to have been given or made when (a) delivered personally to the recipient, (b) telecopied or delivered by electronic mail to the recipient (with hard copy sent to the recipient by reputable overnight courier service (charges prepaid) that same day) if telecopied or e-mailed before 5:00 pm Chicago time on a Business Day, and otherwise on the next Business Day, (c) one Business Day after being sent by reputable overnight courier service (charges prepaid), or (d) five Business Days after being depositing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested. All notices, requests, and consents to be sent to a Member or Holder must be sent to or made at the address given for that Member on the Schedule of Members or Holders on the books and records of the Company, or such other address as that Member or Holder may specify by notice to the Company and the other Members. Any notice, request, or consent to the Company or the Board must be given to the Board at the following address:

To the Company

Boise Cascade Holdings, L.L.C.
c/o Madison Dearborn Partners, LLC
Three First National Plaza
Suite 3800
Chicago, Illinois 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: 312-895-1056
E-mail: smencoff@mdcp.com
tsouleles@mdcp.com



With a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Attention: Richard J. Campbell
Jeffrey W. Richards
Facsimile: (312) 861-2200
E-mail: rcampbell@kirkland.com
jrichards@kirkland.com

Whenever any notice is required to be given by law, the Certificate or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

**12.6** Entire Agreement. This Agreement and the other agreements referred to herein constitute the entire agreement of the Members and their Affiliates relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

**12.7** Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

**12.8** Amendments. Except as otherwise expressly set forth herein, this Agreement may be amended, modified, or waived from time to time only by the written consent of the Members holding the Required Interest**.**

**12.9** Binding Effect. Subject to the restrictions on Transfer set forth in this Agreement, this Agreement is binding on and shall inure to the benefit of the Members, Holders, and their respective heirs, legal representatives, successors and assigns.

**12.10** Governing Law; Severability. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Agreement and any provision of the Certificate or any mandatory provision of



the Act, the applicable provision of the Certificate or the Act shall control. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

**12.11** Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Holder shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

**12.12** Waiver of Certain Rights. Each Holder irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company, for any rights of appraisal it may have under Section 18-210 of the Act, or for any rights to information from the Company provided under Section 18-305 of the Act.

**12.13** Notice to Members of Provisions. By executing this Agreement, each Member acknowledges that it has actual notice of (i) all of the provisions hereof (including, without limitation, the restrictions on Transfer set forth in Article X) and (ii) all of the provisions of the Certificate.

**12.14** Remedies**.** Each Holder shall have all rights and remedies set forth in this Agreement and all rights and remedies which such Person has been granted at any time under any other agreement or contract and all of the rights which such Person has under any law. Any Person having any rights under any provision of this Agreement or any other agreements contemplated hereby shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

**12.15** Severability**.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

**12.16** Descriptive Headings; Interpretations**.** The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. All references to Articles and Sections refer to articles and sections of this Agreement, and all references to Schedules are to schedules attached hereto, each of which is incorporated herein and made a part hereof for all purposes. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the word “including” in this Agreement shall be by way of example rather than by limitation. The use of the words “or,” “either” and “any” shall not be exclusive. Reference to any agreement, document or instrument means such agreement, document or



instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict.

**12.17** Creditors**.** None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in Company Profits, Losses, Distributions, capital or property other than as a secured creditor.

**12.18** Delivery by Facsimile**.** This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall reexecute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

**12.19** No Public Disclosure**.** The Company shall not disclose any holder of Investor Units' name or identity as an investor in the Company in any press release or other public announcement or in any document or material filed with any governmental entity, without the prior written consent of such Person, unless such disclosure is required by applicable law or governmental regulations or by order of a court of competent jurisdiction, in which case prior to making such disclosure the Company shall give written notice to such Person describing in reasonable detail the proposed content of such disclosure and shall permit such Person to review and comment upon the form and substance of such disclosure.

**12.20** Survival**.** All indemnities and reimbursement obligations made pursuant to this Agreement shall survive dissolution and liquidation of the Company until the expiration of the longest applicable statute of limitations (including extensions and waivers) with respect to the matter for which a party would be entitled to be indemnified or reimbursed, as the case may be.

**12.21** Counterparts. This Agreement may be executed in multiple counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.



## ARTICLE XIII
## DEFINITIONS

**13.1** Definitions of Terms Not Defined in the Text. For purposes of this Agreement, the following terms have the meanings set forth below with respect thereto:

"Act" means the Delaware Limited Liability Company Act, 6 Del. L. Section 18-101, et seq., as it may be amended from time to time, and any successor to such statute.

"Affiliate" shall mean, with respect to any Person, (i) any other Person directly or indirectly controlling, controlled by, or under common control with, such Person, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, and (ii) any officer, director, partner, or member thereof.

"Base Rate" means, on any date, a variable rate per annum equal to the rate of interest most recently published by The Wall Street Journal as the "prime rate" at large U.S. money center banks.

"Board" means the Board of Directors as described in Section 6.1 of this Agreement.

"Book Value" means, with respect to any Company property, the Company's adjusted basis for federal income tax purposes, adjusted from time to time to reflect the adjustments required or permitted by Treas.
Reg. §1.704-1(b)(2)(iv)*(d)-(g)*.

"Business Day" means any day other than a Saturday, a Sunday or a holiday on which national banking associations in the State of New York, the State of Idaho or the State of Delaware are closed.

"Capital Contribution" means the amount of cash or cash equivalents, or the fair market value (as determined by the Board) of any other property, that is contributed by a Holder to the capital of the Company in respect of any Unit in accordance with the terms of Article III of this Agreement.

"Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

"Common Units" means, collectively, Series A Common Units, Series B Common Units and Series C Common Units.

"Company" means Boise Cascade Holdings, L.L.C., a Delaware limited liability company.

"Company Minimum Gain" has the meaning set forth for "partnership minimum gain" in Treasury Regulation Section 1.704-2(d).



"Covered Person" means any Director, any Affiliate of the Company, and any director, officer, manager, partner, or other principal of the Company or any of the foregoing.

"Directors" means Samuel M. Mencoff, Thomas S. Souleles, Christopher J. McGowan, Zaid F. Alsikafi and W. Thomas Stephens, who shall act as the initial Directors, and any Member or other Person hereafter elected as a director of the Company as provided in Section 5.4 of this Agreement, but does not include any Person who has ceased to serve as a director of the Company.

"Distribution" means any distribution made by the Company to a Holder, whether in cash, property or securities of the Company and whether by liquidating distribution or otherwise; provided that none of the following shall be a Distribution: (a) any redemption or repurchase by the Company of any securities of the Company (including Units), (b) any recapitalization or exchange of securities of the Company, (c) any subdivision (by Unit split, pro rata Unit dividend or otherwise) or any combination (by reverse Unit split or otherwise) of any outstanding Units or (d) any fees or remuneration paid to any Holder in such Holder's capacity as an employee, officer, consultant, Director or other provider of services to the Company.

"Equity Value" means the total net pre-tax proceeds which would be received by the holders of Units if the assets of the Company as a going concern were sold in an orderly transaction designed to maximize the proceeds therefrom, and such proceeds were then distributed in accordance with Section 4.2(b), after payment of, or provision for, all Company obligations in accordance with Section 11.2, as determined in good faith by the Board.

"Fiscal Year" of the Company means the calendar year, or such other annual accounting period as is established by the Board.

"FPH" means Forest Products Holdings, L.L.C.

"FPH LLC Agreement" means that certain limited liability company agreement, dated the date hereof, relating to the affairs of FPH.

"FPH Management Equity Agreement" means a "Management Equity Agreement", as such term is defined in the FPH LLC Agreement.

"FPH Management Member" means a "Management Member" of FPH, as such term is defined in the FPH LLC Agreement.

"FPH Series B Unit" means a "Series B Common Unit" of FPH, as such term is defined in the FPH LLC Agreement.

"FPH Series C Unit" means a "Series C Common Unit" of FPH, as such term is defined in the FPH LLC Agreement.



"GAAP" means U.S. generally accepted accounting principles, consistently applied.

"Governmental Entity" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Holder" means a holder of one or more Units as reflected on the Company's books and records.

"Incapacity" or "Incapacitated" means (a) with respect to a natural person, the bankruptcy, death, incompetency or insanity of such person and (b) with respect to any other Person, the bankruptcy, liquidation, dissolution or termination of such Person.

"Losses" for any period means all items of Company loss, deduction and expense for such period determined according to Section 3.2.

"Member" means each of the Initial Members and any Person admitted to the Company as a substituted Member or additional Member, but only so long as such Person is shown on the Company's books and records as the owner of one or more Units.

"Member Minimum Gain" has the meaning set forth for "partner nonrecourse debt minimum gain" in Treasury Regulation Section 1.704-2(i).

"Member Nonrecourse Deductions" has the meaning set forth for "partner nonrecourse deductions" in Treasury Regulation Section 1.704-2(i).

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(1).

"Person" means a natural person, partnership (whether general or limited), limited liability company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity.

"Profits" for any period means all items of Company income and gain for such period determined according to Section 3.2.

"Pro Rata Share" means, for each Holder of Series A Common Units or Series B Common Units, the quotient determined by dividing (i) the sum of the aggregate Unreturned Capital and Unpaid Series A Yield with respect to all Series A Common Units held by such Holder and the aggregate Unreturned Capital with respect to all Series B Common Units held by such Holder, by (ii) the sum of the aggregate Unreturned Capital and Unpaid Series A Yield with respect to all Series A Common Units then outstanding and the aggregate Unreturned Capital with respect to all Series B Common Units then outstanding.

"Public Offering" means any underwritten sale of Common Units pursuant to an effective registration statement under the Securities Act filed with the Securities and



Exchange Commission on Form S-1 (or a successor form adopted by the Securities and Exchange Commission); provided that the following shall not be considered a Public Offering: (i) any issuance of common equity securities as consideration for a merger or acquisition and (ii) any issuance of common equity securities or rights to acquire common equity securities to employees, Directors or consultants of or to the Company or its Subsidiaries as part of an incentive or compensation plan.

"Required Interest" means a majority of the outstanding Series B Common Units.

"Sale of the Company" means the bona fide arm's length sale of the Company to a third party or group of third parties acting in concert, in each case which party or parties is not an Affiliate of the Company or the Initial Members, pursuant to which such party or parties acquire (i) equity securities of the Company that, directly or indirectly through one or more intermediaries, have more than 50% of the ordinary voting power then outstanding to elect Directors or (ii) all or substantially all of the Company's assets determined on a consolidated basis (in either case, whether by merger, consolidation, sale or transfer of the Company's or any Subsidiary's equity securities, sale or transfer of the Company's consolidated assets, or other reorganization).

"Schedule of Members" shall mean the Schedule of Members attached hereto, which sets forth with respect to each Member the respective number and class of Units owned by such Member and the amount of Capital Contributions made by such Member with respect thereto.

"Schedule of Officers" shall mean the Schedule of Officers attached hereto, which sets forth the persons designated by the Manager as officers of the Company.

"Securities Act" means the Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future law.

"Securityholders Agreement" means that certain securityholders agreement, dated the date hereof, by and between the Initial Members.

"Series A Common Unit" means a Unit representing a fractional part of the ownership of the Company and having the rights and obligations specified with respect to Series A Common Units in this Agreement.

"Series A Yield", with respect to each Series A Common Unit, will accrue on a daily basis at the rate of 8% per annum on the sum of the Unreturned Capital thereof plus all accumulated Series A Yield (as provided below) thereon, from and including the date of issuance of such Series A Unit to and including the date on which the Unreturned Capital of such Series A Common Unit (together with all Unpaid Series A Yield thereon) has been reduced to zero. The date on which the Company initially issues any Series A Common Unit shall be deemed to be its "date of issuance" regardless of the number of times transfer of such Series A Common Unit is made on the records of the Company and regardless of the number of certificates (if any) which may be issued to evidence such



Series A Common Unit. To the extent not Distributed on the last day of each June and December, beginning December 31, 2004 (the "Yield Reference Dates"), all Series A Yield that has accrued on each Series A Common Unit outstanding during the six-month period (or other period in the case of the initial Yield Reference Date) ending upon each such Yield Reference Date shall be accumulated (and shall be referred to herein as "accumulated Series A Yield") and shall remain accumulated Series A Yield with respect to such Series A Common Unit until paid.

"Series B Common Unit" means a Unit representing a fractional part of the ownership of the Company and having the rights and obligations specified with respect to Series B Common Units in this Agreement.

"Series C Common Unit" means a Unit representing a fractional part of the ownership of the Company and having the rights and obligations specified with respect to Series C Common Units in this Agreement.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity (other than a corporation). For purposes hereof, references to a "Subsidiary" of any Person shall be given effect only at such times that such Person has one or more Subsidiaries, and, unless otherwise specified, the term "Subsidiary" refers to a Subsidiary of the Company.

"Taxable Year" means the Company's taxable year ending December 31 (or part thereof, in the case of the Company's last taxable year), or such other year as is determined by the Board in compliance with Section 706 of the Code.

"Units" mean interests in the Company (including Series A Common Units, Series B Common Units and Series C Common Units) representing the Holder's fractional interest in the income, gains, losses, deductions and expenses of the Company, and having the relative rights, powers, preferences, duties, liabilities and obligations set forth with respect thereto in this Agreement.



"Unpaid Series A Yield" means, with respect to any Series A Common Unit, as of any date, an amount equal to the excess, if any, of (a) the aggregate Series A Yield accrued on such Series A Common Unit on or prior to such date, over (b) the aggregate amount of prior Distributions made by the Company with respect to such Series A Unit pursuant to Section 4.2(b)(i) that constitute payment of Series A Yield on such Series A Common Unit. For purposes of clause (b) of the preceding sentence, all Distributions pursuant to Section 4.2(b)(i) in respect of Series A Common Units shall be deemed to be applied to repay any Unpaid Series A Yield thereon prior to any Unreturned Capital.

"Unreturned Capital" means, with respect to any Unit, an amount equal to the excess, if any, of (a) the aggregate amount of Capital Contributions made in exchange for or on account of such Unit, over (b) the aggregate amount of prior Distributions made by the Company with respect to such Unit pursuant to Section 4.2(b)(i) (and that, in the case of a Series A Common Unit, constitute payment of Unreturned Capital on such Series A Common Unit). For purposes of the parenthetical in the preceding sentence, all Distributions pursuant to Section 4.2(b)(i) in respect of Series A Common Units shall be deemed to be applied to repay any Unpaid Series A Yield thereon prior to any Unreturned Capital.

**13.2** Index of Definitions Defined in the Text. The following terms are defined in the text of this Agreement in the section listed opposite such term below:

| Term | Section |
|---|---|
| "Agreement" | preamble |
| "Board" | 5.2(a) |
| "Capital Account" | 3.1 |
| "Certificate" | 1.1 |
| "Confidential Information" | 9.4 |
| "Indemnifying Holder" | 8.3 |

| | |
|---|---|
| "Initial Members" | 2.2 |
| "Other Business" | 7.11(b) |
| "Proceeding" | 7.3 |
| "Regulatory Allocations" | 4.4(d) |
| "Reserve Amount" | 4.2 |
| "Tax Matters Member" | 8.2 |
| "Threshold Equity Value" | 2.3(c) |
| "Transfer" | 10.1(b) |

* * * * * *



IN WITNESS WHEREOF, the undersigned Member has executed this Agreement, and agreed to be bound by and subject to all of the provisions hereof, as of this 29 day of October, 2004.

Name: Forest Products Holdings, LLC
c/o Madison Dearborn Partners, LLC
Address: Three First National Plaza, Suite 3800
Chicago, IL 60602
SSN/EIN: 20-1478587

By: /s/ Thomas S. Souleles

Its: Thomas S. Souleles
Vice President

Accepted, acknowledged, and agreed
to this 29 day of October, 2004.

BOISE CASCADE HOLDINGS, L.L.C.

By: /s/ Thomas S. Souleles

Its: Thomas S. Souleles
Vice President

*[Signature Page to Operating Agreement of Boise Cascade Holdings, L.L.C.]*

## SCHEDULE OF MEMBERS

As of September 22, 2004

| Name and Address | Series A Common Units | Series B Common Units | Series C Common Units | Capital Contributions |
|---|---|---|---|---|
| Forest Products Holdings, L.L.C. | 0 | 10 | 0 | $ 100 |

## SCHEDULE OF MEMBERS

As of October 29, 2004

| Name and Address | Series A Common Units | Series B Common Units | Series C Common Units | Capital Contributions |
|---|---|---|---|---|
| Boise Cascade Corporation(1) | 66,000,000 | 109,000,000 | 0 | $ 96,428,571 |
| Forest Products Holdings, L.L.C. | 0 | 440,000,000 | 0 | $ 242,448,980 |
| Total: | 66,000,000 | 549,000,000 | 0 | $ 338,877,551 |

(1) To be renamed "OfficeMax Incorporated" on November 1, 2004.

## SCHEDULE OF OFFICERS

As of September 20, 2004.

| Name | Position |
| --- | --- |
| W. Thomas Stephens | President and CEO |
| Samuel M. Mencoff | Vice President |
| Thomas S. Souleles | Vice President |
| Christopher J. McGowan | Vice President |
| Zaid Alsikafi | Vice President |
| Samuel Cotterell | Vice President of Finance |

# SECURITYHOLDERS AGREEMENT

THIS SECURITYHOLDERS AGREEMENT (this "Agreement") is made and entered into as of the 29th day of October, 2004, by and among BOISE CASCADE CORPORATION, a Delaware corporation (to be renamed "OfficeMax Incorporated" on November 1, 2004, "BCC"), FOREST PRODUCTS HOLDINGS L.L.C., a Delaware limited liability company ("FPH"), and BOISE CASCADE HOLDINGS, L.L.C., a Delaware corporation ("Boise Holdings").

## R E C I T A L S

WHEREAS, BCC, FPH and Timber Holding Co., a Delaware corporation ("Timber Holding Co.") are parties to that certain Asset Purchase Agreement, dated as of July 26, 2004 (as amended from time to time in accordance with its terms, the "Asset Purchase Agreement");

WHEREAS, pursuant to and subject to the terms and conditions of the Asset Purchase Agreement, at the closing of the transactions contemplated thereby, certain wholly-owned Subsidiaries of Boise Holdings are acquiring substantially all of assets of the forest products business of BCC and certain of its Subsidiaries (other than the timberland assets), and certain of Timber Holding Co.'s Affiliates are acquiring substantially all of the timberland assets of BCC and in connection therewith, BCC is acquiring units of Boise Holdings;

WHEREAS, FPH recognizes that BCC has substantial experience and expertise in the ownership, management and operation of a forest products business;

WHEREAS, BCC, FPH and Boise Holdings desire to enter into this Agreement to set forth certain arrangements with respect to the ownership, operation and management of Boise Holdings and its Subsidiaries; and

WHEREAS, the execution and delivery of this Agreement is a condition to each of BCC's and FPH's respective obligations to effect the Closing (as defined in the Asset Purchase Agreement).

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

## ARTICLE I
## DEFINITIONS AND TERMS

1.1 Certain Definitions. As used herein, the following terms shall have the meanings set forth or as referenced below:

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such first Person as of the

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date on which, or at any time during the period for which, the determination of affiliation is being made. For the purpose of this definition, "control" means (i) the ownership or control of 50% or more of the equity interest in any Person, or (ii) the ability to direct or cause the direction of the management or affairs of a Person, whether through the direct or indirect ownership of voting interests, by contract or otherwise.

"Agreement" shall mean this Agreement, including the exhibits hereto, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Applicable Percentage" shall mean (i) if there are five (5) or more members of the Board then in office, 80% or more, (ii) if there are four (4) members of the Board then in office, 75% or more, and (iii) if there are three (3) members of the Board then in office, 66% or more.

"Asset Purchase Agreement" shall have the meaning set forth in the Recitals hereto.

"Board" shall mean the Board of Managers of Boise Holdings.

"BCC Holders" shall collectively refer to: (i) BCC; and (ii) any other Securityholders who directly or indirectly acquire any Units from BCC, other than Securityholders who directly or indirectly acquire Units from BCC pursuant to an Initial Period Pro-Rata Tag-Along as provided in subsection 5.3(b)(ii) below.

"BCC Registrable Securities" shall have the meaning set forth in the Registration Rights Agreement.

"BCH LLC Agreement" shall mean that certain limited liability company agreement of Boise Cascade Holdings, L.L.C., dated as of October 29, 2004 and effective as of September 22, 2004.

"Business" shall have the meaning set forth in the Asset Purchase Agreement.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in Chicago, Illinois are authorized or obligated by Law or executive order to close.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Units" means, collectively, the Series A Common, the Series B Common and the Series C Common.

"CPA Firm" shall mean the independent public auditor selected pursuant to Section 4.3, or any subsequent independent public auditor of the books and records of Boise Holdings appointed by the Board in accordance with the terms of this Agreement.

"Demand Registration" shall have the meaning set forth in the Registration Rights Agreement.



"Encumbrances" shall mean liens, charges, encumbrances, mortgages, pledges, security interests, options or any other restrictions or third-party rights.

"Exempt Sale" shall mean: (i) any Transfer of Units to an Affiliate of the selling party; (ii) any distribution of securities by a Person to its direct or indirect equity owners; (iii) an assignment or pledge of Units in connection with the incurrence, maintenance or renewal of indebtedness of Boise Holdings or its Subsidiaries; (iv) any Transfer of Units pursuant to a Public Sale or pursuant to Rule 144 of the Securities Act; and (v) any Transfer of Units to directors, officers, or employees of Boise Holdings or its Subsidiaries.

"FPH" means Forest Products Holdings, L.L.C., a Delaware limited liability company.

"FPH Holders" shall collectively refer to FPH together with any other Securityholders who directly or indirectly acquire any Units from: (i) FPH; or (ii) BCC pursuant to an Initial Period Pro-Rata Tag-Along as provided in subsection 5.3(b)(ii) below.

"GAAP" shall mean United States generally accepted accounting principles, consistently applied.

"Independent Third Party" means any Person who, immediately prior to the contemplated transaction, is not the owner of in excess of 5% of any class or series of Boise Holdings' common equity on a fully-diluted basis (a "5% Owner") and who is not an Affiliate of any such 5% Owner.

"Law" shall mean any federal, state, foreign or local law, constitutional provision, code, statute, ordinance, rule, regulation, order, judgment or decree of any governmental authority.

"LLCA" shall mean the Limited Liability Company Act of the State of Delaware.

"New Securities" shall mean any shares of capital stock or other equity securities (or debt securities convertible into such equity securities) of Boise Holdings, whether now authorized or not, and rights, options or warrants to purchase said shares of capital stock and securities of any type whatsoever that are, or may become, convertible into shares of Boise Holdings capital stock or other Boise Holdings equity securities; provided, however, that the term "New Securities" shall not include: (i) securities issued in connection with any stock or unit split, stock or unit dividend, reclassification or recapitalization of Boise Holdings; (ii) units of Common Units issued to employees, consultants, officers or directors of Boise Holdings or its Subsidiaries pursuant to: (A) the exercise of any stock or unit option, stock or unit purchase or stock or unit bonus plan, agreement or arrangement for the primary purpose of soliciting or retaining the services of such Persons and which is approved by the Board; or (B) the exercise of any stock or unit option issued pursuant to a plan or agreement approved by the Board; (iii) securities issued in a Public Offering; (iv) securities issued in connection with the acquisition of any business, assets or securities of another Person; (v) securities issued to any lender of Boise Holdings or any of its Affiliates; and (vi) securities issued pursuant to Section 2.3(b) of the BCH LLC Agreement.



"Person" shall mean an individual, a corporation, a partnership, an association, a trust, a limited liability company or any other entity or organization.

"Pro Rata Portion" shall mean, with respect to each Securityholder, that number of shares of New Securities as is equal to the product of (i) the total number of New Securities proposed to be issued or otherwise transferred multiplied by (ii) a fraction, the numerator of which is the number of units of Series B Common (including any common equity issued or issuable in respect of such Series B Common) held by such Securityholder immediately prior to such issuance or transfer, and the denominator of which is the total number of units of Series B Common (including any such common equity issued or issuable in respect of such Series B Common) which are held by all Securityholders.

"Public Offering" shall mean an underwritten public offering pursuant to an effective registration statement under the Securities Act (or any comparable form under any similar statute then in force), covering the offer and sale of Series B Common.

"Public Sale" means: (i) any sale of Series B Common pursuant to a Public Offering or (ii) any Spin-Off.

"Registration Rights Agreement" shall have the meaning set forth in the Asset Purchase Agreement.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, as shall be in effect at the time.

"Securityholders" means BCC, FPH and each Person other than Boise Holdings who is or becomes bound by this Agreement. Securityholders are sometimes individually referred to herein as a "Securityholder".

"Series A Common" means Series A Common Units of Boise Holdings, par value $0.01 per share.

"Series B Common" means Series B Common Units of Boise Holdings, par value $0.01 per share.

"Series C Common" means Series C Common Units of Boise Holdings, par value $0.01 per share.

"Spin-Off" shall mean any distribution by BCC or one of its Affiliates of all of its Units of any class or series to its public stockholders or unitholders, if any.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, partnership, joint venture or other legal entity of which such Person, either directly or through or together with any other Subsidiary of such Person, owns 50% or more of the equity interests.

"Units" shall mean any Series A Common, Series B Common or Series C Common held by any Securityholder (including any equity securities issued or issuable in respect of such Series A Common, Series B Common or Series C Common pursuant to a stock or unit split, stock or unit dividend, reclassification, combination, merger, consolidation, recapitalization or other reorganization) and any other capital stock of any class or series of Boise Holdings held by any Securityholder. As to any particular Units, such units shall cease to be Units for all purposes of this Agreement when they have been sold or transferred pursuant to a Public Sale, and the transferee of any Units pursuant to a Public Sale shall not be considered a Securityholder for purposes of this Agreement by virtue of the ownership of Units transferred pursuant to such Public Sale.

"Voting Units" shall mean securities of Boise Holdings of any class or series the holders of which are entitled to vote generally in the election of directors of Boise Holdings.

1.2 Other Definitional Provisions.

(a) The words "hereof", "herein", and "hereunder", and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States dollars.

(d) The term "including" shall be deemed to mean "including without limitation."

(e) Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to such terms in the Asset Purchase Agreement.

## ARTICLE II
## BUSINESS AND OPERATIONS OF TIMBER HOLDING CO.

2.1 Purposes and Business. Except as otherwise approved by the Board, the original purpose of Boise Holdings and its Subsidiaries shall be to engage in the business of acquiring, growing, harvesting, and selling timber and timberlands and other activities related to the foregoing or in connection therewith. Boise Holdings shall not and shall not permit any of its Subsidiaries to (and FPH shall not cause or, to the extent reasonably within FPH's control, permit Boise Holdings or any of its Subsidiaries to) engage in any other activity or business except to the extent approved by the Board.

2.2 Principal Executive Offices. The principal executive offices of Boise Holdings shall be located at 1111 W. Jefferson Street, Boise, Idaho, 83728 or such other location as determined by the Board.



## ARTICLE III
## BOARD OF DIRECTORS

3.1 General. From and after the Closing, each Securityholder will vote all of its respective Units and any other Voting Units over which it possesses direct or indirect voting power and will take all other necessary or desirable actions within its direct or indirect control (whether in its capacity as a securityolder of Boise Holdings or otherwise), and Boise Holdings will take all necessary and desirable actions within its control, in order to give effect to the provisions of this Article III. By way of example and without limiting the generality of the foregoing, BCC and FPH shall amend the Company's certificate of formation or limited liability company agreement or both, as applicable, of Boise Holdings and each Subsidiary to incorporate and effectuate the provisions in this Article III.

3.2 Powers. Subject to the provisions of the LLCA, the certificate of formation of Boise Holdings, the limited liability company agreement of Boise Holdings and this Agreement, the business and affairs of Boise Holdings shall be managed by or under the direction of the Board.

3.3 Size and Composition. The Board shall initially consist of six individuals as follows: (i) one director shall be designated in writing by BCC (the "BCC Director"); (ii) four directors shall be designated in writing by FPH (the "FPH Directors"); and (iii) the remaining director shall be the Chief Executive Officer of Boise Holdings (the "CEO Director"); provided that, notwithstanding the foregoing, FPH may, by written notice to Boise Holdings, at any time and from time to time, increase or decrease the number of FPH Directors; provided further that in the event that (i) FPH elects to increase the number of FPH Directors above four, BCC shall be entitled to increase the number of BCC Directors such that the number of BCC Directors as a percentage of all directors of Boise Holdings then in office is as close as possible to (but not in excess of) the percentage of Series B Common of Boise Holdings then held by BCC or (ii) FPH subsequently elects to decrease the number of FPH Directors, then the number of BCC Directors shall be decreased such that the number of BCC Directors as a percentage of all directors of Boise Holdings then in office is as close as possible to (but not in excess of) the percentage of Series B Common of Boise Holdings then held by BCC. Notwithstanding anything in clause (ii) of the immediately foregoing sentence to the contrary, the number of BCC Directors shall not be decreased below one (1) unless or until BCC's rights to designate a BCC Director have terminated in accordance with this Agreement. BCC and FPH, as the holders of a majority of the Voting Units and thus entitled to elect the CEO Director, shall: (x) at each election of directors (or filling of a vacancy with respect to the CEO Director), elect the individual then serving as the Chief Executive Officer of Boise Holdings as the CEO Director; and (y) remove the CEO Director if the CEO Director ceases to serve as the Chief Executive Officer of Boise Holdings. Anything to the contrary contained herein notwithstanding, the rights of each of BCC and FPH to designate directors as provided herein shall not be assignable (by operation of law, the transfer of Units or otherwise) without the prior written consent of the other; provided, however, that each of BCC and FPH shall, without the prior written consent of the other, be entitled to assign its rights to designate directors as provided herein to one of its Affiliates that is (or becomes) a Securityholder. If directed by FPH, one or more representatives of financing sources to FPH and/or any of its Subsidiaries shall be entitled to attend meetings of (and receive information

provided to the directors of) the Board; provided, however, that such representative shall not be or have any rights of a director of the Board.

3.4 Term; Removal; Vacancies. The members of the Board other than the CEO Director shall hold office at the pleasure of the Securityholder which designated them. Any such Securityholder may at any time, by written notice to the other Securityholder and Boise Holdings, remove (with or without cause) any member of the Board designated by such Securityholder other than the CEO Director. Subject to applicable Law, no member of the Board may be removed except by written request by the Securityholder that designated the same. In the event a vacancy occurs on the Board for any reason, the vacancy will be filled by the written designation of the Securityholder entitled to designate the director creating the vacancy.

3.5 Notice; Quorum. Meetings of the Board may be called upon not less than three days' prior written notice to all directors stating the purpose or purposes thereof. Such notice shall be effective upon receipt, in the case of personal delivery, facsimile transmission or other electronic transmission, and five Business Days after deposit with the U.S. Postal Service, postage prepaid, if mailed. The presence in person of a majority of the directors then serving on the Board shall constitute a quorum for the transaction of business at any special, annual or regular meeting of the Board. Each Securityholder shall use its reasonable efforts to ensure that a quorum is present at any duly convened meeting of the Board and each of BCC and FPH may designate by written notice to the other an alternate representative to act in the absence of any of its designates at any such meeting. If, at any meeting of the Board, a quorum is not present, a majority of the directors present may, without further notice, adjourn the meeting from time to time until a quorum is obtained.

3.6 Voting. Each member of the Board shall be entitled to cast one vote on each matter considered by such Board; provided, however, that in the event that a vote would result in a tie or deadlock with respect to a matter, the CEO Director shall not be entitled to vote with respect to such matter (the Board shall poll its members prior to any vote to effectuate the purposes of this sentence). Except as otherwise expressly provided by this Agreement, the act of a majority of the members of the Board present at any meeting at which a quorum is present shall constitute an act of the Board, as applicable. Notwithstanding anything to the contrary contained herein, from and after the first business day after the Closing: (x) the following matters shall require, in addition to any other vote required by applicable law, the affirmative vote of at least the Applicable Percentage of the directors then in office; (y) Boise Holdings shall not directly or indirectly take, and shall not permit any of its Subsidiaries to directly or indirectly take, any of the following actions without first obtaining such approval; and (z) FPH shall not cause or, to the extent reasonably within FPH's control, permit Boise Holdings or any of its Subsidiaries to take any of the following actions without first obtaining such approval:

(i) subject to applicable Law or fiduciary duty, any dissolution or liquidation of Boise Holdings;

(ii) in addition to any other requirement required under Section 8.13 hereof, any amendment of the certificate of formation, limited liability company agreement or other governing documents of Boise Holdings or any of its Subsidiaries which would (a) treat any BCC Holder disproportionately vis-a-vis any FPH Holder or (b) place any



restriction or limitation on the ability of any BCC Holder to Transfer all or any portion of its Units or reduce the consideration received or to be received by such BCC Holder in connection with such Transfer;

(iii) the entry into, or amendment of, contracts or other transactions between Boise Holdings and/or any of its Subsidiaries, on the one hand, and a Securityholder or any Affiliate thereof, on the other hand except for: (a) the execution, delivery and performance of contracts, amendments and/or transactions at or prior to Closing related to or in connection with the transactions contemplated by the Asset Purchase Agreement; and (b) contracts, amendments and transactions which are no less favorable to Boise Holdings and its Subsidiaries than could be obtained from BCC or its Affiliates or Independent Third Parties negotiated on an arms-length basis;

(iv) except as provided for in Boise Holdings' certificate of formation or limited liability company agreement, the direct or indirect redemption, retirement, purchase or other acquisition of any equity securities of Boise Holdings except for (A) pro rata redemptions among the holders thereof or (B) repurchases pursuant to Section 4.2(e) of the BCH LLC Agreement;

(v) appointment of any public auditors which are not one of the Big Four accounting firms; and

(vi) delegation of any of the matters covered by any of clauses (i) through (v) above to any committee of the Board.

Notwithstanding the foregoing, the approvals required by this Section 3.6 with respect to any of the matters in subsections (i) through (vi) above shall not restrict the sale of any assets or operations of Boise Holdings or any of its Subsidiaries or located on the properties of Boise Holdings or any of its Subsidiaries.

3.7 Telephonic Meetings; Written Consents. Except as may otherwise be provided by applicable Law, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting pursuant to a written consent, in compliance with the LLCA and Section 3.6 hereof and such written consent is filed with the minutes of the proceedings of the Board or such committee. Any meeting of the Board or any committee thereof may be held by conference telephone or similar communication equipment, so long as all Board or committee members participating in the meeting can hear one another clearly, and participation in a meeting by use of conference telephone or similar communication equipment shall constitute presence in person at such meeting.

3.8 Initial Directors. BCC and FPH shall make their initial designations pursuant to Section 3.3 on or prior to the Closing Date.

3.9 Recapitalization of Boise Holdings Under Certain Circumstances. For any Public Offering or Spin-Off prior to the time Boise Holdings becomes subject to the Exchange Act with respect to Units: (i) Boise Holdings shall use commercially reasonable efforts to effect a stock or unit split, stock or unit dividend or stock or unit combination which, in the opinion of the managing underwriter for the Public Offering or BCC's financial advisor in connection with a

Spin-Off, is desirable for the sale, marketing or distribution of the Units to the public; and (ii) as long such stock or unit split, stock or unit dividend or stock or unit combination does not treat such Units or other Voting Units differently than all other Units or other Voting Units held by the other holders of Units and Voting Units, each Securityholder agrees to vote all of its respective Units and any other Voting Units over which it possesses direct or indirect voting power in order to cause such stock or unit split, dividend or combination to be effected consistent with the provisions of this Section 3.9.

## ARTICLE IV
## ACCOUNTING, BOOKS AND RECORDS

4.1 Fiscal Year. The fiscal year of Boise Holdings shall be the period commencing January 1 in any year and ending December 31 of that year, except that the first fiscal year of Boise Holdings shall commence on the Closing Date and end on December 31 of the year in which the Closing Date occurs.

4.2 Books and Records. Boise Holdings shall keep at its principal executive offices books and records typically maintained by Persons engaged in similar businesses and which set forth an account of the business and affairs of Boise Holdings and its Subsidiaries, including a fair presentation of all income, expenditures, assets and liabilities thereof. Such books and records shall include all information reasonably necessary to permit the preparation of financial statements required by applicable Law in accordance with GAAP. Each Securityholder who, together with its Affiliates, owns 10% or more of the outstanding common equity of Boise Holdings (a "10% Securityholder") and its respective authorized representatives shall have the right, at its own cost and at all reasonable times and upon reasonable advance written notice to Boise Holdings, to have access to, inspect, audit and copy the original books, records, files, securities, vouchers, canceled checks, employment records, bank statements, bank deposit slips, bank reconciliations, cash receipts and disbursement records, and other documents of Boise Holdings and its Subsidiaries.

4.3 Auditors. Boise Holdings shall engage one of the Big Four accounting firms as the initial independent public auditors of Boise Holdings and its Subsidiaries.

4.4 Reporting. Boise Holdings shall use its commercially reasonable efforts to deliver to each Securityholder unaudited consolidated interim financial statements for Boise Holdings and its Subsidiaries for each fiscal quarter (including a balance sheet as of the end of such period and statements of income, securityholders' equity and cash flows for such period) within 35 days after the close of each fiscal quarter. Boise Holdings will use its commercially reasonable efforts to deliver to each Securityholder within (a) 120 days after the close of each fiscal year of Boise Holdings, consolidated annual financial statements for Boise Holdings and its Subsidiaries for such fiscal year (including a balance sheet as of the end of such fiscal year and statements of income, securityholders' equity and cash flows for such fiscal year), in each case audited and certified by the CPA Firm, and (b) 60 days after the close of each fiscal year of Boise Holdings, unaudited consolidated annual financial statements for Boise Holdings and its Subsidiaries for such fiscal year (including a balance sheet as of the end of such fiscal year and statements of income, securityholders' equity and cash flows for such fiscal year). Such annual and interim financial statements shall contain such statements and schedules, prepared in



accordance with the requirements of the Securityholders, as may be requested in writing by any of the 10% Securityholders. In addition to the foregoing, if BCC or any of its Affiliates is required to report its investment in Boise Holdings under an equity accounting method, Boise Holdings shall use its commercially reasonable efforts to notify BCC or the Affiliate of its share of Boise Holdings' income or loss when available consistent with past practices. Boise Holdings shall bear the cost of providing financial and accounting information reasonably required by any of the 10% Securityholders in the preparation of such 10% Securityholder's own financial statements. Such annual and interim financial statements shall be prepared in accordance with GAAP and shall present fairly the financial position and results of operations of Boise Holdings.

4.5 Securityholder's Audit. Upon reasonable advance written notice to Boise Holdings, any 10% Securityholder may request an audit of the books and records of Boise Holdings and its Subsidiaries (a "Securityholder's Audit") by an independent auditor of its selection, other than the CPA Firm. Any Securityholder's Audit shall be at the expense of the requesting 10% Securityholder unless material error or fraud is found, in which case such audit shall be at the expense of Boise Holdings. All information obtained by any 10% Securityholder in any such audit shall be treated as confidential.

4.6 Consent of Boise Holdings Auditors. Upon request from time to time by any 10% Securityholder, Boise Holdings shall use its commercially reasonable efforts to obtain the written agreements of Boise Holdings' auditors to permit the use of Boise Holdings' audited financial statements in connection with such 10% Securityholder's and/or its Affiliates' filings made with the Commission (if such financial statements are necessary for such filings with the Commission) and, subject to such auditor's normal procedures, in private or public offerings of securities of such 10% Securityholder and/or its Affiliates as may be reasonably requested by such 10% Securityholder. In addition, Boise Holdings will use commercially reasonable efforts to cause Boise Holdings' auditors to provide a comfort letter in accordance with SAS 72 for any such offering.

## ARTICLE V
## TRANSFER OF UNITS

5.1 General. No Securityholder will directly or indirectly sell, assign, pledge, encumber, hypothecate, dispose of or otherwise transfer ("Transfer") any Units or interest in any Units, agree to any such Transfer or permit any such interest to be subject to Transfer, directly or indirectly, by merger or other operation of law, agreement or otherwise, except pursuant to and in compliance with the provisions of this Article V. Any purported Transfer in any other manner, unless otherwise expressly permitted by this Article V, shall be null and void, and shall not be recognized or given effect by Boise Holdings or any Securityholder.

5.2 Transfers by BCC Holders. Subject to the other provisions of this Section 5.2, a BCC Holder may at any time, without the consent of any other Securityholder, Transfer any or all of its Units or interests in Units (a) to any Affiliate or (b) to any third Person or Persons pursuant to a Public Sale or a sale pursuant to Rule 144 of the Securities Act. Notwithstanding the foregoing, except in the case of a Public Sale, no BCC Holder may Transfer any Units to any other Person then engaged, directly or indirectly, in a business that competes with any business of FPH or any of its Subsidiaries. Furthermore, no BCC Holder may Transfer

any Units, except in a Public Sale, without the prior written consent of FPH (which may be withheld by FPH for any reason until the third anniversary of the closing under the Asset Purchase Agreement and may be withheld after the third anniversary in FPH's reasonable discretion). In no event shall BCC, without the prior written consent of FPH, Transfer any Units to BCC or any Subsidiary of BCC that owned, leased or licensed any assets transferred to Boise Holdings in connection with the transactions contemplated by the Asset Purchase Agreement. The foregoing consent rights shall not be assignable by FPH or inure to the benefit of any transferee, successor or assign of FPH, except for an Affiliate of FPH who is (or becomes) a Securityholder. Notwithstanding the foregoing and except in the case of a Public Sale, any Transfer of Units by a BCC Holder shall be null and void and Boise Holdings shall refuse to recognize such Transfer unless the transferee executes and delivers to each party hereto an agreement (a "BCC Joinder Agreement"): (i) acknowledging that all Units or interests in any Units so transferred are and shall remain subject to this Agreement; and (ii) agreeing to be bound hereby. Furthermore, as a condition precedent to any Transfer of Units by a BCC Holder, BCC must certify in writing to Boise Holdings, without qualification, that (A) each of BCC, BCC and any Affiliate of BCC or BCC (collectively, including Boise Cascade Office Products Corp. and OfficeMax, Incorporated, the "BCC Parties") is in good standing under each agreement, arrangement or covenant to which a BCC Party is party with FPH or any of FPH's Affiliates (including, without limitation, the Asset Purchase Agreement, the BOS Paper Sales Agreement and the Additional Consideration Agreement, the "Relevant Agreements"), (B) no BCC Party has in any material respect defaulted under or breached, or is in any material respect in default under or in breach of, any Relevant Agreement and (C) each such BCC Party reaffirm its obligations under each such Relevant Agreement. Any BCC Holder shall notify the other parties of any intended Transfer of Units or interests in Units pursuant to this Section 5.2 (other than pursuant to an Exempt Sale), giving the name and address of the intended transferee; provided, however, that no otherwise valid Transfer shall be rendered invalid solely as a result of a failure to give notice hereunder. Notwithstanding anything herein to the contrary, transferees of a BCC Holder shall assume all obligations of the transferring BCC Holder hereunder, but, except with respect to an Affiliate of BCC, shall not be entitled to any rights of BCC, a BCC Holder or a Securityholder conferred by this Agreement.

5.3 Transfers by FPH Holders.

(a) Permitted Transfers. An FPH Holder may at any time, without the consent of any other Securityholder, (i) Transfer any or all of its Units to one or more Affiliates of FPH, (ii) Transfer any or all its Units pursuant to an Exempt Sale, or (iii) sell any or all of its Units to any other third Person or Persons or pursuant to a Public Sale or otherwise Transfer Units, subject to the remaining provisions of this Section 5.3. The foregoing consent right shall not be assignable by BCC or inure to the benefit of any transferee, successor or assign of BCC, except for an Affiliate of BCC who is (or becomes) a Securityholder. Notwithstanding the foregoing and except in the case of a Public Sale or sale to directors, officers or employees of Boise Holdings, any Transfer of Units by an FPH Holder shall be null and void and Boise Holdings shall refuse to recognize such Transfer unless the transferee executes and delivers to each party hereto an agreement (an "FPH Joinder Agreement"): (x) acknowledging that all Units or interests in any Units so transferred are and shall remain subject to this Agreement; and (y) agreeing to be bound hereby. Upon execution of an FPH Joinder Agreement, except as otherwise expressly provided herein and except for any right hereunder to consent to any action or proposed action



(including, without limitation, any proposed Transfer of Units), the rights of the transferring FPH Holder hereunder with respect to the Units transferred shall be assigned to such transferee. Any FPH Holder shall notify the other parties of any intended Transfer of Units or interests in Units pursuant to this Section 5.3 (other than an Exempt Sale), giving the name and address of the intended transferee; provided, however, that no otherwise valid Transfer shall be rendered invalid solely as a result of a failure to give notice hereunder.

(b) Tag-Along Rights. BCC and its Affiliates shall have tag-along rights as provided in this Section 5.3(b):

(i) In the event any FPH Holder desires to sell all or any part of any class or series of its Units to a third Person (other than pursuant to an Exempt Sale), it shall provide prior written notice (the "Sale Notice") to BCC setting forth in reasonable detail the terms and conditions on which the proposed sale is to be made and identifying the proposed purchaser. BCC shall have the option (the "Tag-Along Option") to sell any or all of its Units of the same class and series to the proposed purchaser on the terms and conditions set forth in such Sale Notice subject to the provisions set forth in this Section 5.3(b). BCC shall exercise its Tag-Along Option by giving written notice to FPH within ten Business Days following its receipt of the Sale Notice, which notice shall specify the number of Units of the same class and series as to which BCC is exercising its Tag-Along Right. In the event that BCC exercises its Tag-Along Option with respect to any Sale Notice, BCC shall be entitled to sell its pro rata share (based on the number of Units proposed to be sold by the FPH Holder and BCC, respectively) of the Units proposed to be sold by the FPH Holder in the Sale Notice, in each case on terms and conditions no less favorable than specified in the Sale Notice or otherwise applicable to the sale to such prospective purchasers by the FPH Holder. In the event that BCC does not exercise its Tag-Along Option with respect to any Sale Notice, the FPH Holder shall be entitled to sell all or any part of its Units as specified in the Sale Notice to the prospective purchaser specified in the Sale Notice on the terms and conditions set forth in the Sale Notice (subject to the provisions of the third sentence of Section 5.3(a) hereof).

(ii) Notwithstanding subsection 5.3(b)(i) above, with respect to sales by a FPH Holder of any part of any class or series of its Units to a third Person (other than pursuant to an Exempt Sale) prior to the expiration of the six-month period beginning on the Closing Date at a per unit price which does not exceed the per unit price paid (excluding any interest for the carrying cost of such Unit) by such FPH Holder for such Units:

(A) BCC and its Affiliates shall not have a Tag-Along Option during such six-month period for sales of Units in the aggregate amount of $125 million ("Excluded Tag-Along Sales"); and

(B) BCC shall have a Tag-Along Option on a pro-rata basis (i.e., on the same basis applicable in section 5.3(b)(i) above) with respect to such sales of Units by FPH Holders during such six-month period in excess of the Excluded Tag Along Sales (the "Initial Period Pro-Rata Tag-Along").



The provisions of this subsection 5.3(b)(ii) shall (x) terminate upon the expiration of the six-month period beginning on the Closing Date and (y) apply only to a Transfer or proposed Transfer to any Person that is a private equity fund, investment banking fund, or Affiliate of the foregoing.

(iii) Notwithstanding anything in this Agreement to the contrary, the rights under this Section 5.3(b) shall be exclusive to BCC and its Affiliates and shall not be assignable to or inure to the benefit of any transferee of BCC or any successors or assigns of BCC, other than Affiliates of BCC.

5.4 Drag-Along Provisions.

(a) Drag-Along Sale. If a sale of all or substantially all of Boise Holdings' assets determined on a consolidated basis or a sale of all or substantially all of Boise Holdings' outstanding capital equity (whether by merger, recapitalization, consolidation, reorganization, combination or otherwise) to any Independent Third Party or group of Independent Third Parties (a "Sale of the Company") is approved by the Board or the holders of a majority of the Units of Series B Common held by the FPH Holders (a "Drag-Along Sale"), each Securityholder will consent to and raise no objections against such Drag-Along Sale on the terms and subject to the conditions set forth in the remaining provisions of this Section 5.4.

(b) Drag-Along Notice. A notice regarding any Drag-Along Sale (a "Drag-Along Notice") shall be delivered within two Business Days following approval of any Drag-Along Sale by Boise Holdings or the FPH Holders to each Securityholder. The Drag-Along Notice shall include a copy of a bona fide offer from the intended buyer, which shall set forth the principal terms of the Drag-Along Sale, including the name and address of the intended buyer.

(c) Drag-Along Sale Obligations. In connection with any Drag-Along Sale, the Securityholders shall, and shall elect directors who shall, take all necessary or desirable actions in connection with the consummation of the Drag-Along Sale. If the Drag-Along Sale is structured as: (i) a merger or consolidation, each Securityholder shall waive any dissenters rights, appraisal rights or similar rights in connection with such merger or consolidation; (ii) a sale of units, each Securityholder shall agree to sell all of its Units and rights to acquire Units on the terms and conditions so approved; or (iii) a sale or assets, each Securityholder shall vote in favor of such sale and any subsequent liquidation of Boise Holdings or other distribution of the proceeds therefrom. Each Securityholder shall take all necessary or desirable actions in connection with the consummation of the Drag-Along Sale reasonably requested by FPH or Boise Holdings, and each Securityholder shall be obligated to agree on a pro rata, several (and not joint) basis (based on the share of the aggregate proceeds paid in such Drag-Along Sale) to any indemnification obligations that the FPH Holders agree to provide in connection with such Drag-Along Sale (other than any such obligations that relate specifically to a particular holder of Units such as indemnification with respect to representations and warranties given by a holder regarding such holder's title to and ownership of Units).

(d) Conditions to Drag-Along Sale Obligations. The obligations of each Securityholder with respect to a Drag-Along Sale are subject to the satisfaction of the following conditions: (i) the consideration to be received by the Securityholders with respect to the Drag-



Along Sale shall consist only of cash, publicly-traded securities, or a combination of cash and publicly traded Securities; (ii) if any holders of a class or series of Units are given an option as to the form and amount of consideration to be received, each holder of such class or series of Units that is an "accredited investor" will be given the same option; (iii) each holder of then currently exercisable rights to acquire units of a class or series of Units will be given an opportunity to exercise such rights prior to the consummation of the Drag-Along Sale and participate in such sale as holders of such class or series of Units; and (iv) each Securityholder shall be entitled to receive consideration per each Unit in connection with the Drag-Along Sale at least equivalent to the consideration received per each Unit of the same class and series by any FPH Holder in connection with the Drag-Along Sale.

(e) Expenses. Each Securityholder will bear its pro-rata share (based on the share of the aggregate proceeds paid in such Drag-Along Sale) of the costs of any sale of Units pursuant to a Drag-Along Sale to the extent such costs are incurred for the benefit of all holders of Series B Common and are not otherwise paid by Boise Holdings or the acquiring party. For purposes of this Section 5.4(e), costs incurred in exercising reasonable efforts to take all necessary actions in connection with the consummation of a Drag-Along Sale in accordance with this Section 5.4 shall be deemed to be for the benefit of all holders of Series B Common. Costs incurred by Securityholders on their own behalf will not be considered costs of the transaction hereunder.

(f) Exception to Drag-Along. Notwithstanding anything to the contrary contained in this Section 5.4, no Securityholder shall have any obligation under this Section 5.4 with respect to a Drag-Along Sale if the Drag-Along Notice with respect to the Drag-Along Sale is received by BCC after the holders of BCC Registrable Securities have requested a Demand Registration which Boise Holdings is obligated to observe pursuant to the Registration Rights Agreement and for a period thereafter ending on the date following consummation of the sale of all Units subject to such Demand Registration unless, in the opinion of the managing underwriter for such Demand Registration, the per Unit consideration payable pursuant to the Drag-Along Sale exceeds the net proceeds per Unit expected to be received by selling securityholders pursuant to the Demand Registration.

5.5 Legends. A copy of this Agreement shall be filed with the Secretary of Boise Holdings and kept with the records of Boise Holdings. Each of the Securityholders hereby agrees that each outstanding certificate representing Units shall bear a conspicuous legend reading substantially as follows:

> "The securities represented by this Certificate have not been registered under the Securities Act of 1933 or the applicable state and other securities laws and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred without compliance with the Securities Act of 1933 or any exemption thereunder and applicable state and other securities laws. The securities represented by this Certificate are subject to the restrictions on transfer and other provisions of a Securityholders Agreement dated as of October 29, 2004, (as amended from time to time, the "Agreement") by and among Boise



> Land & Timber Holdings Corp. (the "Company") and certain of its stockholders, and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred except in accordance therewith. A copy of the Agreement is on file at the principal executive offices of the Company."

## ARTICLE VI
## RIGHTS ON NEW SECURITY ISSUANCE

6.1 Preemptive Rights. Boise Holdings hereby grants to each Securityholder the irrevocable and exclusive first option (the "First Option") to purchase all or part of its Pro Rata Portion of any New Securities which Boise Holdings may, from time to time after the date of this Agreement, propose to issue and sell or otherwise transfer.

6.2 Notices With Respect to Proposed Issuance of New Securities. In the event Boise Holdings proposes to undertake an issuance or other transfer of New Securities, it shall give each Securityholder entitled to a First Option pursuant to this Article VI written notice (the "Company Notice") of

its intention, describing in detail the type of New Securities, the price and the terms upon which Boise Holdings proposes to issue or otherwise transfer such New Securities. Each such Securityholder shall have 10 Business Days from the date of receipt of any such Company Notice to agree to purchase, pursuant to the exercise of the First Option, up to such Securityholder's Pro Rata Portion of each type and class and series of such New Securities (i.e., the same strips) for the price and upon the terms and conditions specified in the Company Notice by giving written notice to Boise Holdings and stating therein the quantity of New Securities to be purchased.

6.3 Boise Holdings' Right to Complete Proposed Sale of New Securities to the Extent Preemptive Rights are Not Exercised. In the event the Securityholders fail to exercise a preemptive right with respect to any New Securities within the periods specified in Section 6.2, Boise Holdings shall have 90 days thereafter to sell or enter into an agreement (pursuant to which the sale of such New Securities shall be closed, if at all, within 45 days from the date of said agreement) to sell the New Securities not elected to be purchased by the Securityholders at the price and upon terms not substantially more favorable to the prospective purchasers of such securities than those specified in the Company Notice. In the event that Boise Holdings has not sold the New Securities or entered into an agreement to sell the New Securities within said 90-day period. Boise Holdings shall not thereafter issue or sell or otherwise transfer such New Securities without first offering such securities to the Securityholders in the manner provided in this Article VI.

6.4 Closing of Purchase. If a Securityholder elects to purchase up to its Pro Rata Portion of any New Securities set forth in any Company Notice, such purchase shall be consummated at such time and at such location selected by Boise Holdings upon reasonable advance notice. At the consummation of any purchase and sale of New Securities pursuant to this Article VI: (i) Boise Holdings shall issue or otherwise transfer to the electing Securityholder the certificates evidencing the New Securities being purchased, together with such other documents or instruments reasonably required by counsel for the Securityholder to consummate such purchase and sale; (ii) the Securityholder will deliver the cash consideration payable by wire



transfer of immediately available funds to an account or accounts designated in writing by Boise Holdings (such designation to be made no later than two Business Days prior to the date of such consummation); (iii) Boise Holdings shall deliver to the Securityholder a written representation that the New Securities are being purchased and sold free and clear of any and all Encumbrances (other than Encumbrances under existing securities Laws and under this Agreement and the certificate of formation and limited liability company agreement for Boise Holdings); and (iv) the Securityholder shall deliver to Boise Holdings such written investment representations as may reasonably be required by counsel to Boise Holdings for securities Laws purposes and all other applicable representations and warranties as other purchasers of New Securities. Notwithstanding the foregoing, any purchase of New Securities pursuant to this Article VII shall be on the same terms and conditions as set forth in the Company Notice.

## ARTICLE VII
## TERM

7.1 Term. Subject to the next sentence, unless earlier terminated by mutual agreement of BCC and FPH, this Agreement shall terminate upon the earliest to occur of: (i) the complete liquidation or dissolution of Boise Holdings or its Subsidiaries and the payment of the proceeds of such liquidation or dissolution to BCC and FPH; (ii) a Public Offering (provided that thereafter this Agreement shall nevertheless remain in full force and effect with respect to the provisions of Section 8.13 and all related definitions and provisions to the extent necessary or desirable to give effect to Section 8.13 until the BCC Holders cease to hold any Series A Common or the occurrence of an event described in clauses (i), (iii), (iv), or (v) of this sentence); (iii) such date as BCC and its Affiliates first hold less than 50% of the number of Units of Series B Common that they hold on the date of the Closing; (iv) the acquisition of all or substantially all of the stock or assets of BCC or BCC (whether directly or indirectly and whether by stock sale, asset sale, merger, consolidation, combination or otherwise) by a Person engaged, directly or indirectly, in a business that has more than $500 million in annual revenues in a business that competes or businesses that compete with the business of FPH and its Subsidiaries, or (v) at the election of FPH, at any time when BCC or any of its permitted Affiliates own Units, BCC or such permitted Affiliate ceases to be a Subsidiary of BCC; provided, however, that in case of any termination pursuant to this Section 7.1, unless otherwise determined by FPH, this Agreement shall nevertheless remain in full force and effect with respect to the drag-along provisions set forth in Section 5.4 and all related definitions and provisions to the extent necessary or desirable to give full force and effect to Section 5.4. The rights of each of BCC and FPH to terminate this Agreement by mutual agreement and the right of FPH to terminate this Agreement with respect to the drag-along provisions of Section 5.4 are not assignable by BCC or FPH, and shall not inure to the benefit of any transferee, successor or assign of BCC or BCC, other than to an Affiliate of such party who is (or becomes) a Securityholder, without the prior written consent of the other.

## ARTICLE VIII
## MISCELLANEOUS

8.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given if: (i) delivered in person (to the individual whose attention is specified below) or via facsimile or electronic transmission (followed



immediately with a copy in the manner specified in clauses (ii) or (iii) hereof); (ii) sent by prepaid first-class registered or certified mail, return receipt requested; or (iii) sent by recognized overnight courier service, as follows:

to BCC:

OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728
Attention: George Harad, Chairman of the Board
Facsimile: (208) 384-4912

with a copy to:

OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728

Attention: Matthew Broad, Vice President and General Counsel
Facsimile: (208) 384-7945

to FPH:

Forest Products Holdings, L.L.C.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056
Email: smencoff@mdcp.com
tsouleles@mdcp.com

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

to Boise Holdings:

Boise Cascade Holdings, L.L.C.
c/o Madison Dearborn Partners, L.L.C.



Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056
Email: smencoff@mdcp.com
tsouleles@mdcp.com

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

to other Securityholders:

To the address which appears
on the books and records of Boise Holdings

or to such other address as any party hereto may, from time to time, designate in a written notice given in like manner. All notices and other communications hereunder shall be effective: (i) the day of delivery when delivered by hand, facsimile, electronic transmission or overnight courier; and (ii) three Business Days from the date deposited in the mail in the manner specified above.

8.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed: (i) in the case of an amendment, by: (A) Boise Holdings; (B) Securityholders holding a majority of the Units of Series B Common held by the BCC Holders; (C) Securityholders holding a majority of the Units of Series B Common held by FPH Holders; and (D) by each of FPH and BCC (in each case only so long as such Person or any of its Affiliates is a Securityholder); or (ii) in the case of a waiver, by the party against whom the waiver is to be effective. The rights of BCC and FPH to consent to an amendment to this Agreement shall not be assignable by BCC or FPH and shall not inure to the benefit of any transferee, successor or assign of BCC or FPH, other than to an Affiliate of such party who is a (or in connection therewith, becomes) Securityholder, without the prior written consent of the other. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.3 Assignment. Except as otherwise expressly provided herein, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

8.4 Entire Agreement. This Agreement (including the exhibits hereto) and the related Registration Rights Agreement, contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

8.5 Public Disclosure. Each of the parties hereby agrees that, except as may be required to comply with the requirements of any applicable Laws or the rules and regulations of any stock exchange upon which its securities (or the securities of one of its Affiliates) are traded, it shall not make or permit to be made any press release or similar public announcement or communication concerning the execution or performance of this Agreement unless specifically approved in advance by all parties hereto. In the event, however, that legal counsel for any party is of the opinion that a press release or similar public announcement or communication is required by Law or by the rules and regulations of any stock exchange on which such party's securities (or the securities of one of such party's Affiliates) are traded, then such party may issue a public announcement limited solely to that which legal counsel for such party advises is required under such Law or such rules and regulations (and the party making any such announcement shall provide a copy thereof to the other party for review before issuing such announcement).

8.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Boise Holdings, BCC, FPH or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

8.7 GOVERNING LAW: SUBMISSION TO JURISDICTION: SELECTION OF FORUM. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY HERETO AGREES THAT IT SHALL BRING ANY ACTION OR PROCEEDING IN RESPECT OF ANY CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTAINED IN OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN TORT OR CONTRACT OR AT LAW OR IN EQUITY, EXCLUSIVELY IN ANY UNITED STATES FEDERAL COURT OR ANY STATE COURT LOCATED IN THE STATE OF ILLINOIS (THE "CHOSEN COURTS") AND: (I) IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE CHOSEN COURTS; (II) WAIVES ANY OBJECTION TO LAYING VENUE IN ANY SUCH ACTION OR PROCEEDING IN THE CHOSEN COURTS; (III) WAIVES ANY OBJECTION THAT THE CHOSEN COURTS ARE AN INCONVENIENT FORUM OR DO NOT HAVE JURISDICTION OVER ANY PARTY HERETO; AND (IV) AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY IN ANY SUCH ACTION OR PROCEEDING SHALL BE EFFECTIVE IF NOTICE IS GIVEN IN ACCORDANCE WITH SECTION 8.1 OF THIS AGREEMENT.

8.8 Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile or electronic transmission), each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.



8.9 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof or thereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable: (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision; and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

8.10 Headings. The heading references and the table of contents herein are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

8.11 Equitable Relief. Each party acknowledges that money damages would be inadequate to protect against any actual or threatened breach of this Agreement by any party and that each party shall be entitled to equitable relief, including specific performance and/or injunction, without posting bond or other security in order to enforce or prevent any violations of the provisions of this Agreement.

8.12 No Partnership. This Agreement shall not constitute an appointment of any party as the agent of any other party, nor shall any party have any right or authority to assume, create or incur in any manner any obligation or other liability of any kind, express or implied, against, in the name or on behalf of, any other party. Nothing herein or in the transactions contemplated by this Agreement shall be construed as, or deemed to be, the formation of a partnership by or among the parties hereto.

8.13 Certain Consents of BCC Holders.

(a) Neither Boise Holdings or any of its Subsidiaries shall, without the prior written consent of BCC Holders then holding a majority of the outstanding Series B Common then held by all BCC Holders, make any amendment of the certificate of formation, limited liability company agreement or other governing documents of Boise Holdings or any of its Subsidiaries which would (i) treat any BCC Holder disproportionately vis-a-vis any FPH Holder or (ii) place any restriction or limitation on the ability of any BCC Holder to Transfer all or any portion of its Units or reduce the consideration received or to be received by such BCC Holder in connection with such Transfer.

(b) Boise Holdings agrees that BCC will have the right to cause its Series A Common to be acquired (i) by Boise Holdings prior to any payments being made to FPH from the proceeds of any underwritten public offering of equity securities of Boise Holdings and (ii) in connection with the closing of any Sale of the Company, in each case as long as cash proceeds are available to Common Units. The purchase price per unit for Series A Common acquired pursuant to clause (i) of this Section 8.13(b) shall be equal to the Liquidation Value (as defined in Boise Holdings' limited liability company agreement) thereof plus Series A Common Accumulated Dividends (as defined in Boise Holdings' limited liability company agreement)



plus all other accrued but unpaid dividends thereon (the "Series A Per Unit Value") and the purchase price per unit for Series A Common acquired pursuant to clause (ii) of this Section 8.13(b) shall be the lesser of (A) the Series A Per Unit Value and (B) the aggregate amount available for distribution to holders of Common Units of Boise Holdings in such Sale of the Company divided by the number of units of Series A Common then outstanding.

(c) Boise Holdings shall not, without the prior written consent of BCC Holders then holding a majority of the outstanding Series A Common then held by all BCC Holders, pay any dividend in respect of, or make any redemption or repurchase of, any Units of Series B Common held by any FPH Holder.

* * * *



IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the date first written above.

**BOISE CASCADE CORPORATION**

By: /s/ Guy G. Hurlbutt
Name: Guy G. Hurlbutt
Title: Vice President

**FOREST PRODUCTS HOLDINGS, L.L.C.**

By: Madison Dearborn Capital Partners IV, L.P.
Its: Managing Member

By: Madison Dearborn Partners IV, L.P.
Its: General Partner

By: Madison Dearborn Partners, L.L.C.
Its: General Partner

By: /s/ Thomas S. Souleles
Name: Thomas S. Souleles
Title: Managing Director

**BOISE CASCADE HOLDINGS, L.L.C.**

By: /s/ Thomas S. Souleles
Name: Thomas S. Souleles
Title: Vice President

# STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "Agreement") is made and entered into as of the 29th day of October, 2004, by and among KOOSKIA INVESTMENT CORPORATION, a Delaware corporation ("Boise Sub"), FOREST PRODUCTS HOLDINGS L.L.C., a Delaware limited liability company ("FPH"), and BOISE LAND & TIMBER HOLDINGS CORP., a Delaware corporation ("Timber Holding Co.").

## R E C I T A L S

WHEREAS, Boise Cascade Corporation, a Delaware corporation and sole shareholder of Boise Sub (to be renamed "OfficeMax Incorporated" on November 1, 2004, "BCC"), FPH and Timber Holding Co. are parties to that certain Asset Purchase Agreement, dated as of July 26, 2004 (as amended from time to time in accordance with its terms, the "Asset Purchase Agreement");

WHEREAS, pursuant to and subject to the terms and conditions of the Asset Purchase Agreement, at the closing of the transactions contemplated thereby, one or more wholly-owned Subsidiaries of Timber Holding Co. is acquiring substantially all of the timberlands assets of BCC and certain of its Subsidiaries and certain of Timber Holding Co.'s Affiliates are acquiring substantially all of the other assets of BCC's forest products business and in connection therewith, Boise Sub is acquiring shares of Timber Holding Co.;

WHEREAS, FPH recognizes that BCC has substantial experience and expertise in the ownership, management and operation of timberlands and that Boise Sub is a wholly-owned Subsidiary of BCC;

WHEREAS, Boise Sub, FPH and Timber Holding Co. desire to enter into this Agreement to set forth certain arrangements with respect to the ownership, operation and management of Timber Holding Co. and its Subsidiaries; and

WHEREAS, the execution and delivery of this Agreement is a condition to each of Boise Sub's and FPH's respective obligations to effect the Closing (as defined in the Asset Purchase Agreement).

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

## ARTICLE I
## DEFINITIONS AND TERMS

1.1 Certain Definitions. As used herein, the following terms shall have the meanings set forth or as referenced below:

---

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such first Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For the purpose of this definition, "control" means (i) the ownership or control of 50% or more of the equity interest in any Person, or (ii) the ability to direct or cause the direction of the management or affairs of a Person, whether through the direct or indirect ownership of voting interests, by contract or otherwise.

"Agreement" shall mean this Agreement, including the exhibits hereto, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Applicable Percentage" shall mean (i) if there are five (5) or more members of the Board then in office, 80% or more, (ii) if there are four (4) members of the Board then in office, 75% or more, and (iii) if there are three (3) members of the Board then in office, 66% or more.

"Asset Purchase Agreement" shall have the meaning set forth in the Recitals hereto.

"Board" shall mean the Board of Directors of Timber Holding Co.

"Boise Sub" shall mean Kooskia Investment Corporation, a Delaware corporation.

"Boise Sub Holders" shall collectively refer to: (i) Boise Sub; and (ii) any other Stockholders who directly or indirectly acquire any Shares from Boise Sub, other than Stockholders who directly or indirectly acquire Shares from Boise Sub pursuant to an Initial Period Pro-Rata Tag-Along as provided in subsection 5.3(b)(ii) below.

"Boise Sub Registrable Securities" shall have the meaning set forth in the Registration Rights Agreement.

"Business" shall have the meaning set forth in the Asset Purchase Agreement.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in Chicago, Illinois are authorized or obligated by Law or executive order to close.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock" means, collectively, the Series A Common, the Series B Common and the Series C Common.

"CPA Firm" shall mean the independent public auditor selected pursuant to Section 4.3, or any subsequent independent public auditor of the books and records of Timber Holding Co. appointed by the Board in accordance with the terms of this Agreement.

"Demand Registration" shall have the meaning set forth in the Registration Rights Agreement.

"DGCL" shall mean the General Corporation Law of the State of Delaware.

"Encumbrances" shall mean liens, charges, encumbrances, mortgages, pledges, security interests, options or any other restrictions or third-party rights.

"Exempt Sale" shall mean: (i) any Transfer of Shares to an Affiliate of the selling party; (ii) any distribution of securities by a Person to its direct or indirect equity owners; (iii) an assignment or pledge of Shares in connection with the incurrence, maintenance or renewal of indebtedness of Timber Holding Co. or its Subsidiaries; (iv) any Transfer of Shares pursuant to a Public Sale or pursuant to Rule 144 of the Securities Act; and (v) any Transfer of Shares to directors, officers, or employees of Timber Holding Co. or its Subsidiaries.

"FPH" means Forest Products Holdings, L.L.C., a Delaware limited liability company.

"FPH Holders" shall collectively refer to FPH together with any other Stockholders who directly or indirectly acquire any Shares from: (i) FPH; or (ii) Boise Sub pursuant to an Initial Period Pro-Rata Tag-Along as provided in subsection 5.3(b)(ii) below.

"GAAP" shall mean United States generally accepted accounting principles, consistently applied.

"Independent Third Party" means any Person who, immediately prior to the contemplated transaction, is not the owner of in excess of 5% of any class or series of Timber Holding Co.'s common equity on a fully-diluted basis (a "5% Owner") and who is not an Affiliate of any such 5% Owner.

"Law" shall mean any federal, state, foreign or local law, constitutional provision, code, statute, ordinance, rule, regulation, order, judgment or decree of any governmental authority.

"New Securities" shall mean any shares of capital stock or other equity securities (or debt securities convertible into such equity securities) of Timber Holding Co., whether now authorized or not, and rights, options or warrants to purchase said shares of capital stock and securities of any type whatsoever that are, or may become, convertible into shares of Timber Holding Co. capital stock or other Timber Holding Co. equity securities; provided, however, that the term "New Securities" shall not include: (i) securities issued in connection with any stock split, stock dividend, reclassification or recapitalization of Timber Holding Co.; (ii) shares of Common Stock issued to employees, consultants, officers or directors of Timber Holding Co. or its Subsidiaries pursuant to: (A) the exercise of any stock option, stock purchase or stock bonus plan, agreement or arrangement for the primary purpose of soliciting or retaining the services of such Persons and which is approved by the Board; or (B) the exercise of any stock option issued pursuant to a plan or agreement approved by the Board; (iii) securities issued in a Public Offering; (iv) securities issued in connection with the acquisition of any business, assets or securities of another Person; (v) securities issued to any lender of Timber Holding Co. or any of its Affiliates; and (vi) securities issued pursuant to Article Four, Section 4(a) of the certificate of incorporation of Timber Holding Co.



"Person" shall mean an individual, a corporation, a partnership, an association, a trust, a limited liability company or any other entity or organization.

"Pro Rata Portion" shall mean, with respect to each Stockholder, that number of shares of New Securities as is equal to the product of (i) the total number of New Securities proposed to be issued or otherwise transferred multiplied by (ii) a fraction, the numerator of which is the number of shares of Series B Common (including any common equity issued or issuable in respect of such Series B Common) held by such Stockholder immediately prior to such issuance or transfer, and the denominator of which is the total number of shares of Series B Common (including any such common equity issued or issuable in respect of such Series B Common) which are held by all Stockholders.

"Public Offering" shall mean an underwritten public offering pursuant to an effective registration statement under the Securities Act (or any comparable form under any similar statute then in force), covering the offer and sale of Series B Common.

"Public Sale" means: (i) any sale of Series B Common pursuant to a Public Offering or (ii) any Spin-Off.

"Registration Rights Agreement" shall have the meaning set forth in the Asset Purchase Agreement.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, as shall be in effect at the time.

"Series A Common" means Series A Common Stock of Timber Holding Co., par value $0.01 per share.

"Series B Common" means Series B Common Stock of Timber Holding Co., par value $0.01 per share.

Series C Common" means Series C Common Stock of Timber Holding Co., par value $0.01 per share.

"Shares" shall mean any Series A Common, Series B Common or Series C Common held by any Stockholder (including any equity securities issued or issuable in respect of such Series A Common, Series B Common or Series C Common pursuant to a stock split, stock dividend, reclassification, combination, merger, consolidation, recapitalization or other reorganization) and any other capital stock of any class or series of Timber Holding Co. held by any Stockholder. As to any particular Shares, such shares shall cease to be Shares for all purposes of this Agreement when they have been sold or transferred pursuant to a Public Sale, and the transferee of any Shares pursuant to a Public Sale shall not be considered a Stockholder for purposes of this Agreement by virtue of the ownership of Shares transferred pursuant to such Public Sale.

"Spin-Off" shall mean any distribution by Boise Sub or one of its Affiliates of all of its Shares of any class or series to its public stockholders, if any.

"Stockholders" means Boise Sub, FPH and each Person other than Timber Holding Co. who is or becomes bound by this Agreement. Stockholders are sometimes individually referred to herein as a "Stockholder".

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, partnership, joint venture or other legal entity of which such Person, either directly or through or together with any other Subsidiary of such Person, owns 50% or more of the equity interests.

"Timber Holding Co." shall mean Boise Land & Timber Holding Co., a Delaware corporation.

"Voting Stock" shall mean securities of Timber Holding Co. of any class or series the holders of which are entitled to vote generally in the election of directors of Timber Holding Co.

1.2 Other Definitional Provisions.

(a) The words "hereof", "herein", and "hereunder", and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States dollars.

(d) The term "including" shall be deemed to mean "including without limitation."

(e) Capitalized terms used, but not otherwise defined, herein shall have the meanings ascribed to such terms in the Asset Purchase Agreement.

## ARTICLE II
## BUSINESS AND OPERATIONS OF TIMBER HOLDING CO.

2.1 Purposes and Business. Except as otherwise approved by the Board, the original purpose of Timber Holding Co. and its Subsidiaries shall be to engage in the business of acquiring, growing, harvesting, and selling timber and timberlands and other activities related to the foregoing or in connection therewith. Timber Holding Co. shall not and shall not permit any of its Subsidiaries to (and FPH shall not cause or, to the extent reasonably within FPH's control, permit Timber Holding Co. or any of its Subsidiaries to) engage in any other activity or business except to the extent approved by the Board.

2.2 Principal Executive Offices. The principal executive offices of Timber Holding Co. shall be located at 1111 W. Jefferson Street, Boise, Idaho, 83728 or such other location as determined by the Board.



## ARTICLE III
## BOARD OF DIRECTORS

3.1 General. From and after the Closing, each Stockholder will vote all of its respective Shares and any other Voting Stock over which it possesses direct or indirect voting power and will take all other necessary or desirable actions within its direct or indirect control (whether in its capacity as a stockholder of Timber Holding Co. or otherwise), and Timber Holding Co. will take all necessary and desirable actions within its control, in order to give effect to the provisions of this Article III. By way of example and without limiting the generality of the foregoing, Boise Sub and FPH shall amend the certificate of incorporation or by-laws or both, as applicable, of Timber Holding Co. and each Subsidiary to incorporate and effectuate the provisions in this Article III.

3.2 Powers. Subject to the provisions of the DGCL, the certificate of incorporation of Timber Holding Co., the by-laws of Timber Holding Co. and this Agreement, the business and affairs of Timber Holding Co. shall be managed by or under the direction of the Board.

3.3 Size and Composition. The Board shall initially consist of six individuals as follows: (i) one director shall be designated in writing by Boise Sub (the "Boise Sub Director"); (ii) four directors shall be designated in writing by FPH (the "FPH Directors"); and (iii) the remaining director shall be the Chief Executive Officer of Timber Holding Co. (the "CEO Director"); provided that, notwithstanding the foregoing, FPH may, by written notice to Timber Holding Co., at any time and from time to time, increase or decrease the number of FPH Directors; provided further that in the event that (i) FPH elects to increase the number of FPH Directors above four, Boise Sub shall be entitled to increase the number of Boise Sub Directors such that the number of Boise Sub Directors as a percentage of all directors of Timber Holding Co. then in office is as close as possible to (but not in excess of) the percentage of Series B Common of Timber Holding Co. then held by Boise Sub or (ii) FPH subsequently elects to decrease the number of FPH Directors, then the number of Boise Sub Directors shall be decreased such that the number of Boise Sub Directors as a percentage of all directors of Timber Holding Co. then in office is as close as possible to (but not in excess of) the percentage of Series B Common of Timber Holding Co. then held by Boise Sub. Notwithstanding anything in clause (ii) of the immediately foregoing sentence to the contrary, the number of Boise Sub Directors shall not be decreased below one (1) unless or until Boise Sub's rights to designate a Boise Sub Director have terminated in accordance with this Agreement. Boise Sub and FPH, as the holders of a majority of the Voting Stock and thus entitled to elect the CEO Director, shall: (x) at each election of directors (or filling of a vacancy with respect to the CEO Director), elect the individual then serving as the Chief Executive Officer of Timber Holding Co. as the CEO Director; and (y) remove the CEO Director if the CEO Director ceases to serve as the Chief Executive Officer of Timber Holding Co. Anything to the contrary contained herein notwithstanding, the rights of each of Boise Sub and FPH to designate directors as provided herein shall not be assignable (by operation of law, the transfer of Shares or otherwise) without the prior written consent of the other; provided, however, that each of Boise Sub and FPH shall, without the prior written consent of the other, be entitled to assign its rights to designate directors as provided herein to one of its Affiliates that is (or becomes) a Stockholder. If directed by FPH, one or more representatives of financing sources to FPH and/or any of its Subsidiaries shall be

entitled to attend meetings of (and receive information provided to the directors of) the Board; provided, however, that such representative shall not be or have any rights of a director of the Board.

3.4 Term; Removal; Vacancies. The members of the Board other than the CEO Director shall hold office at the pleasure of the Stockholder which designated them. Any such Stockholder may at any time, by written notice to the other Stockholder and Timber Holding Co., remove (with or without cause) any member of the Board designated by such Stockholder other than the CEO Director. Subject to applicable Law, no member of the Board may be removed except by written request by the Stockholder that designated the same. In the event a vacancy occurs on the Board for any reason, the vacancy will be filled by the written designation of the Stockholder entitled to designate the director creating the vacancy.

3.5 Notice; Quorum. Meetings of the Board may be called upon not less than three days' prior written notice to all directors stating the purpose or purposes thereof. Such notice shall be effective upon receipt, in the case of personal delivery, facsimile transmission or other electronic transmission, and five Business Days after deposit with the U.S. Postal Service, postage prepaid, if mailed. The presence in person of a majority of the directors then serving on the Board shall constitute a quorum for the transaction of business at any special, annual or regular meeting of the Board. Each Stockholder shall use its reasonable efforts to ensure that a quorum is present at any duly convened meeting of the Board and each of Boise Sub and FPH may designate by written notice to the other an alternate representative to act in the absence of any of its designates at any such meeting. If, at any meeting of the Board, a quorum is not present, a majority of the directors present may, without further notice, adjourn the meeting from time to time until a quorum is obtained.

3.6 Voting. Each member of the Board shall be entitled to cast one vote on each matter considered by such Board; provided, however, that in the event that a vote would result in a tie or deadlock with respect to a matter, the CEO Director shall not be entitled to vote with respect to such matter (the Board shall poll its members prior to any vote to effectuate the purposes of this sentence). Except as otherwise expressly provided by this Agreement, the act of a majority of the members of the Board present at any meeting at which a quorum is present shall constitute an act of the Board, as applicable. Notwithstanding anything to the contrary contained herein, from and after the first business day after the Closing: (x) the following matters shall require, in addition to any other vote required by applicable law, the affirmative vote of at least the Applicable Percentage of the directors then in office; (y) Timber Holding Co. shall not directly or indirectly take, and shall not permit any of its Subsidiaries to directly or indirectly take, any of the following actions without first obtaining such approval; and (z) FPH shall not cause or, to the extent reasonably within FPH's control, permit Timber Holding Co. or any of its Subsidiaries to take any of the following actions without first obtaining such approval:

(i) subject to applicable Law or fiduciary duty, any dissolution or liquidation of Timber Holding Co.;

(ii) in addition to any other requirement required under Section 8.13 hereof, any amendment of the certificate of incorporation, articles of incorporation, by-laws or other governing documents of Timber Holding Co. or any of its Subsidiaries which



would (a) treat any Boise Sub Holder disproportionately vis-a-vis any FPH Holder or (b) place any restriction or limitation on the ability of any Boise Sub Holder to Transfer all or any portion of its Shares or reduce the consideration received or to be received by such Boise Sub Holder in connection with such Transfer;

(iii) the entry into, or amendment of, contracts or other transactions between Timber Holding Co. and/or any of its Subsidiaries, on the one hand, and a Stockholder or any Affiliate thereof, on the other hand except for: (a) the execution, delivery and performance of contracts, amendments and/or transactions at or prior to Closing related to or in connection with the transactions contemplated by the Asset Purchase Agreement; and (b) contracts, amendments and transactions which are no less favorable to Timber Holding Co. and its Subsidiaries than could be obtained from Boise Sub or its Affiliates or Independent Third Parties negotiated on an arms-length basis;

(iv) except as provided for in Timber Holding Co.'s certificate of incorporation, the direct or indirect redemption, retirement, purchase or other acquisition of any equity securities of Timber Holding Co. except for (A) pro rata redemptions among the holders thereof or (B) repurchases pursuant to Article Four, Section 4(c) of the certificate of incorporation of Timber Holding Co.;

(v) appointment of any public auditors which are not one of the Big Four accounting firms; and

(vi) delegation of any of the matters covered by any of clauses (i) through (v) above to any committee of the Board.

Notwithstanding the foregoing, the approvals required by this Section 3.6 with respect to any of the matters in subsections (i) through (vi) above shall not restrict the sale of any assets or operations of Timber Holding Co. or any of its Subsidiaries or located on the properties of Timber Holding Co. or any of its Subsidiaries.

3.7 Telephonic Meetings; Written Consents. Except as may otherwise be provided by applicable Law, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting pursuant to a written consent, in compliance with the DGCL and Section 3.6 hereof and such written consent is filed with the minutes of the proceedings of the Board or such committee. Any meeting of the Board or any committee thereof may be held by conference telephone or similar communication equipment, so long as all Board or committee members participating in the meeting can hear one another clearly, and participation in a meeting by use of conference telephone or similar communication equipment shall constitute presence in person at such meeting.

3.8 Initial Directors. Boise Sub and FPH shall make their initial designations pursuant to Section 3.3 on or prior to the Closing Date.

3.9 Recapitalization of Timber Holding Co. Under Certain Circumstances. For any Public Offering or Spin-Off prior to the time Timber Holding Co. becomes subject to the Exchange Act with respect to Shares: (i) Timber Holding Co. shall use commercially reasonable efforts to effect a stock split, stock dividend or stock combination which, in the opinion of the

managing underwriter for the Public Offering or Boise Sub's financial advisor in connection with a Spin-Off, is desirable for the sale, marketing or distribution of the Shares to the public; and (ii) as long such stock split, stock dividend or stock combination does not treat such Shares or other Voting Stock differently than all other Shares or other Voting Stock held by the other holders of Shares and Voting Stock, each Stockholder agrees to vote all of its respective Shares and any other Voting Stock over which it possesses direct or indirect voting power in order to cause such stock split, dividend or combination to be effected consistent with the provisions of this Section 3.9.

## ARTICLE IV
## ACCOUNTING, BOOKS AND RECORDS

4.1 Fiscal Year. The fiscal year of Timber Holding Co. shall be the period commencing January 1 in any year and ending December 31 of that year, except that the first fiscal year of Timber Holding Co. shall commence on the Closing Date and end on December 31 of the year in which the Closing Date occurs.

4.2 Books and Records. Timber Holding Co. shall keep at its principal executive offices books and records typically maintained by Persons engaged in similar businesses and which set forth an account of the business and affairs of Timber Holding Co. and its Subsidiaries, including a fair presentation of all income, expenditures, assets and liabilities thereof. Such books and records shall include all information reasonably necessary to permit the preparation of financial statements required by applicable Law in accordance with GAAP. In addition to, and not in limitation of, the rights accorded all stockholders of Timber Holding Co. by Section 220 of the DGCL, each Stockholder who, together with its Affiliates, owns 10% or more of the outstanding common equity of Timber Holding Co. (a "10% Stockholder") and its respective authorized representatives shall have the right, at its own cost and at all reasonable times and upon reasonable advance written notice to Timber Holding Co., to have access to, inspect, audit and copy the original books, records, files, securities, vouchers, canceled checks, employment records, bank statements, bank deposit slips, bank reconciliations, cash receipts and disbursement records, and other documents of Timber Holding Co. and its Subsidiaries.

4.3 Auditors. Timber Holding Co. shall engage one of the Big Four accounting firms as the initial independent public auditors of Timber Holding Co. and its Subsidiaries.

4.4 Reporting. Timber Holding Co. shall use its commercially reasonable efforts to deliver to each Stockholder unaudited consolidated interim financial statements for Timber Holding Co. and its Subsidiaries for each fiscal quarter (including a balance sheet as of the end of such period and statements of income, stockholders' equity and cash flows for such period) within 35 days after the close of each fiscal quarter. Timber Holding Co. will use its commercially reasonable efforts to deliver to each Stockholder within (a) 120 days after the close of each fiscal year of Timber Holding Co., consolidated annual financial statements for Timber Holding Co. and its Subsidiaries for such fiscal year (including a balance sheet as of the end of such fiscal year and statements of income, stockholders' equity and cash flows for such fiscal year), in each case audited and certified by the CPA Firm, and (b) 60 days after the close of each fiscal year of Timber Holding Co., unaudited consolidated annual financial statements for



Timber Holding Co. and its Subsidiaries for such fiscal year (including a balance sheet as of the end of such fiscal year and statements of income, stockholders' equity and cash flows for such fiscal year). Such annual and interim financial statements shall contain such statements and schedules, prepared in accordance with the requirements of the Stockholders, as may be requested in writing by any of the 10% Stockholders. In addition to the foregoing, if BCC or any of its Affiliates is required to report its investment in Timber Holding Co. under an equity accounting method, Timber Holding Co. shall use its commercially reasonable efforts to notify BCC or the Affiliate of its share of Timber Holding Co.'s income or loss when available consistent with past practices. Timber Holding Co. shall bear the cost of providing financial and accounting information reasonably required by any of the 10% Stockholders in the preparation of such 10% Stockholder's own financial statements. Such annual and interim financial statements shall be prepared in accordance with GAAP and shall present fairly the financial position and results of operations of Timber Holding Co.

4.5 Stockholder's Audit. In addition to, and not in limitation of, the rights accorded all stockholders of Timber Holding Co. by Section 220 of the DGCL, upon reasonable advance written notice to Timber Holding Co., any 10% Stockholder may request an audit of the books and records of Timber Holding Co. and its Subsidiaries (a "Stockholder's Audit") by an independent auditor of its selection, other than the CPA Firm. Any Stockholder's Audit shall be at the expense of the requesting 10% Stockholder unless material error or fraud is found, in which case such audit shall be at the expense of Timber Holding Co.. All information obtained by any 10% Stockholder in any such audit shall be treated as confidential.

4.6 Consent of Timber Holding Co. Auditors. Upon request from time to time by any 10% Stockholder, Timber Holding Co. shall use its commercially reasonable efforts to obtain the written agreements of Timber Holding Co.'s auditors to permit the use of Timber Holding Co.'s audited financial statements in connection with such 10% Stockholder's and/or its Affiliates' filings made with the Commission (if such financial statements are necessary for such filings with the Commission) and, subject to such auditor's normal procedures, in private or public offerings of securities of such 10% Stockholder and/or its Affiliates as may be reasonably requested by such 10% Stockholder. In addition, Timber Holding Co. will use commercially reasonable efforts to cause Timber Holding Co.'s auditors to provide a comfort letter in accordance with SAS 72 for any such offering.

## ARTICLE V
## TRANSFER OF SHARES

5.1 General. No Stockholder will directly or indirectly sell, assign, pledge, encumber, hypothecate, dispose of or otherwise transfer ("Transfer") any Shares or interest in any Shares, agree to any such Transfer or permit any such interest to be subject to Transfer, directly or indirectly, by merger or other operation of law, agreement or otherwise, except pursuant to and in compliance with the provisions of this Article V. Any purported Transfer in any other manner, unless otherwise expressly permitted by this Article V, shall be null and void, and shall not be recognized or given effect by Timber Holding Co. or any Stockholder.

5.2 Transfers by Boise Sub Holders. Subject to the other provisions of this Section 5.2, a Boise Sub Holder may at any time, without the consent of any other Stockholder,

Transfer any or all of its Shares or interests in Shares (a) to any Affiliate or (b) to any third Person or Persons pursuant to a Public Sale or a sale pursuant to Rule 144 of the Securities Act. Notwithstanding the foregoing, except in the case of a Public Sale, no Boise Sub Holder may Transfer any Shares to any other Person then engaged, directly or indirectly, in a business that competes with any business of FPH or any of its Subsidiaries. Furthermore, no Boise Sub Holder may Transfer any Shares, except in a Public Sale, without the prior written consent of FPH (which may be withheld by FPH for any reason until the third anniversary of the closing under the Asset Purchase Agreement and may be withheld after the third anniversary in FPH's reasonable discretion). In no event shall Boise Sub, without the prior written consent of FPH, Transfer any Shares to BCC or any Subsidiary of BCC that owned, leased or licensed any assets transferred to Timber Holding Co. in connection with the transactions contemplated by the Asset Purchase Agreement. The foregoing consent rights shall not be assignable by FPH or inure to the benefit of any transferee, successor or assign of FPH, except for an Affiliate of FPH who is (or becomes) a Stockholder. Notwithstanding the foregoing and except in the case of a Public Sale, any Transfer of Shares by a Boise Sub Holder shall be null and void and Timber Holding Co. shall refuse to recognize such Transfer unless the transferee executes and delivers to each party hereto an agreement (a "Boise Sub Joinder Agreement"): (i) acknowledging that all Shares or interests in any Shares so transferred are and shall remain subject to this Agreement; and (ii) agreeing to be bound hereby. Furthermore, as a condition precedent to any Transfer of Shares by a Boise Sub Holder, BCC must certify in writing to Timber Holding Co., without qualification, that (A) each of BCC, Boise Sub and any Affiliate of BCC or Boise Sub (collectively, including Boise Cascade Office Products Corp. and OfficeMax Incorporated, the "BCC Parties") is in good standing under each agreement, arrangement or covenant to which a BCC Party is party with FPH or any of FPH's Affiliates (including, without limitation, the Asset Purchase Agreement, the BOS Paper Sales Agreement and the Additional Consideration Agreement, the "Relevant Agreements"), (B) no BCC Party has in any material respect defaulted under or breached, or is in any material respect in default under or in breach of, any Relevant Agreement and (C) each such BCC Party reaffirm its obligations under each such Relevant Agreement. Any Boise Sub Holder shall notify the other parties of any intended Transfer of Shares or interests in Shares pursuant to this Section 5.2 (other than pursuant to an Exempt Sale), giving the name and address of the intended transferee; provided, however, that no otherwise valid Transfer shall be rendered invalid solely as a result of a failure to give notice hereunder. Notwithstanding anything herein to the contrary, transferees of a Boise Sub Holder shall assume all obligations of the transferring Boise Sub Holder hereunder, but, except with respect to an Affiliate of Boise Sub, shall not be entitled to any rights of Boise Sub, a Boise Sub Holder or a Stockholder conferred by this Agreement.

5.3 Transfers by FPH Holders.

(a) Permitted Transfers. An FPH Holder may at any time, without the consent of any other Stockholder, (i) Transfer any or all of its Shares to one or more Affiliates of FPH, (ii) Transfer any or all its Shares pursuant to an Exempt Sale, or (iii) sell any or all of its Shares to any other third Person or Persons or pursuant to a Public Sale or otherwise Transfer Shares, subject to the remaining provisions of this Section 5.3. The foregoing consent right shall not be assignable by Boise Sub or inure to the benefit of any transferee, successor or assign of Boise Sub, except for an Affiliate of Boise Sub who is (or becomes) a Stockholder. Notwithstanding the foregoing and except in the case of a Public Sale or sale to directors, officers or employees of



Timber Holding Co., any Transfer of Shares by an FPH Holder shall be null and void and Timber Holding Co. shall refuse to recognize such Transfer unless the transferee executes and delivers to each party hereto an agreement (an "FPH Joinder Agreement"): (x) acknowledging that all Shares or interests in any Shares so transferred are and shall remain subject to this Agreement; and (y) agreeing to be bound hereby. Upon execution of an FPH Joinder Agreement, except as otherwise expressly provided herein and except for any right hereunder to consent to any action or proposed action (including, without limitation, any proposed Transfer of Shares), the rights of the transferring FPH Holder hereunder with respect to the Shares transferred shall be assigned to such transferee. Any FPH Holder shall notify the other parties of any intended Transfer of Shares or interests in Shares pursuant to this Section 5.3 (other than an Exempt Sale), giving the name and address of the intended transferee; provided, however, that no otherwise valid Transfer shall be rendered invalid solely as a result of a failure to give notice hereunder.

(b) Tag-Along Rights. Boise Sub and its Affiliates shall have tag-along rights as provided in this Section 5.3(b):

(i) In the event any FPH Holder desires to sell all or any part of any class or series of its Shares to a third Person (other than pursuant to an Exempt Sale), it shall provide prior written notice (the "Sale Notice") to Boise Sub setting forth in reasonable detail the terms and conditions on which the proposed sale is to be made and identifying the proposed purchaser. Boise Sub shall have the option (the "Tag-Along Option") to sell any or all of its Shares of the same class and series to the proposed purchaser on the terms and conditions set forth in such Sale Notice subject to the provisions set forth in this Section 5.3(b). Boise Sub shall exercise its Tag-Along Option by giving written notice to FPH within ten Business Days following its receipt of the Sale Notice, which notice shall specify the number of Shares of the same class and series as to which Boise Sub is exercising its Tag-Along Right. In the event that Boise Sub exercises its Tag-Along Option with respect to any Sale Notice, Boise Sub shall be entitled to sell its pro rata share (based on the number of Shares proposed to be sold by the FPH Holder and Boise Sub, respectively) of the Shares proposed to be sold by the FPH Holder in the Sale Notice, in each case on terms and conditions no less favorable than specified in the Sale Notice or otherwise applicable to the sale to such prospective purchasers by the FPH Holder. In the event that Boise Sub does not exercise its Tag-Along Option with respect to any Sale Notice, the FPH Holder shall be entitled to sell all or any part of its Shares as specified in the Sale Notice to the prospective purchaser specified in the Sale Notice on the terms and conditions set forth in the Sale Notice (subject to the provisions of the third sentence of Section 5.3(a) hereof).

(ii) Notwithstanding subsection 5.3(b)(i) above, with respect to sales by a FPH Holder of any part of any class or series of its Shares to a third Person (other than pursuant to an Exempt Sale) prior to the expiration of the six-month period beginning on the Closing Date at a per share price which does not exceed the per share price paid (excluding any interest for the carrying cost of such Share) by such FPH Holder for such Shares:



(A) Boise Sub and its Affiliates shall not have a Tag-Along Option during such six-month period for sales of Shares in the aggregate amount of $125 million ("Excluded Tag-Along Sales"); and

(B) Boise Sub shall have a Tag-Along Option on a pro-rata basis (i.e., on the same basis applicable in section 5.3(b)(i) above) with respect to such sales of Shares by FPH Holders during such six-month period in excess of the Excluded Tag Along Sales (the "Initial Period Pro-Rata Tag-Along").

The provisions of this subsection 5.3(b)(ii) shall (x) terminate upon the expiration of the six-month period beginning on the Closing Date and (y) apply only to a Transfer or proposed Transfer to any Person that is a private equity fund, investment banking fund, or Affiliate of the foregoing.

(iii) Notwithstanding anything in this Agreement to the contrary, the rights under this Section 5.3(b) shall be exclusive to Boise Sub and its Affiliates and shall not be assignable to or inure to the benefit of any transferee of Boise Sub or any successors or assigns of Boise Sub, other than Affiliates of Boise Sub.

5.4 Drag-Along Provisions.

(a) Drag-Along Sale. If a sale of all or substantially all of Timber Holding Co.'s assets determined on a consolidated basis or a sale of all or substantially all of Timber Holding Co.'s outstanding capital stock (whether by merger, recapitalization, consolidation, reorganization, combination or otherwise) to any Independent Third Party or group of Independent Third Parties (a "Sale of the Company") is approved by the Board or the holders of a majority of the Shares of Series B Common held by the FPH Holders (a "Drag-Along Sale"), each Stockholder will consent to and raise no objections against such Drag-Along Sale on the terms and subject to the conditions set forth in the remaining provisions of this Section 5.4.

(b) Drag-Along Notice. A notice regarding any Drag-Along Sale (a "Drag-Along Notice") shall be delivered within two Business Days following approval of any Drag-Along Sale by Timber Holding Co. or the FPH Holders to each Stockholder. The Drag-Along Notice shall include a copy of a bona fide offer from the intended buyer, which shall set forth the principal terms of the Drag-Along Sale, including the name and address of the intended buyer.

(c) Drag-Along Sale Obligations. In connection with any Drag-Along Sale, the Stockholders shall, and shall elect directors who shall, take all necessary or desirable actions in connection with the consummation of the Drag-Along Sale. If the Drag-Along Sale is structured as: (i) a merger or consolidation, each Stockholder shall waive any dissenters rights, appraisal rights or similar rights in connection with such merger or consolidation; (ii) a sale of stock, each Stockholder shall agree to sell all of its Shares and rights to acquire Shares on the terms and conditions so approved; or (iii) a sale or assets, each Stockholder shall vote in favor of such sale and any subsequent liquidation of Timber Holding Co. or other distribution of the proceeds therefrom. Each Stockholder shall take all necessary or desirable actions in connection with the consummation of the Drag-Along Sale reasonably requested by FPH or Timber Holding Co., and each Stockholder shall be obligated to agree on a pro rata, several (and not joint) basis



(based on the share of the aggregate proceeds paid in such Drag-Along Sale) to any indemnification obligations that the FPH Holders agree to provide in connection with such Drag-Along Sale (other than any such obligations that relate specifically to a particular holder of Shares such as indemnification with respect to representations and warranties given by a holder regarding such holder's title to and ownership of Shares).

(d) Conditions to Drag-Along Sale Obligations. The obligations of each Stockholder with respect to a Drag-Along Sale are subject to the satisfaction of the following conditions: (i) the consideration to be received by the Stockholders with respect to the Drag-Along Sale shall consist only of cash, publicly-traded securities, or a combination of cash and publicly traded Securities; (ii) if any holders of a class or series of Shares are given an option as to the form and amount of consideration to be received, each holder of such class or series of Shares that is an "accredited investor" will be given the same option; (iii) each holder of then currently exercisable rights to acquire shares of a class or series of Shares will be given an opportunity to exercise such rights prior to the consummation of the Drag-Along Sale and participate in such sale as holders of such class or series of Shares; and (iv) each Stockholder shall be entitled to receive consideration per each Share in connection with the Drag-Along Sale at least equivalent to the consideration received per each Share of the same class and series by any FPH Holder in connection with the Drag-Along Sale.

(e) Expenses. Each Stockholder will bear its pro-rata share (based on the share of the aggregate proceeds paid in such Drag-Along Sale) of the costs of any sale of Shares pursuant to a Drag-Along Sale to the extent such costs are incurred for the benefit of all holders of Series B Common and are not otherwise paid by Timber Holding Co. or the acquiring party. For purposes of this Section 5.4(e), costs incurred in exercising reasonable efforts to take all necessary actions in connection with the consummation of a Drag-Along Sale in accordance with this Section 5.4 shall be deemed to be for the benefit of all holders of Series B Common. Costs incurred by Stockholders on their own behalf will not be considered costs of the transaction hereunder.

(f) Exception to Drag-Along. Notwithstanding anything to the contrary contained in this Section 5.4, no Stockholder shall have any obligation under this Section 5.4 with respect to a Drag-Along Sale if the Drag-Along Notice with respect to the Drag-Along Sale is received by Boise Sub after the holders of Boise Sub Registrable Securities have requested a Demand Registration which Timber Holding Co. is obligated to observe pursuant to the Registration Rights Agreement and for a period thereafter ending on the date following consummation of the sale of all Shares subject to such Demand Registration unless, in the opinion of the managing underwriter for such Demand Registration, the per Share consideration payable pursuant to the Drag-Along Sale exceeds the net proceeds per Share expected to be received by selling stockholders pursuant to the Demand Registration.

5.5 Legends. A copy of this Agreement shall be filed with the Secretary of Timber Holding Co. and kept with the records of Timber Holding Co. Each of the Stockholders hereby agrees that each outstanding certificate representing Shares shall bear a conspicuous legend reading substantially as follows:



"The securities represented by this Certificate have not been registered under the Securities Act of 1933 or the applicable state and other securities laws and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred without compliance with the Securities Act of 1933 or any exemption thereunder and applicable state and other securities laws. The securities represented by this Certificate are subject to the restrictions on transfer and other provisions of a Stockholders Agreement dated as of October 29, 2004, (as amended from time to time, the "Agreement") by and among Boise Land & Timber Holdings Corp. (the "Company") and certain of its stockholders, and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred except in accordance therewith. A copy of the Agreement is on file at the principal executive offices of the Company."

## ARTICLE VI
## RIGHTS ON NEW SECURITY ISSUANCE

6.1 Preemptive Rights. Timber Holding Co. hereby grants to each Stockholder the irrevocable and exclusive first option (the "First Option") to purchase all or part of its Pro Rata Portion of any New Securities which Timber Holding Co. may, from time to time after the date of this Agreement, propose to issue and sell or otherwise transfer.

6.2 Notices With Respect to Proposed Issuance of New Securities. In the event Timber Holding Co. proposes to undertake an issuance or other transfer of New Securities, it shall give each Stockholder entitled to a First Option pursuant to this Article VI written notice (the "Company Notice") of its intention, describing in detail the type of New Securities, the price and the terms upon which Timber Holding Co. proposes to issue or otherwise transfer such New Securities. Each such Stockholder shall have 10 Business Days from the date of receipt of any such Company Notice to agree to purchase, pursuant to the exercise of the First Option, up to such Stockholder's Pro Rata Portion of each type and class and series of such New Securities (i.e., the same strips) for the price and upon the terms and conditions specified in the Company Notice by giving written notice to Timber Holding Co. and stating therein the quantity of New Securities to be purchased.

6.3 Company's Right to Complete Proposed Sale of New Securities to the Extent Preemptive Rights are Not Exercised. In the event the Stockholders fail to exercise a preemptive right with respect to any New Securities within the periods specified in Section 6.2, Timber Holding Co. shall have 90 days thereafter to sell or enter into an agreement (pursuant to which the sale of such New Securities shall be closed, if at all, within 45 days from the date of said agreement) to sell the New Securities not elected to be purchased by the Stockholders at the price and upon terms not substantially more favorable to the prospective purchasers of such securities than those specified in Company Notice. In the event that Timber Holding Co. has not sold the New Securities or entered into an agreement to sell the New Securities within said 90-day period. Timber Holding Co. shall not thereafter issue or sell or otherwise transfer such New



Securities without first offering such securities to the Stockholders in the manner provided in this Article VI.

6.4 Closing of Purchase. If a Stockholder elects to purchase up to its Pro Rata Portion of any New Securities set forth in any Company Notice, such purchase shall be consummated at such time and at such location selected by Timber Holding Co. upon reasonable advance notice. At the consummation of any purchase and sale of New Securities pursuant to this Article VI: (i) Timber Holding Co. shall issue or otherwise transfer to the electing Stockholder the certificates evidencing the New Securities being purchased, together with such other documents or instruments reasonably required by counsel for the Stockholder to consummate such purchase and sale; (ii) the Stockholder will deliver the cash consideration payable by wire transfer of immediately available funds to an account or accounts designated in writing by Timber Holding Co. (such designation to be made no later than two Business Days prior to the date of such consummation); (iii) Timber Holding Co. shall deliver to the Stockholder a written representation that the New Securities are being purchased and sold free and clear of any and all Encumbrances (other than Encumbrances under existing securities Laws and under this Agreement and the certificate of incorporation for Timber Holding Co.); and (iv) the Stockholder shall deliver to Timber Holding Co. such written investment representations as may reasonably be required by counsel to Timber Holding Co. for securities Laws purposes and all other applicable representations and warranties as other purchasers of New Securities. Notwithstanding the foregoing, any purchase of New Securities pursuant to this Article VII shall be on the same terms and conditions as set forth in the Company Notice.

## ARTICLE VII
## TERM

7.1 Term. Subject to the next sentence, unless earlier terminated by mutual agreement of Boise Sub and FPH, this Agreement shall terminate upon the earliest to occur of: (i) the complete liquidation or dissolution of Timber Holding Co. or its Subsidiaries and the payment of the proceeds of such liquidation or dissolution to Boise Sub and FPH; (ii) a Public Offering (provided that thereafter this Agreement shall nevertheless remain in full force and effect with respect to the provisions of Section 8.13 and all related definitions and provisions to the extent necessary or desirable to give effect to Section 8.13 until the Boise Sub Holders cease to hold any Series A Common or the occurrence of an event described in clauses (i), (iii), (iv), or (v) of this sentence); (iii) such date as Boise Sub and its Affiliates first hold less than 50% of the number of Shares of Series B Common that they hold on the date of the Closing; (iv) the acquisition of all or substantially all of the stock or assets of BCC or Boise Sub (whether directly or indirectly and whether by stock sale, asset sale, merger, consolidation, combination or otherwise) by a Person engaged, directly or indirectly, in a business that has more than $500 million in annual revenues in a business that competes or businesses that compete with the business of FPH and its Subsidiaries, or (v) at the election of FPH, at any time when Boise Sub or any of its permitted Affiliates own Shares, Boise Sub or such permitted Affiliate ceases to be a Subsidiary of BCC; provided, however, that in case of any termination pursuant to this Section 7.1, unless otherwise determined by FPH, this Agreement shall nevertheless remain in full force and effect with respect to the drag-along provisions set forth in Section 5.4 and all related definitions and provisions to the extent necessary or desirable to give full force and effect to Section 5.4. The rights of each of Boise Sub and FPH to terminate this Agreement by mutual



agreement and the right of FPH to terminate this Agreement with respect to the drag-along provisions of Section 5.4 are not assignable by Boise Sub or FPH, and shall not inure to the benefit of any transferee, successor or assign of Boise Sub or Boise Sub, other than to an Affiliate of such party who is (or becomes) a Stockholder, without the prior written consent of the other.

## ARTICLE VIII
## MISCELLANEOUS

8.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given if: (i) delivered in person (to the individual whose attention is specified below) or via facsimile or electronic transmission (followed immediately with a copy in the manner specified in clauses (ii) or (iii) hereof); (ii) sent by prepaid first-class registered or certified mail, return receipt requested; or (iii) sent by recognized overnight courier service, as follows:

to Boise Sub:

Kooskia Investment Corporation
c/o OfficeMax Incorporated
1111 West Jefferson Street

Boise, ID 83728
Attention: George Harad, Chairman of the Board
Facsimile: (208) 384-4912

with a copy to:

OfficeMax Incorporated
1111 West Jefferson Street
Boise, ID 83728
Attention: Matthew Broad, Vice President and General Counsel
Facsimile: (208) 384-7945

to FPH:

Forest Products Holdings, L.L.C.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056
Email: smencoff@mdcp.com
tsouleles@mdcp.com



with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

to Timber Holding Co.:

Boise Land & Timber Holdings Corp.
c/o Madison Dearborn Partners, L.L.C.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Thomas S. Souleles
Facsimile: (312) 895-1056
Email: smencoff@mdcp.com
tsouleles@mdcp.com

with a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, IL 60601
Attention: Jeffrey W. Richards, Esq.
Facsimile: (312) 861-2200
Email: jrichards@kirkland.com

to other Stockholders:

To the address which appears
on the books and records of Timber Holding Co.

or to such other address as any party hereto may, from time to time, designate in a written notice given in like manner. All notices and other communications hereunder shall be effective: (i) the day of delivery when delivered by hand, facsimile, electronic transmission or overnight courier; and (ii) three Business Days from the date deposited in the mail in the manner specified above.

8.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed: (i) in the case of an amendment, by: (A) Timber Holding Co.; (B) Stockholders holding a majority of the Shares of Series B Common held by the Boise Sub Holders; (C) Stockholders holding a majority of the Shares of Series B Common held by FPH Holders; and (D) by each of FPH and Boise Sub (in each case only so long as such Person or any of its Affiliates is a Stockholder); or (ii) in the case

of a waiver, by the party against whom the waiver is to be effective. The rights of Boise Sub and FPH to consent to an amendment to this Agreement shall not be assignable by Boise Sub or FPH and shall not inure to the benefit of any transferee, successor or assign of Boise Sub or FPH, other than to an Affiliate of such party who is a (or in connection therewith, becomes) Stockholder, without the prior written consent of the other. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.3 Assignment. Except as otherwise expressly provided herein, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

8.4 Entire Agreement. This Agreement (including the exhibits hereto) and the related Registration Rights Agreement, contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

8.5 Public Disclosure. Each of the parties hereby agrees that, except as may be required to comply with the requirements of any applicable Laws or the rules and regulations of any stock exchange upon which its securities (or the securities of one of its Affiliates) are traded, it shall not make or permit to be made any press release or similar public announcement or communication concerning the execution or performance of this Agreement unless specifically approved in advance by all parties hereto. In the event, however, that legal counsel for any party is of the opinion that a press release or similar public announcement or communication is required by Law or by the rules and regulations of any stock exchange on which such party's securities (or the securities of one of such party's Affiliates) are traded, then such party may issue a public announcement limited solely to that which legal counsel for such party advises is required under such Law or such rules and regulations (and the party making any such announcement shall provide a copy thereof to the other party for review before issuing such announcement).

8.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Timber Holding Co., Boise Sub, FPH or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

8.7 GOVERNING LAW: SUBMISSION TO JURISDICTION: SELECTION OF FORUM. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OF CONFLICTS OF LAWS. EACH PARTY HERETO AGREES THAT IT SHALL BRING ANY ACTION OR PROCEEDING IN RESPECT OF ANY CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTAINED IN OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN TORT OR CONTRACT OR AT LAW OR IN EQUITY, EXCLUSIVELY IN



ANY UNITED STATES FEDERAL COURT OR ANY STATE COURT LOCATED IN THE STATE OF ILLINOIS (THE "CHOSEN COURTS") AND: (I) IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE CHOSEN COURTS; (II) WAIVES ANY OBJECTION TO LAYING VENUE IN ANY SUCH ACTION OR PROCEEDING IN THE CHOSEN COURTS; (III) WAIVES ANY OBJECTION THAT THE CHOSEN COURTS ARE AN INCONVENIENT FORUM OR DO NOT HAVE JURISDICTION OVER ANY PARTY HERETO; AND (IV) AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY IN ANY SUCH ACTION OR PROCEEDING SHALL BE EFFECTIVE IF NOTICE IS GIVEN IN ACCORDANCE WITH SECTION 8.1 OF THIS AGREEMENT.

8.8 Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile or electronic transmission), each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

8.9 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof or thereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable: (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision; and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

8.10 Headings. The heading references and the table of contents herein are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

8.11 Equitable Relief. Each party acknowledges that money damages would be inadequate to protect against any actual or threatened breach of this Agreement by any party and that each party shall be entitled to equitable relief, including specific performance and/or injunction, without posting bond or other security in order to enforce or prevent any violations of the provisions of this Agreement.

8.12 No Partnership. This Agreement shall not constitute an appointment of any party as the agent of any other party, nor shall any party have any right or authority to assume, create or incur in any manner any obligation or other liability of any kind, express or implied, against, in the name or on behalf of, any other party. Nothing herein or in the transactions contemplated by this Agreement shall be construed as, or deemed to be, the formation of a partnership by or among the parties hereto.

8.13 Certain Consents of Boise Sub Holders.

(a) Neither Timber Holding Co. or any of its Subsidiaries shall, without the prior written consent of Boise Sub Holders then holding a majority of the outstanding Series B Common then held by all Boise Sub Holders, make any amendment of the certificate of

incorporation, articles of incorporation, by-laws or other governing documents of Timber Holding Co. or any of its Subsidiaries which would (i) treat any Boise Sub Holder disproportionately vis-a-vis any FPH Holder or (ii) place any restriction or limitation on the ability of any Boise Sub Holder to Transfer all or any portion of its Shares or reduce the consideration received or to be received by such Boise Sub Holder in connection with such Transfer.

(b) Timber Holding Co. agrees that Boise Sub will have the right to cause its Series A Common to be acquired (i) by Timber Holding Co. prior to any payments being made to FPH from the proceeds of any underwritten public offering of equity securities of Timber Holding Co. and (ii) in connection with the closing of any Sale of the Company, in each case as long as cash proceeds are available to Common Stock. The purchase price per share for Series A Common acquired pursuant to clause (i) of this Section 8.13(b) shall be equal to the Liquidation Value (as defined in Timber Holding Co.'s certificate of incorporation) thereof plus Series A Common Accumulated Dividends (as defined in Timber Holding Co.'s certificate of incorporation) plus all other accrued but unpaid dividends thereon (the "Series A Per Share Value") and the purchase price per share for Series A Common acquired pursuant to clause (ii) of this Section 8.13(b) shall be the lesser of (A) the Series A Per Share Value and (B) the aggregate amount available for distribution to holders of Common Stock of Timber Holding Co. in such Sale of the Company divided by the number of shares of Series A Common then outstanding.

(c) Timber Holding Co. shall not, without the prior written consent of Boise Sub Holders then holding a majority of the outstanding Series A Common then held by all Boise Sub Holders, pay any dividend in respect of, or make any redemption or repurchase of, any Shares of Series B Common held by any FPH Holder.

(d) Notwithstanding the foregoing, in the event Timber Holding Co. directly or indirectly transfers all or substantially all of the Timberlands at any time prior to the payment in full and termination of the senior credit facility to which Boise Cascade, L.L.C. is a party and the notes issued under the high-yield indenture to which Boise Cascade, L.L.C. is a party, then Timber Holding Co. may elect to distribute a portion of the proceeds from such sale to FPH and Boise Sub. Such a distribution may be accomplished by (A) a distribution from Timber Holdings Co. to FPH and Boise Sub, or (B) a liquidation of Timber Holding Co., and in either case the proceeds Timber Holding Co. elects to distribute shall be allocated among the Series A Common and Series B Common held by FPH and Boise Sub as a liquidating distribution pursuant to the terms of Timber Holding Co.'s certificate of incorporation.

Upon any such distribution, if there are Optional Reinvestable Proceeds, then:

(I) Boise Sub will have the option to retain an amount of proceeds equal to the lesser of (x) the aggregate Series A Per Share Value of all Series A Common held by Boise Sub (the "Series A Value") and (y) the Optional Reinvestable Proceeds (the lesser of (x) and (y), the "Series A Retainable Proceeds"), but will have the option to invest a portion of the Series A Retainable Proceeds in Series A Common Units of Operating Holding Co. in an amount equal to the lesser of the Series A Retainable Proceeds and the Optional Reinvestment Amount; and



(II) if the Series B Optional Reinvestment Amount is greater than zero, then (x) FPH will invest in Series B Common Units of Operating Holding Co. an amount equal to the Series B Optional Reinvestment Amount multiplied by a fraction, the numerator of which is the total sale proceeds distributed to FPH, and the denominator of which is the total sale proceeds distributed to FPH and Boise Sub in respect of their Series B Common; and (y) Boise Sub will invest in Series B Common Units of Operating Holding Co. (at the same price per unit as paid by FPH under clause (x) above) an amount equal to the Series B Optional Reinvestment Amount multiplied by a fraction, the numerator of which is the total sales proceeds distributed to Boise Sub in respect of its Series B Common, and the denominator of which is the total sale proceeds distributed to FPH and Boise Sub in respect of their Series B Common.

Upon any such distribution, if there is a Mandatory Reinvestment Amount, then:

(A) if the Series A Value is greater than the Optional Reinvestable Proceeds (or if there are no Optional Reinvestable Proceeds), then Boise Sub will invest in Series A Common Units of Operating Holding Co. an amount equal to the Mandatory Reinvestment Amount multiplied by a fraction, the numerator of which is the total sale proceeds distributed to Boise Sub in respect of its Series A Common (less the Series A Retainable Proceeds, if any), and the denominator of which is the total sale proceeds distributed to FPH and Boise Sub (less the Series A Retainable Proceeds, if any);

(B) FPH will invest in Series B Common Units of Operating Holding Co. an amount equal to the Mandatory Reinvestment Amount multiplied by a fraction, the numerator of which is the total sale proceeds distributed to FPH, and the denominator of which is the total sale proceeds distributed to FPH and Boise Sub (less the Series A Retainable Proceeds, if any); and

(C) Boise Sub will invest in Series B Common Units of Operating Holding Co. (at the same price per unit as paid by FPH under clause (B) above) an amount equal to the Mandatory Reinvestment Amount multiplied by a fraction, the numerator of which is the total sale proceeds distributed to Boise Sub in respect of its Series B Common, and the denominator of which is the total sale proceeds distributed to FPH and Boise Sub (less the Series A Retainable Proceeds, if any).

The "Mandatory Reinvestment Amount" shall be equal to the sum, without duplication, of: (i) if Boise Cascade L.L.C. is required under the terms of its senior credit facility to pay to its lenders any portion of the proceeds from the sale of Timberlands over and above amounts of debt otherwise repaid by Timber Holding Co. and its Subsidiaries, the amount of such excess requirement, plus (ii) any other proceeds from the sale of Timberlands distributed to FPH and Boise Sub that pursuant to the terms of the high-yield indenture to which Boise Cascade L.L.C. is a party may not be distributed to the shareholders of Timber Holding Co. without reinvestment thereof by such shareholders in Operating Holding Co.

The "Optional Reinvestable Proceeds" shall be equal to any proceeds from the sale of Timberlands distributed to FPH and Boise Sub over and above any Mandatory Reinvestment Amount; provided that the Optional Reinvestable Proceeds shall be reduced by the aggregate



federal and state income taxes payable in respect of the total sale proceeds distributed to FPH and Boise Sub.

The "Optional Reinvestment Amount" shall be equal to, if Boise Cascade L.L.C. is permitted to repurchase or redeem any notes under the terms of its high-yield indenture with any portion of the Optional Reinvestable Proceeds, the amount of such proceeds that FPH determines shall be used to repurchase or redeem such notes.

The “Series B Optional Reinvestment Amount” shall mean the lesser of (x) the excess, if any, of the Optional Reinvestable Proceeds over the Series A Value, and (y) the Optional Reinvestment Amount minus the amount, if any, elected to be invested by Boise Sub under clause (I) above.

*  *  *  *



IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the date first written above.

**KOOSKIA INVESTMENT CORPORATION**

By: /s/ J. W. Holleran
Name: J. W. Holleran
Title: President

**FOREST PRODUCTS HOLDINGS, L.L.C.**

By: Madison Dearborn Capital Partners IV, L.P.
Its: Managing Member

By: Madison Dearborn Partners IV, L.P.
Its: General Partner

By: Madison Dearborn Partners, L.L.C.
Its: General Partner

By: /s/ Thomas S. Souleles
Name: Thomas S. Souleles
Title: Managing Director

**BOISE LAND & TIMBER HOLDINGS CORP.**

By: /s/ Thomas S. Souleles
Name: Thomas S. Souleles
Title: Vice President

**OfficeMax Incorporated and Subsidiaries**
Computation of Per-Share Income (Loss)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | (thousands, except per-share amounts) | | | |
| **Basic** | | | | |
| Income before cumulative effect of accounting changes | $ 61,133 | $ 32,884 | $ 174,979 | $ 10,207 |
| Preferred dividends (a) | (3,242) | (3,191) | (9,776) | (9,744) |
| Basic income before cumulative effect of accounting changes | 57,891 | 29,693 | 165,203 | 463 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (8,803) |
| Basic income (loss) | **$ 57,891** | **$ 29,693** | **$ 165,203** | **$ (8,340)** |
| Average shares used to determine basic income (loss) per common share | **86,864** | **58,411** | **86,472** | **58,334** |
| Basic income per common share before cumulative effect of accounting changes | $ 0.67 | $ 0.51 | $ 1.91 | $ 0.01 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (0.15) |
| Basic income (loss) per common share | **$ 0.67** | **$ 0.51** | **$ 1.91** | **$ (0.14)** |
| **Diluted** | | | | |
| Basic income before cumulative effect of accounting changes | $ 57,891 | $ 29,693 | $ 165,203 | $ 463 |
| Preferred dividends eliminated | 3,242 | 3,191 | 9,776 | 9,744 |
| Supplemental ESOP contribution | (2,971) | (2,891) | (8,903) | (8,822) |
| Diluted income before cumulative effect of accounting changes | 58,162 | 29,993 | 166,076 | 1,385 |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (8,803) |
| Diluted income (loss) | **$ 58,162** | **$ 29,993** | **$ 166,076** | **$ (7,418)** |
| Average shares used to determine basic income (loss) per common share | 86,864 | 58,411 | 86,472 | 58,334 |
| Restricted stock, stock options and other | 1,982 | 956 | 1,947 | 441 |
| Series D Convertible Preferred Stock | 3,170 | 3,330 | 3,244 | 3,368 |
| Average shares used to determine diluted income (loss) per common share | **92,016** | **62,697** | **91,663** | **62,143** |
| Diluted income per common share before cumulative effect of accounting changes | **$ 0.63** | **$ 0.48** | **$ 1.81** | **$ 0.02** |
| Cumulative effect of accounting changes, net of income tax | — | — | — | (0.14) |
| Diluted income (loss) per common share (b) | **$ 0.63** | **$ 0.48** | **$ 1.81** | **$ (0.12)** |

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

(b) For the nine months ended September 30, 2003, the computation of diluted loss per common share was antidilutive; therefore, amounts reported for basic and diluted loss were the same.

**Exhibit 12.1**

**OfficeMax Incorporated and Subsidiaries**
Ratio of Earnings to Fixed Charges

| | Year Ended December 31 | | | | | Nine Months Ended September 30 | |
|---|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2003 | 2004 |
| | (thousands) | | | | | | |
| Interest costs | $ 146,124 | $ 152,322 | $ 129,917 | $ 133,762 | $ 134,930 | $ 96,524 | $ 123,826 |
| Guarantee of interest on ESOP debt | 12,856 | 10,880 | 8,732 | 6,405 | 3,976 | 3,020 | 905 |
| Interest capitalized during the period | 238 | 1,458 | 1,945 | 3,937 | 391 | 352 | 28 |
| Interest factor related to noncapitalized leases (a) | 13,065 | 13,394 | 11,729 | 11,128 | 15,974 | 8,422 | 84,900 |
| Total fixed charges | **$ 172,283** | **$ 178,054** | **$ 152,323** | **$ 155,232** | **$ 155,271** | **$ 108,318** | **$ 209,659** |
| Income (loss) before income taxes, minority interest and cumulative effect of accounting changes | $ 355,940 | $ 298,331 | $ (48,558) | $ (12,214) | $ 19,297 | $ 9,792 | $ 283,795 |
| Undistributed (earnings) losses of less than 50%- owned entities, net of distributions received | (6,115) | (2,061) | 8,039 | 2,435 | (8,695) | (4,351) | (6,291) |
| Total fixed charges | 172,283 | 178,054 | 152,323 | 155,232 | 155,271 | 108,318 | 209,659 |
| Less: Interest capitalized | (238) | (1,458) | (1,945) | (3,937) | (391) | (352) | (28) |
| Guarantee of interest on ESOP debt | (12,856) | (10,880) | (8,732) | (6,405) | (3,976) | (3,020) | (905) |
| Total earnings before fixed charges | **$ 509,014** | **$ 461,986** | **$ 101,127** | **$ 135,111** | **$ 161,506** | **$ 110,387** | **$ 486,230** |
| Ratio of earnings to fixed charges | 2.95 | 2.59 | — | — | 1.04 | 1.02 | 2.32 |
| Excess of fixed charges over earnings before fixed charges | $ — | $ — | $ 51,196 | $ 20,121 | $ — | $ — | $ — |

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

**Exhibit 12.2**

**OfficeMax Incorporated and Subsidiaries**
Ratio of Earnings to Combined Fixed Charges
and Preferred Dividend Requirements

| | Year Ended December 31 | | | | | Nine Months Ended September 30 | |
|---|---|---|---|---|---|---|---|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2003 | 2004 |
| | (thousands) | | | | | | |
| Interest costs | $ 146,124 | $ 152,322 | $ 129,917 | $ 133,762 | $ 134,930 | $ 96,524 | $ 123,826 |
| Interest capitalized during the period | 238 | 1,458 | 1,945 | 3,937 | 391 | 352 | 28 |
| Interest factor related to noncapitalized leases (a) | 13,065 | 13,394 | 11,729 | 11,128 | 15,974 | 8,422 | 84,900 |
| Total fixed charges | 159,427 | 167,174 | 143,591 | 148,827 | 151,295 | 105,298 | 208,754 |
| Preferred stock dividend requirements - pretax | 17,129 | 16,019 | 15,180 | 14,548 | 13,864 | 13,886 | 13,341 |
| Combined fixed charges and preferred dividend requirements | **$ 176,556** | **$ 183,193** | **$ 158,771** | **$ 163,375** | **$ 165,159** | **$ 119,184** | **$ 222,095** |
| Income (loss) before income taxes, minority interest and cumulative effect of accounting changes | $ 355,940 | $ 298,331 | $ (48,558) | $ (12,214) | $ 19,297 | $ 9,792 | $ 283,795 |
| Undistributed (earnings) losses of less than 50%- owned entities, net of distributions received | (6,115) | (2,061) | 8,039 | 2,435 | (8,695) | (4,351) | (6,291) |
| Total fixed charges | 159,427 | 167,174 | 143,591 | 148,827 | 151,295 | 105,298 | 208,754 |
| Less interest capitalized | (238) | (1,458) | (1,945) | (3,937) | (391) | (352) | (28) |
| Total earnings before fixed charges | **$ 509,014** | **$ 461,986** | **$ 101,127** | **$ 135,111** | **$ 161,506** | **$ 110,387** | **$ 486,230** |
| Ratio of earnings to combined fixed charges and preferred dividend requirements | 2.88 | 2.52 | — | — | — | — | 2.19 |
| Excess of combined fixed charges and preferred dividend requirements over total earnings before fixed charges | $ — | $ — | $ 57,644 | $ 28,264 | $ 3,653 | $ 8,797 | $ — |

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

**Exhibit 31.1**

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

I, Christopher C. Milliken, 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)) 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. 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

   c. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: November 9, 2004

/s/ Christopher C. Milliken
Christopher C. Milliken
Chief Executive Officer

**Exhibit 31.2**

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

I, Theodore Crumley, chief financial officer of OfficeMax Incorporated, certify that:

1. I have reviewed this 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)) 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. 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

   c. disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the period covered by this quarterly report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer 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: November 9, 2004

/s/ Theodore Crumley
Theodore Crumley
Chief Financial Officer

**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 September 30, 2004.

I, Christopher C. Milliken, 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/ Christopher C. Milliken
Christopher C. Milliken
Chief Executive Officer

I, Theodore Crumley, 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/ Theodore Crumley
Theodore Crumley
Chief Financial Officer

Dated: November 9, 2004

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.