

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

F O R M 10 - Q

(X) Quarterly Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 1997

() Transition Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the Transition Period From _____ to _____

Commission file number 1-5057

BOISE CASCADE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 82-0100960

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1111 West Jefferson Street
P.O. Box 50
Boise, Idaho 83728-0001

(Address of principal executive offices) (Zip Code)

(208) 384-6161

(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

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, 1997
Common stock, \$2.50 par value	56,224,392

PART I - FINANCIAL INFORMATION

STATEMENTS OF LOSS
BOISE CASCADE CORPORATION AND SUBSIDIARIES
(unaudited)

Item 1. Financial Statements

	Three Months Ended September 30	
	1997	1996
	(expressed in thousands, except per share data)	
Revenues		
Sales	\$1,442,340	\$1,356,370
Other income (expense), net	(370)	1,530
	<u>1,441,970</u>	<u>1,357,900</u>
Costs and expenses		
Materials, labor, and other operating expenses	1,160,960	1,119,670
Depreciation and cost of company timber harvested	60,030	61,100

Selling and administrative expenses	186,590	143,730
	<u>1,407,580</u>	<u>1,324,500</u>
Equity in net income (loss) of affiliates	(1,780)	850
Income from operations	<u>32,610</u>	<u>34,250</u>
Interest expense	(38,810)	(34,270)
Interest income	1,530	380
Foreign exchange loss	(70)	(170)
Gain on subsidiary's issuance of stock	-	430
	<u>(37,350)</u>	<u>(33,630)</u>
Income (loss) before income taxes and minority interest	(4,740)	620
Income tax provision (benefit)	(890)	70
Income (loss) before minority interest	(3,850)	550
Minority interest, net of income tax	(2,350)	(2,200)
Net loss	\$ (6,200)	\$ (1,650)
Net loss per common share		
Primary	\$ (.23)	\$ (.24)
Fully diluted	\$ (.23)	\$ (.24)
Dividends declared per common share	\$.15	\$.15

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

SEGMENT INFORMATION
BOISE CASCADE CORPORATION AND SUBSIDIARIES
(unaudited)

	Three Months Ended September 30	
	1997	1996
	(expressed in thousands)	
Segment sales		
Paper and paper products	\$ 406,062	\$ 500,046
Office products	679,877	506,694
Building products	454,140	426,177
Intersegment eliminations and other	(97,739)	(76,547)
	<u>\$1,442,340</u>	<u>\$1,356,370</u>
Segment operating income		
Paper and paper products	\$ 4,860	\$ 10,076
Office products	29,731	21,991
Building products	13,772	12,866
Equity in net income (loss) of affiliates	(1,780)	850
Corporate and other	(13,973)	(11,533)
	<u>\$ 32,610</u>	<u>\$ 34,250</u>

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

STATEMENTS OF INCOME (LOSS)
BOISE CASCADE CORPORATION AND SUBSIDIARIES
(unaudited)

	Nine Months Ended September 30	
	1997	1996
	(expressed in thousands, except per share data)	
Revenues		
Sales	\$4,048,960	\$3,845,480
Other income (expense), net	(830)	7,170
	<u>4,048,130</u>	<u>3,852,650</u>
Costs and expenses		
Materials, labor, and other operating expenses	3,309,480	3,145,020
Depreciation and cost of company timber harvested	172,050	174,160
Selling and administrative expenses	518,190	419,060
	<u>3,999,720</u>	<u>3,738,240</u>
Equity in net income (loss) of affiliates	(3,360)	2,800
	<u>45,050</u>	<u>117,210</u>
Income from operations		
	45,050	117,210
Interest expense	(98,190)	(97,720)
Interest income	5,360	1,130
Foreign exchange loss	(120)	(830)
Gain on subsidiary's issuance of stock	-	2,450
	<u>(92,950)</u>	<u>(94,970)</u>
Income (loss) before income taxes and minority interest	(47,900)	22,240
Income tax provision (benefit)	(17,720)	7,720
	<u>(30,180)</u>	<u>14,520</u>
Income (loss) before minority interest		
Minority interest, net of income tax	(7,460)	(7,610)
	<u>\$ (37,640)</u>	<u>\$ 6,910</u>
Net income (loss)		
Net loss per common share		
Primary	\$(1.25)	\$ (.47)
Fully diluted	\$(1.25)	\$ (.47)
Dividends declared per common share	\$.45	\$.45

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

SEGMENT INFORMATION
BOISE CASCADE CORPORATION AND SUBSIDIARIES
(unaudited)

	Nine Months Ended September 30	
	1997	1996
	(expressed in thousands)	
Segment sales		
Paper and paper products	\$1,162,116	\$1,462,231
Office products	1,878,218	1,428,884
Building products	1,262,832	1,185,106
Intersegment eliminations and other	(254,206)	(230,741)
	<u>\$4,048,960</u>	<u>\$3,845,480</u>
Segment operating income (loss)		
Paper and paper products	\$ (36,611)	\$ 48,294
Office products	83,101	74,547
Building products	41,755	20,132
Equity in net income (loss) of affiliates	(3,360)	2,800
Corporate and other	(39,835)	(28,563)
	<u>\$ 45,050</u>	<u>\$ 117,210</u>

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

BOISE CASCADE CORPORATION AND SUBSIDIARIES
BALANCE SHEETS
(unaudited)

ASSETS

	September 30 1997	September 30 1996	December 31 1996
(expressed in thousands)			
Current			
Cash and cash items	\$ 59,918	\$ 55,945	\$ 40,066
Short-term investments at cost, which approximates market	7,132	2,233	220,785
	67,050	58,178	260,851
Receivables, less allowances of \$9,245,000, \$5,173,000, and \$4,911,000	592,472	522,887	476,339
Inventories	565,092	581,088	540,433
Deferred income tax benefits	60,998	58,705	53,728
Other	38,155	131,393	24,053
	1,323,767	1,352,251	1,355,404
Property			
Property and equipment			
Land and land improvements	54,782	41,260	40,393
Buildings and improvements	508,291	484,701	452,578
Machinery and equipment	4,040,206	4,683,226	3,859,124
	4,603,279	5,209,187	4,352,095
Accumulated depreciation	(1,974,291)	(2,273,006)	(1,798,349)
	2,628,988	2,936,181	2,553,746
Timber, timberlands, and timber deposits	276,663	371,901	293,028
	2,905,651	3,308,082	2,846,774
Goodwill, net of amortization	440,444	221,887	262,533
Investments in equity affiliates	31,226	38,607	19,430
Other assets	229,394	223,160	226,568
Total assets	\$4,930,482	\$5,143,987	\$4,710,709

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

BOISE CASCADE CORPORATION AND SUBSIDIARIES
BALANCE SHEETS
(unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30 1997	September 30 1996	December 31 1996
	(expressed in thousands)		
Current			
Notes payable	\$ 1,200	\$ 94,300	\$ 36,700
Current portion of long-term debt	116,867	107,427	157,304
Income taxes payable	564	-	3,307
Accounts payable	474,234	424,871	427,224
Accrued liabilities			
Compensation and benefits	132,407	144,072	119,282
Interest payable	31,389	25,781	31,585
Other	173,561	147,688	157,156
	<u>930,222</u>	<u>944,139</u>	<u>932,558</u>
Debt			
Long-term debt, less current portion	1,639,718	1,734,923	1,330,011
Guarantee of ESOP debt	191,868	210,453	196,116
	<u>1,831,586</u>	<u>1,945,376</u>	<u>1,526,127</u>
Other			
Deferred income taxes	228,279	270,558	249,676
Other long-term liabilities	231,721	238,530	240,323
	<u>460,000</u>	<u>509,088</u>	<u>489,999</u>
Minority interest	<u>102,159</u>	<u>76,481</u>	<u>81,534</u>
Shareholders' equity			
Preferred stock -- no par value; 10,000,000 shares authorized; Series D ESOP: \$.01 stated value; 5,607,467; 5,976,459; and 5,904,788 shares outstanding	252,336	268,941	265,715
Deferred ESOP benefit	(191,868)	(210,453)	(196,116)
Series F: \$.01 stated value; 115,000 shares outstanding	111,043	111,043	111,043
Series G: \$.01 stated value; 862,500 shares outstanding	-	176,404	176,404
Common stock -- \$2.50 par value; 200,000,000 shares authorized; 55,947,919; 48,468,998; and 48,476,366 shares outstanding	139,870	121,172	121,191
Additional paid-in capital	407,447	230,655	230,728
Retained earnings	887,687	971,141	971,526
Total shareholders' equity	<u>1,606,515</u>	<u>1,668,903</u>	<u>1,680,491</u>
Total liabilities and shareholders' equity	<u>\$4,930,482</u>	<u>\$5,143,987</u>	<u>\$4,710,709</u>

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

BOISE CASCADE CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(unaudited)

	Nine Months Ended September 30	
	1997	1996
	(expressed in thousands)	
Cash provided by (used for) operations		
Net income (loss)	\$ (37,640)	\$ 6,910
Items in income (loss) not using (providing) cash		
Equity in net (income) loss of affiliates	3,360	(2,800)
Depreciation and cost of company timber harvested	172,050	174,160
Deferred income tax provision (benefit)	(21,438)	6,073
Minority interest, net of income tax	7,460	7,610
Amortization and other	14,967	17,202
Gain on subsidiary's issuance of stock	-	(2,450)
Receivables	(34,301)	(20,383)
Inventories	(93)	19,807
Accounts payable and accrued liabilities	24,068	(20,403)
Current and deferred income taxes	(10,309)	(57,382)
Other	(2,184)	6,381
	<u>115,940</u>	<u>134,725</u>
Cash provided by (used for) investment		
Expenditures for property and equipment	(208,841)	(481,746)
Expenditures for timber and timberlands	(4,900)	(4,471)
Investments in equity affiliates, net	(16,747)	(9,386)
Purchase of facilities	(236,820)	(153,392)
Other	(16,340)	22,136
	<u>(483,648)</u>	<u>(626,859)</u>
Cash provided by (used for) financing		
Cash dividends paid		
Common stock	(21,781)	(21,638)
Preferred stock	(27,817)	(28,378)
	<u>(49,598)</u>	<u>(50,016)</u>
Notes payable	(35,500)	77,300
Additions to long-term debt	331,000	496,498
Payments of long-term debt	(71,828)	(39,761)
Other	(167)	14,822
	<u>173,907</u>	<u>498,843</u>
Increase (decrease) in cash and short-term investments	(193,801)	6,709
Balance at beginning of the year	<u>260,851</u>	<u>51,469</u>
Balance at September 30	\$ 67,050	\$ 58,178

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

Notes to Quarterly Financial Statements

- (1) **BASIS OF PRESENTATION.** The quarterly financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These statements should be read together with the statements and the accompanying notes included in the Company's 1996 Annual Report.

The quarterly financial statements have not been audited by independent public accountants, but in the opinion of management, all adjustments necessary to present fairly the results for the periods have been included. The net income (loss) for the three and nine months ended September 30, 1997 and 1996, necessarily involved estimates and accruals. Except as may be disclosed within these "Notes to Quarterly 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.

- (2) **NET LOSS PER COMMON SHARE.** Net loss per common share was determined by dividing net loss, as adjusted, by applicable shares outstanding. For the three and nine months ended September 30, 1997 and 1996, the computation of fully diluted net loss per share was antidilutive; therefore, amounts reported for primary and fully diluted loss were the same. Due to the impact on average shares outstanding of the conversion of Series G preferred stock to common stock in July 1997, year-to-date primary and fully diluted loss per share for the nine months ended September 30, 1997, is two cents less than the amount that would be arrived at by adding together the three independently calculated quarters.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	1997	1996	1997	1996
	(expressed in thousands)			
Net income (loss)				
as reported	\$ (6,200)	\$ (1,650)	\$(37,640)	\$ 6,910
Preferred dividends	(6,249)	(9,839)	(25,546)	(29,479)
Primary and fully diluted loss	<u>\$(12,449)</u>	<u>\$(11,489)</u>	<u>\$(63,186)</u>	<u>\$(22,569)</u>
Average number of common shares outstanding	54,814	48,469	50,658	48,211
Average number of common shares if all convertible securities were dilutive				
Primary shares	55,280	55,722	55,918	55,595
Fully diluted shares	60,733	60,591	60,556	60,526

Primary and fully diluted loss includes the aggregate amount of dividends on the Company's preferred stock, if dilutive. 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.

For the three months ended September 30, 1996, and the nine months ended September 30, 1997 and 1996, primary average shares included common shares outstanding and, if dilutive, common stock equivalents attributable to stock options and Series G conversion preferred stock. For the three months ended September 30, 1996, and the nine months ended September 30, 1997 and 1996, common stock equivalents attributable to stock options and the Series G conversion preferred stock were antidilutive. Accordingly, 7,253,000 common stock equivalent shares for the three months ended September 30, 1996, and 5,260,000 and 7,384,000 common stock

equivalent shares for the nine months ended September 30, 1997 and 1996, were excluded from the average number of primary common shares. For the three months ended September 30, 1997, common stock equivalents attributable to stock options were antidilutive. Accordingly, 466,000 common stock equivalent shares were excluded from the average number of primary common shares.

In addition to common and common equivalent shares, fully diluted average shares include common shares that would be issuable upon conversion of the Company's other convertible securities, if dilutive. For the three and nine months ended September 30, 1997 and 1996, all adjustments to arrive at the average number of fully diluted common shares were antidilutive. Accordingly, 5,919,000 and 9,898,000 common equivalent and other convertible shares were excluded from the average number of fully diluted common shares for the three and nine months ended September 30, 1997. For the three and nine months ended September 30, 1996, 12,122,000 and 12,315,000 common equivalent shares and other convertible shares were excluded from the average number of fully diluted common shares.

In February 1997, the Financial Accounting Standards Board issued Statement 128, Earnings Per Share, which will be implemented in the fourth quarter of 1997. The statement will have no impact on previously reported fully diluted earnings loss per share which will be renamed diluted earnings (loss) per share. Primary earnings (loss) per share will be replaced with basic earnings (loss) per share which will not be significantly different than the previously reported primary earnings (loss) per share.

(3) INVENTORIES. Inventories include the following:

	September 30 1997	September 30 1996	December 31 1996
	(expressed in thousands)		
Finished goods and work in process	\$425,284	\$400,178	\$390,694
Logs	74,956	110,393	98,883
Other raw materials and supplies	146,830	165,622	131,631
LIFO reserve	(81,978)	(95,105)	(80,775)
	<u>\$565,092</u>	<u>\$581,088</u>	<u>\$540,433</u>

(4) INCOME TAXES. The estimated annual tax benefit rate for the first nine months of 1997 was 37%, compared with 39% used for the first six months of 1997. The estimated annual tax provision rate for the first nine months of 1996 was 39%, excluding the effect of not providing taxes related to "Gain on subsidiary's issuance of stock." The actual annual 1996 tax provision rate was 46%, excluding the effect of not providing taxes related to "Gain on subsidiary's issuance of stock." The changes in the rate were due primarily to the sensitivity of the rate to lower income levels and the mix of income sources.

(5) DEBT. On March 11, 1997, the Company signed a new revolving credit agreement with a group of banks. The new agreement allows the Company to borrow as much as \$600 million at variable interest rates based on customary indices and expires in June 2002. The revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratios, and ceiling ratios of debt to capitalization. The new agreement replaces the Company's previous \$600 million revolving credit agreement that would have expired in June 2000. At September 30, 1997, there were no borrowings under this agreement. The Company's majority-owned subsidiary, Boise Cascade Office Products Corporation ("BCOP"), signed a new revolving credit agreement with a group of banks on June 26, 1997. The new agreement allows BCOP to borrow as much as \$450 million at variable interest rates based on customary indices and expires in June 2001. The BCOP revolving credit facility contains customary restrictive financial and other covenants, including a negative pledge and covenants specifying a minimum fixed charge coverage ratio and a maximum leverage ratio. BCOP may, subject to the covenants

contained in the credit agreement and to market conditions, raise additional funds through the agreement and through other external debt or equity financings in the future. The new agreement replaces BCOP's previous \$350 million revolving credit agreement. Borrowings under BCOP's agreement were \$360 million at September 30, 1997. Also at September 30, 1997, BCOP had \$1.2 million of short-term borrowings outstanding. The maximum amount of short-term borrowings outstanding during the three and nine months ended September 30, 1997, was \$77.4 million. The average amount of short-term borrowings outstanding during the three and nine months ended September 30, 1997, were \$43.4 million and \$39.8 million. The average interest rate for these borrowings was 5.8% for both periods.

- (6) BOISE CASCADE OFFICE PRODUCTS CORPORATION. During the first nine months of 1997, BCOP, the Company's majority-owned subsidiary, completed seven acquisitions, and during the first nine months of 1996, BCOP completed nine acquisitions, all of which were accounted for under the purchase method of accounting. Accordingly, the purchase prices were allocated to the assets acquired and liabilities assumed based upon their estimated fair values. The initial purchase price allocations may be adjusted within one year of the date of purchase for changes in estimates of the fair values of assets and liabilities. Such adjustments are not expected to be significant to results of operations or the financial position of the Company. The excess of the purchase price over the estimated fair value of the net assets acquired was recorded as goodwill and is being amortized over 40 years. The results of operations of the acquired businesses are included in BCOP's operations subsequent to the dates of acquisition.

On January 31, 1997, BCOP acquired the stock of the contract stationer business of The Office Stop, based in Butte, Montana. On February 28, 1997, BCOP acquired the assets of the contract stationer business of Florida Ribbon and Carbon, based in Jacksonville, Florida. On April 17, 1997, BCOP acquired the assets of the contract stationer business of Winterbulk Business Supplies, Ltd., based in Bolton, England. On April 30, 1997, BCOP acquired the assets of the computer consumables business of TDI, based in Raleigh-Durham, North Carolina. On May 30, 1997, BCOP acquired the assets of the computer consumables business of Carlyle Computer Products, Ltd., based in Winnipeg, Manitoba, Canada. On May 31, 1997, BCOP acquired the assets of the promotional products business of OstermanAPI, Inc., based in Maumee, Ohio. In conjunction with the acquisition of Osterman, BCOP formed a majority-owned subsidiary, Boise Marketing Services, Inc. ("BMSI"), of which BCOP owns 88%. BCOP's previously acquired promotional products company, OWNCO, also became part of BMSI. In January 1997, BCOP also completed a joint venture with Otto Versand, of which BCOP owns 50%, to direct market office products in Europe, initially in Germany. These transactions, including the joint venture with Otto and the formation of the majority-owned promotional products subsidiary, were completed for cash of \$99.7 million, \$2.9 million of BCOP common stock, and the recording of \$14.2 million of acquisition liabilities.

On July 7, 1997, BCOP acquired 100% of the shares of Jean-Paul Guisset S.A. ("JPG"), a French corporation. JPG is a direct marketer of office products in France. The negotiated purchase price was FF850.0 million (US\$144.0 million) plus a price supplement payable in the year 2000, if certain earnings and sales growth targets are reached. No liability has been recorded for the price supplement as the amount of payment, if any, is not assured beyond a reasonable doubt. Approximately FF128.5 million (US\$20.5 million) was repatriated to BCOP from JPG during the third quarter of 1997. In addition to the cash paid, BCOP recorded \$5.8 million of acquisition liabilities and assumed \$10.1 million of long-term debt. The acquisition was funded by cash flow from operations and borrowings under BCOP's revolving credit agreement.

On February 5, 1996, BCOP completed the acquisition of 100% of the shares of Grand & Toy Limited ("Grand & Toy") from Cara Operations Limited (Toronto). On January 31,

February 9, March 29, April 26, May 31, July 1, and July 31, 1996, BCOP acquired businesses in New Mexico, Maine, Vermont, Wisconsin, Washington, Michigan, Australia, and Oklahoma City. These businesses were acquired for cash of \$145.1 million, \$1.7 million of BCOP's common stock, and the recording of \$20.6 million of acquisition liabilities.

Unaudited pro forma results of operations for the Company reflecting the acquisitions would have been as follows. If the 1997 acquisitions had occurred on January 1, 1997, sales for the first nine months of 1997 would have increased by \$100 million, net loss would have increased \$0.9 million, and primary and fully diluted loss per share would have increased \$.02. If the 1997 and 1996 acquisitions had occurred on January 1, 1996, sales for the first nine months of 1996 would have increased by \$300 million, net loss would have increased \$0.7 million and primary and fully diluted loss per share would have increased \$.01. This unaudited pro forma financial information does not necessarily represent the actual results of operations that would have occurred if the acquisitions had taken place on the dates assumed.

On September 25, 1997, BCOP issued 2,250,000 shares of unregistered common stock, all of which was purchased by the Company. The transaction was completed at a price of \$21.5495 per share, for a total of \$48,486,375. The proceeds from the transaction were used to reduce BCOP's outstanding short-term borrowings. At September 30, 1997, the Company owned 53,398,724 shares, or 81.4%, of BCOP's outstanding common stock.

- (7) SHAREHOLDERS' EQUITY. The Company has a shareholder rights plan which was adopted in December 1988, amended in September 1990, and renewed in September 1997. The Renewed Rights Agreement becomes operative upon the expiration of the existing Rights Agreement. Details are set forth in the Renewed Rights Agreement filed as an exhibit to this Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Three Months Ended September 30, 1997, Compared With Three Months Ended September 30, 1996

Boise Cascade Corporation's net loss for the third quarter of 1997 was \$6.2 million, compared with a net loss of \$1.7 million for the third quarter of 1996. Primary loss and fully diluted loss per common share for the third quarter of 1997 were 23 cents. For the same quarter in 1996, primary loss and fully diluted loss per common share were 24 cents. Sales for the third quarters of 1997 and 1996 were \$1.4 billion.

The Company's paper and paper products segment reported operating income of \$4.9 million in the third quarter of 1997, compared with operating income of \$10.1 million in the third quarter of 1996. Sales fell 19% to \$406.1 million in the third quarter of 1997 from \$500.0 million in the third quarter of 1996. The decline in results was partially caused by lower average prices for nearly all of the Company's paper grades. Uncoated free sheet prices declined 4%, containerboard prices declined 5%, newsprint prices declined 2%, and pulp prices increased 2%. Additionally, sales volumes for the third quarter of 1997 declined to 627,000 tons, compared with 729,000 tons in the third quarter of 1996. This decrease is primarily the result of the sale of the Company's coated paper publication business on November 1, 1996. This business contributed 131,000 tons of sales volume, \$103 million of sales, and \$7.5 million of operating income in the third quarter of 1996. The decrease in volume from the sale of the coated publication business was partially offset by approximately 59,000 sales tons from the Company's new 330,000-ton-per-year uncoated free sheet machine in Jackson, Alabama, which started up in late April 1997.

Paper segment manufacturing costs per ton in the third quarter of 1997 were 5% lower than in the comparison quarter. This excludes manufacturing costs associated with the sold coated paper publication business. The decrease from quarter to quarter was due primarily to lower fixed costs.

Operating income in the office products segment in the third quarter of 1997 was \$29.7 million, compared to \$22.0 million in the third quarter 1996. Net sales in the third quarter of 1997 increased 34% to \$679.9 million, compared with \$506.7 million in the third quarter of 1996. The growth in sales resulted primarily from acquisitions, new account development, and product line extensions. Third quarter 1997 sales growth was constrained due to the United Parcel Service ("UPS") strike, particularly in BCOP's domestic direct marketing channel. Same-location sales increased 15% in the third quarter of 1997, compared with sales in the third quarter of 1996. Gross margins were 25.1% in the third quarter of 1997, compared to 25.2% in the year-ago third quarter. The decrease in the third quarter of 1997 was primarily because of competitive pressures on gross profit.

Building products operating income increased to \$13.8 million in the third quarter of 1997, compared to \$12.9 million in the third quarter of 1996. Results for the quarter just ended were stronger than those of a year ago, largely because of improved prices for lumber. Relative to the year-ago quarter, average prices for lumber increased 6%. Sales for the building products segment were \$454.1 million in the third quarter of 1997, up 7% compared with the \$426.2 million reported in the third quarter of 1996. Unit sales volumes for products in this segment were generally improved, relative to those of a year ago. Plywood unit sales volume increased 4%, lumber was up 5%, particleboard was flat, laminated veneer lumber was up 33%, and I-joists were flat. In the engineered wood products business, total net sales dollars increased 10%, compared with last year. For the third

quarter of 1997 and 1996, building materials distribution sales were \$209 million.

In the third quarter of 1997, the Company's 47% joint venture in Barwick, Ontario, Canada, sold 63,000,000 square feet of oriented strand board. The Company operates the facility and markets the product. The Company accounts for this investment on the equity method.

Interest expense was \$38.8 million in the third quarter of 1997, compared with \$34.3 million in the same period last year. Capitalized interest in the third quarter of 1997 was \$212,000, compared to \$4.9 million in the third quarter of 1996. With the start-up of the expansion of the Jackson pulp and paper mill in April 1997, the amount of interest capitalized has decreased significantly. The Company's debt is predominately fixed rate. Consequently, we experience only modest changes in interest expense when market interest rates change.

Nine Months Ended September 30, 1997, Compared With Nine Months Ended September 30, 1996

The Company had a net loss of \$37.6 million for the first nine months of 1997, compared with net income of \$6.9 million for the first nine months of 1996. Primary loss and fully diluted loss per common share for the first nine months of 1997 were \$1.25, compared to 47 cents for the first nine months of the prior year. Sales for the first nine months of 1997 were \$4.0 billion, compared with sales of \$3.8 billion for the same period in 1996.

The Company's paper and paper products segment had an operating loss of \$36.6 million for the first nine months of 1997, compared with income of \$48.3 million in the same period of the prior year. Sales decreased 21% to \$1.2 billion for the nine months ended September 30, 1997, compared with sales of \$1.5 billion in the same period of last year. The decline was primarily caused by lower paper prices. Average prices for all of the Company's paper grades declined during the first nine months of 1997, compared with a year ago. Uncoated free sheet prices declined 12%, containerboard prices declined 19%, newsprint prices declined 21%, and pulp prices declined 1%. Sales volumes for the first nine months of 1997 were 1,882,000 tons. This compares to 1,987,000 tons in 1996. This decrease is primarily the result of the sale of the Company's coated paper publication business on November 1, 1996. This business contributed 321,000 tons of sales volume, \$279 million of sales, and \$30.7 million of operating income in the first nine months of 1996. The decrease in volume from the sale of the coated publication business was partially offset by approximately 104,000 sales tons from the Company's new 330,000-ton-per-year uncoated free sheet machine in Jackson, Alabama, which started up in late April 1997. Additionally, in 1996, the Company took approximately 104,000 tons of market-related downtime.

Paper segment manufacturing costs per ton for the first nine months of 1997 were 5% lower than in the comparison period. This excludes manufacturing costs associated with the sold coated paper publication business in 1996. The decrease is primarily due to lower fiber costs and lower fixed costs.

Office products segment income for the first nine months of 1997 was \$83.1 million, compared with \$74.5 million in 1996. Segment sales were up 31% in 1997 to \$1.9 billion, compared to \$1.4 billion in 1996. Same-location sales increased 14% year to year. Gross margins were 25.0% and 26.2% for the first nine months of 1997 and 1996. Sales growth in technology-related products and competitive pressures on gross profits contributed to the lower gross profit level in the first nine months of 1997.

Operating income for the Company's building products segment was \$41.8 million in 1997, compared to \$20.1 million in 1996. The increase was largely because of rising plywood and lumber prices. Plywood prices were up 4% from the prior year, while lumber prices were up 17%. Segment sales increased 7% to \$1.3 billion in the first nine months of 1997, compared to \$1.2 billion in the first nine months of 1996. Compared to the prior year, plywood sales volumes were down 3%, lumber sales volumes were down 4%, particleboard volumes were flat, laminated veneer lumber sales volumes were up 24%, and I-joists sales volumes were up 5%. In

the engineered wood products business, total net sales dollars increased 13%, compared with the prior year. Building materials distribution sales were up 7%. The increase in sales resulted primarily from the addition of three new distribution centers in 1996 and one distribution center that started up in 1997.

In the second quarter of 1997, the Company's 47% owned joint venture in Barwick, Ontario, Canada, started up a new oriented strand board facility. The facility had sold 76,000,000 square feet of oriented strand board by the end of the third quarter. The Company operates the facility and markets the product. The Company accounts for this investment on the equity method.

Interest expense was \$98.2 million for the first nine months of 1997, compared with \$97.7 million in the same period last year. Capitalized interest was \$10.4 million in 1997, compared with \$12.1 million in 1996. With the start-up of the expansion of the Jackson pulp and paper mill in April 1997, the amount of interest capitalized will decrease significantly.

Total long- and short-term debt outstanding was \$1.9 billion at September 30, 1997, compared with \$1.7 billion at December 31, 1996.

Financial Condition

At September 30, 1997, the Company had working capital of \$393.5 million. Working capital was \$408.1 million at September 30, 1996, and \$422.8 million at December 31, 1996. Cash provided by operations was \$115.9 million for the first nine months of 1997, compared with \$134.7 million for the same period in 1996.

On March 11, 1997, the Company signed a new revolving credit agreement with a group of banks. The new agreement allows the Company to borrow as much as \$600 million at variable interest rates based on customary indices and expires in June 2002. The Company's revolving credit agreement contains financial covenants relating to minimum net worth, minimum interest coverage ratios, and ceiling ratios of debt to capitalization. The payment of dividends by the Company is dependent upon the existence of and the amount of net worth in excess of the defined minimum under this agreement. The new agreement replaces the Company's previous \$600 million revolving credit agreement that would have expired in June 2000. At September 30, 1997, there were no borrowings under the new agreement.

On June 26, 1997, BCOP signed a new revolving credit agreement with a group of banks. The new agreement allows BCOP to borrow as much as \$450 million at variable interest rates based on customary indices and expires in June 2001. As of September 30, 1997, borrowings under the agreement totaled \$360 million. The BCOP revolving credit facility contains customary restrictive financial and other covenants, including a negative pledge and covenants specifying a minimum fixed charge coverage ratio and a maximum leverage ratio. BCOP may, subject to the covenants contained in the credit agreement and to market conditions, raise additional funds through the agreement and through other external debt or equity financings in the future. This agreement replaced BCOP's \$350 million revolving credit agreement. Also at September 30, 1997, BCOP had \$1.2 million of short-term borrowings outstanding. The maximum amount of short-term borrowings outstanding during the three and nine months ended September 30, 1997, was \$77.4 million. The average amount of short-term borrowings outstanding during the three and nine months ended September 30, 1997, were \$43.4 million and \$39.8 million. The average interest rate for these borrowings was 5.8% for both periods.

At September 30, 1997, the Company and BCOP met all of the financial covenants related to their debt.

Capital expenditures for the first nine months of 1997 and 1996 were \$490.3 million and \$662.6 million. Capital expenditures for the year ended December 31, 1996, were \$832.2 million. The decrease in capital expenditures is primarily due to nearing completion of the Jackson pulp and paper mill expansion offset, in part, by higher acquisition spending by BCOP.

An expanded discussion and analysis of financial condition is presented on pages 18 and 19 of the Company's 1996 Annual Report

under the captions "Financial Condition" and "Capital Investment."

Market Conditions

The Company's paper business should continue to improve in the fourth quarter. Paper markets have strengthened over the last several months, and operating rates for the Company's key grades are high. In addition, the start-up of the Company's Jackson paper machine, which is well underway, should reinforce a positive swing in paper segment performance as the facility continues to exit from the market pulp business and produces more uncoated free sheet paper.

BCOP should likewise record stronger fourth-quarter results as sales continue to grow and margins for copy paper and other products improve. The building products business, however, faces a potentially more difficult operating environment as building products markets encounter downward seasonal pressure.

Year 2000 Computer Issue

Many computer systems in use today were designed and developed using two digits, rather than four, to specify the year. As a result, such systems will recognize the year 2000 as "00." This could cause many computer applications to fail completely or to create erroneous results unless corrective measures are taken.

The Company utilizes software and related computer technologies that will be affected by this issue. The Company is currently implementing, or has plans to implement, several computer system replacements or upgrades before the year 2000. These new computer systems will be year 2000 compliant. The Company is studying what actions will be necessary to make its remaining computer systems compliant. The expense associated with these actions has not been determined.

New Accounting Standard

In February 1997, the Financial Accounting Standards Board issued Statement 128, Earnings Per Share, which will be implemented in the fourth quarter of 1997. The statement will have no impact on previously reported fully diluted earnings (loss) per share which will be renamed diluted earnings (loss) per share. Primary earnings (loss) per share will be replaced with basic earnings (loss) per share which will not be significantly different than the previously reported primary earnings (loss) per share.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to the Company's annual report on Form 10-K for the year ended December 31, 1996, and to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 1997, for information concerning legal proceedings.

As reported in the Company's 1996 Form 10-K, on March 12, 1996, a lawsuit purporting to be a nationwide class action was filed against the Company in the Fourth Judicial District Court, Ada County, Idaho. This lawsuit alleged, among other allegations, that hardboard siding manufactured by the Company, which was used as exterior cladding for buildings, was inherently defective. In September 1997, the Company settled this action for \$31,000, resolving the claims of the four individual plaintiffs. The entire action was dismissed by the District Court, and no class was ever certified.

The Company is involved in other litigation and administrative proceedings arising in the normal course of its business. In the opinion of management, the Company's recovery, if any, or the Company's liability, if any, under any pending litigation or administrative proceeding, including that described in the preceding paragraphs, would not materially affect its financial condition or operations.

Item 2. Changes in Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

The payment of dividends by the Company is dependent upon the existence of and the amount of net worth in excess of the defined minimum under the Company's revolving credit agreement. At September 30, 1997, there were no borrowings under the agreement.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

On September 25, 1997, the Company renewed its shareholder rights plan by entering into a Renewed Rights Agreement with First Chicago Trust Company of New York. The Renewed Rights Agreement will take effect and the Company will distribute new Rights upon expiration of the existing rights plan.

The Renewed Rights Agreement contains terms substantially similar to the terms of the existing rights plan. For example, each full Right, if it becomes exercisable, will entitle the holder to purchase one share of Common Stock at a purchase price of \$175 per share, subject to adjustment. In addition, upon the occurrence of certain events, and upon payment of the then-current purchase price, the Rights may "flip in" and entitle holders to buy Common Stock or "flip over" and entitle holders to buy Common Stock in an acquiring entity in such amount that the market value is equal to twice the purchase price.

A copy of the entire Renewed Rights Agreement has been attached as Exhibit 4.2 and is incorporated by reference. The foregoing summary and description of the Renewed Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the Exhibits.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.

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

(b) Reports on Form 8-K.

No reports on Form 8-K were filed during the quarter ended September 30, 1997.

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.

BOISE CASCADE CORPORATION

As Duly Authorized Officer and
Chief Accounting Officer:

/s/Tom E. Carlile
Tom E. Carlile
Vice President and
Controller

Date: November 12, 1997

BOISE CASCADE CORPORATION
INDEX TO EXHIBITS
Filed With the Quarterly Report on Form 10-Q
for the Quarter Ended September 30, 1997

Number	Description	Page Number
4.1(1)	Form of First Amendment to 1997 Revolving Credit Agreement dated as of September 25, 1997	
4.2(2)	Renewed Rights Agreement dated as of September 25, 1997	
11	Computation of Per Share Earnings	
12	Ratio of Earnings to Fixed Charges	
27	Financial Data Schedule	

- (1) The 1997 Revolving Credit Agreement was filed as Exhibit 4.2 in the Company's 1996 Annual Report on Form 10-K and is incorporated by reference.
- (2) The Renewed Rights Agreement becomes operative upon the expiration of the existing Rights Agreement.

EXHIBIT 4.1
FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (the "Amendment"), dated as of September 25, 1997, is entered into by and among BOISE CASCADE CORPORATION (the "Company"), BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as administrative agent for itself and the Banks (the "Agent"), THE CHASE MANHATTAN BANK, as Syndication Agent, NATIONAL WESTMINSTER BANK PLC as Documentation Agent, and the several financial institutions party to the Credit Agreement (collectively, the "Banks").

RECITALS

A. The Company, Banks, and Agent are parties to a 1997 Revolving Credit Agreement dated as of March 11, 1997 (the "Credit Agreement") pursuant to which the Banks have extended certain credit facilities to the Company.

B. The Company has requested that the Banks agree to certain amendments of the Credit Agreement.

C. The Banks are willing to amend the Credit Agreement, subject to the terms and conditions of this Amendment.

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

(1) Defined Terms. Unless otherwise defined herein, capitalized terms used herein shall have the meanings, if any, assigned to them in the Credit Agreement.

(2) Amendments to Credit Agreement. Section 5.07 of the Credit Agreement shall be amended to read as follows:

"SECTION 5.07. Use of Proceeds. The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds, directly or indirectly, (i) for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying Margin Stock or repaying or otherwise refinancing indebtedness of the Company or others incurred to purchase or carry Margin Stock, or (ii) to extend credit for the purpose of purchasing or carrying any Margin Stock, in either case in violation of Regulation G, T, U, or X of the Federal Reserve Board."

(3) Representations and Warranties. The Company hereby represents and warrants to the Agent and the Banks as follows:

(a) No Event of Default as defined in the Credit Agreement has occurred and is continuing.

(b) The execution, delivery and performance by the Company of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, notice to or action by, any Person (including any Governmental Authority) in order to be effective and enforceable. The Credit Agreement as amended by this Amendment constitutes the legal, valid and binding obligations of the Company, enforceable against it in accordance with its respective terms, without defense, counterclaim or offset.

(c) All representations and warranties of the Company contained in the Credit Agreement are true and correct.

(d) The Company is entering into this Amendment on the basis of its own investigation and for its own reasons, without reliance upon the Agent and the Banks or any other Person.

(4) Effective Date. This Amendment will become effective as of September 25, 1997 (the "Effective Date"), provided that each of the following conditions precedent is satisfied:

(a) The Agent has received from the Company and each of the Majority Banks a duly executed original (or, if elected by the Agent, an executed facsimile copy) of this Amendment.

(b) The Agent has received from the Company a copy of

a resolution passed by the board of directors of such corporation, certified by the Secretary or an Assistant Secretary of such corporation as being in full force and effect on the date hereof, authorizing the execution, delivery and performance of this Amendment.

(5) Reservation of Rights. The Company acknowledges and agrees that the execution and delivery by the Agent and the Banks of this Amendment shall not be deemed to create a course of dealing or otherwise obligate the Agent or the Banks to forbear or execute similar amendments under the same or similar circumstances in the future.

(6) Miscellaneous.

(a) Except as herein expressly amended, all terms, covenants and provisions of the Credit Agreement are and shall remain in full force and effect and all references therein to such Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment. This Amendment shall be deemed incorporated into, and a part of, the Credit Agreement.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns. No third party beneficiaries are intended in connection with this Amendment.

(c) This Amendment shall be governed by and construed in accordance with the law of the State of New York.

(d) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by any party thereto either in the form of an executed original or an executed original sent by facsimile transmission to be followed promptly by mailing of a hard copy original, and that receipt by the Agent of a facsimile transmitted document purportedly bearing the signature of a Bank or the Company shall bind such Bank or the Company, respectively, with the same force and effect as the delivery of a hard copy original. Any failure by the Agent to receive the hard copy executed original of such document shall not diminish the binding effect of receipt of the facsimile transmitted executed original of such document of the party whose hard copy page was not received by the Agent.

(e) This Amendment, together with the Credit Agreement, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto. This Amendment may not be amended except in accordance with the provisions of Section 9.07 of the Credit Agreement.

(f) If any term or provision of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affecting the remaining provisions of this Amendment or the Credit Agreement, respectively.

(g) The Company covenants to pay to or reimburse the Agent and the Banks, upon demand, for all costs and expenses (including allocated costs of in-house counsel) incurred in connection with the development, preparation, negotiation, execution and delivery of this Amendment, including without limitation appraisal, audit, search and filing fees incurred in connection therewith.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first above written

BOISE CASCADE CORPORATION

By:
Title:

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS
ASSOCIATION, as Agent, as a
Bank, and as a Swingline Bank

By:
Title:
Managing Director

THE CHASE MANHATTAN BANK, as
Syndication Agent, as a Bank,
and as a Swingline Bank

By:
Title:

NATIONAL WESTMINSTER BANK
PLC, as Documentation Agent,
and as a Bank

By:
Title:

WACHOVIA BANK OF GEORGIA,
N.A.

By:
Title:

ABN AMRO BANK N.V., SEATTLE
BRANCH

By:
Title:

By:
Title:

BANK OF MONTREAL

By:
Title:

CIBC INC.

By:
Title:

WELLS FARGO BANK N.A.

By:
Title:

CREDIT SUISSE FIRST BOSTON

By:
Title:

FIRST BANK NATIONAL
ASSOCIATION

By:
Title:

FIRST SECURITY BANK, N.A.

By:
Title:

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LTD.

By:
Title:

CREDIT LYONNAIS NEW YORK
BRANCH

By:
Title:

THE INDUSTRIAL BANK OF JAPAN,
LIMITED, LOS ANGELES AGENCY

By:
Title:

THE BANK OF NEW YORK

By:
Title:

MELLON BANK, N.A.

By:
Title:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By:
Title:

NATIONSBANK OF NORTH
CAROLINA, N.A.

By:
Title:

THE NORTHERN TRUST COMPANY

By:
Title:

ROYAL BANK OF CANADA

By:
Title:

SOCIETE GENERALE

By:

Title:

U.S. BANK OF IDAHO

By:
Title:

THE SANWA BANK LIMITED, LOS
ANGELES BRANCH

By:
Title:

By:
Title:

TORONTO DOMINION (TEXAS),
INC.

By:
Title:

UNION BANK OF SWITZERLAND,
NEW YORK BRANCH

By:
Title:

By:
Title:

and

FIRST CHICAGO TRUST COMPANY OF NEW YORK

Rights Agent

Renewed Rights Agreement

Dated as of September 25, 1997

RENEWED RIGHTS AGREEMENT

RENEWED RIGHTS AGREEMENT dated as of September 25, 1997 (the "Agreement") between BOISE CASCADE CORPORATION, a Delaware corporation (the "Company"), and First Chicago Trust Company of New York, a New York corporation, as rights agent.

W I T N E S S E T H

WHEREAS, on December 13, 1988, the Board of Directors of the Company authorized and declared a dividend distribution of one 1988 Right (as hereinafter defined) for each share of common stock, par value \$2.50 per share, of the Company outstanding at the close of business on December 23, 1988 (the "1988 Record Date"), and authorized the issuance of one 1988 Right for each share of common stock, par value \$2.50 per share, of the Company issued between the 1988 Record Date (whether originally issued or delivered from the Company's treasury) and the Distribution Date (as defined in the Rights Agreement, dated as of December 23, 1988 (the "1988 Agreement"), between the Company and the Rights Agent), each 1988 Right initially representing the right to purchase one share of Common Stock of the Company, upon the terms and subject to the conditions set forth in the 1988 Agreement (the "1988 Rights");

WHEREAS, on September 25, 1990, the Board of Directors, in accordance with Section 26 of the 1988 Agreement, determined it desirable and in the best interests of the Company and its stockholders for the Company to supplement and amend certain provisions of the 1988 Agreement and to implement such supplements and amendments by executing an amendment and restatement of the 1988 Rights Agreement (the 1988 Agreement, as so amended and restated as of September 25, 1990, being referred to herein as the "1990 Agreement");

WHEREAS, on September 25, 1997, the Board of Directors determined it desirable and in the best interests of the Company and its stockholders for the Company to renew the 1990 Agreement and to implement such renewal by executing this Agreement; and

WHEREAS, on September 25, 1997 (the "Rights Dividend Declaration Date"), the Board of Directors of the Company authorized and declared a dividend distribution of one Right for each share of Common Stock of the Company outstanding upon the "Expiration Date" under the 1990 Agreement (the "Record Date"), and authorized the issuance of one Right (as such number may hereafter be adjusted pursuant to the provisions of Section 11(i) or 11(p) hereof) for each share of Common Stock of the Company issued between the Record Date (whether originally issued or delivered from the Company's treasury) and the Distribution Date (as defined herein), and under certain circumstances thereafter, each Right initially representing the right to purchase one share of Common Stock of the Company, upon the terms and subject to the conditions hereinafter set forth (the "Rights");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree

as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meanings indicated:

(a) "Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 15% or more of the Voting Stock (as hereinafter defined) then outstanding, but shall not include an Exempt Person (as hereinafter defined).

(b) "Act" shall mean the Securities Act of 1933, as amended.

(c) "Adjustment Shares" shall have the meaning set forth in Section 11(a)(ii) hereof.

(d) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act (as defined herein).

(e) "Agreement" means this Renewed Rights Agreement as originally executed or as it may from time to time be supplemented, amended, renewed or extended pursuant to the applicable provisions hereof.

(f) A Person shall be deemed the "Beneficial Owner" of and shall be deemed to "beneficially own" any securities:

(i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange or (B) securities issuable upon exercise of Rights at any time prior to the occurrence of a Triggering Event (as hereinafter defined) or (C) securities issuable upon exercise of Rights from and after the occurrence of a Triggering Event which are Original Rights (as hereinafter defined) or securities issued pursuant to Section 11(i) or Section 11(p) hereof in connection with an adjustment made with respect to any Original Rights;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the "Beneficial Owner" of or to "beneficially own" any security under this subparagraph (ii) as a result of an agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding: (A) arises solely from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, (B) is not also then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report) and (C) does not constitute a trust, proxy, power of attorney or other device with the purpose or effect of allowing two or more persons, acting in concert, to avoid being deemed "beneficial owners" of such security or otherwise avoid the status of "Acquiring Person" under the terms of this Agreement or as part of a plan or scheme to evade the reporting requirements under Schedule 13D or Sections 13(d) or 13(g) of the Exchange Act; or

(iii) which are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or

Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing), for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to subparagraph (ii) of this paragraph (f)) or disposing of any voting securities of the Company; provided, however, that nothing in this paragraph (f) shall cause a Person engaged in business as an underwriter of securities to be deemed the "Beneficial Owner" of or to be deemed to "beneficially own" any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

(g) "Board" means the Board of Directors of the Company.

(h) "Business Day" shall mean any day other than a Saturday, Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(i) "Close of Business" on any given date shall mean 5:00 P.M., New York City time, on such date; provided, however, that if such date is not a Business Day, it shall mean 5:00 P.M., New York City time, on the next succeeding Business Day.

(j) "Common Stock" when used in reference to the Company shall mean the common stock, par value \$2.50 per share, of the Company or any other shares of capital stock of the Company into which such stock shall be reclassified or changed. "Common Stock" when used with reference to any Person which shall be organized in corporate form, other than the Company, shall mean (i) the capital stock or other equity interest with the greatest voting power, (ii) the equity securities or other equity interest having power to control or direct the management of such Person or (iii) if such Person is a Subsidiary of another Person, the Person or Persons which ultimately control such first-mentioned Person and which has issued any such outstanding capital stock, equity securities or equity interest. "Common Stock" when used with reference to any Person which shall not be organized in corporate form shall mean units of beneficial interest which (x) shall represent the right to participate generally in the profits and losses of such Person (including, without limitation, any flow-through tax benefits resulting from an ownership interest in such Person) and (y) are entitled to exercise the greatest voting power of such Person or, in the case of a limited partnership, have the power to rename the general partner or partners.

(k) "Common Stock Equivalents" shall have the meaning set forth in Section 11(a)(iii) hereof.

(l) "Company" shall mean Boise Cascade Corporation until a successor corporation or entity shall have become such, or until a Principal Party shall assume, and thereafter be liable for, all obligations and duties of the Company hereunder pursuant to the applicable provisions of this Agreement, and thereafter "Company" shall mean such successor or Principal Party.

(m) "Current Market Price" shall have the meaning set forth in Section 11(d) hereof.

(n) "Current Value" shall have the meaning set forth in Section 11(a)(iii) hereof.

(o) "Distribution Date" shall have the meaning set forth in Section 3(a) hereof.

(p) "Equivalent Common Stock" shall have the meaning set forth in Section 11(b) hereof.

(q) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(r) "Exempt Person" shall mean (i) the Company, (ii) any Subsidiary of the Company, (iii) any employee benefit or employee stock plan of the Company or of any Subsidiary of the Company, (iv) any Person or entity organized, appointed,

established or holding Voting Stock of the Company by, for or pursuant to the terms of any such employee benefit or employee stock plan, (v) any Person who, together with its Affiliates and Associates, becomes the Beneficial Owner of 15% or more of the Voting Stock then outstanding solely as a result of a reduction in the number of shares of Voting Stock outstanding due to the repurchase of shares of Voting Stock by the Company, unless and until such time as such Person shall purchase or otherwise become (as a result of actions taken by such Person or its Affiliates or Associates) the Beneficial Owner of additional shares of Voting Stock constituting 1% or more of the then outstanding Voting Stock of the Company, or (vi) any such Person who has reported or is required to report ownership of 15% or more of the Voting Stock of the Company (but less than 20%) on Schedule 13G under the Securities and Exchange Act of 1934, as amended and in effect on the date of the Agreement (the "Exchange Act"), (or any comparable or successor report) or on Schedule 13D under the Exchange Act (or any comparable or successor report) which Schedule 13D does not state any intention to or reserve the right to control or influence the management or policies of the Company or engage in any of the actions specified in Item 4 of such schedule (other than the disposition of the Voting Stock) and, within 10 Business Days of being requested by the Company to advise it regarding the same, certifies to the Company that such Person acquired shares of Voting Stock in excess of 14.9% inadvertently or without knowledge of the terms of the Rights and who, together with all Affiliates and Associates, thereafter does not acquire additional shares of Voting Stock while the Beneficial Owner of 15% or more of the shares of Voting Stock then outstanding; provided, however, that if the Person requested to so certify fails to do so within 10 Business Days, then such Person shall become an Acquiring Person immediately after such 10-Business-Day period.

(s) "Expiration Date" shall have the meaning set forth in Section 7(a) hereof.

(t) "Final Expiration Date" shall mean the Close of Business on December 13, 2008.

(u) "Original Rights" shall mean Rights acquired by such Person or any of such Person's Affiliates or Associates prior to the Distribution Date or pursuant to Section 3(a) or Section 22 hereof.

(v) "Person" shall mean any individual, firm, corporation, partnership, trust or other entity and includes, without limitation, an unincorporated group of persons who, by formal or informal agreement, whether or not in writing, have embarked on a common purpose or act.

(w) "Principal Party" shall have the meaning set forth in Section 13(b) hereof.

(aa) "Purchase Price" shall have the meaning set forth in Section 4(a) hereof.

(bb) "Record Date" shall have the meaning set forth in the fourth WHEREAS clause at the beginning of the Agreement.

(cc) "Redemption Price" shall have the meaning set forth in Section 23(a) hereof.

(dd) "Rights" shall have the meaning set forth in the fourth WHEREAS clause at the beginning of the Agreement.

(ee) "Rights Agent" shall mean First Chicago Trust Company of New York until a successor Rights Agent shall have become such pursuant to the applicable provisions hereof, and thereafter "Rights Agent" shall mean such successor Rights Agent. If at any time there is more than one Person appointed by the Company as Rights Agent pursuant to the applicable provisions of this Agreement, "Rights Agent" shall mean and include each such Person.

(ff) "Rights Certificates" shall have the meaning set forth in Section 3(a) hereof.

(gg) "Rights Dividend Declaration Date" shall mean September 25, 1997.

(hh) "Section 11(a)(ii) Event" shall mean any event described in Section 11(a)(ii) hereof.

(ii) "Section 11(a)(ii) Trigger Date" shall have the meaning set forth in Section 11(a)(iii) hereof.

(jj) "Section 13 Event" shall mean any event described in clauses (x), (y) or (z) of Section 13(a) hereof.

(kk) "Spread" shall have the meaning set forth in Section 11(a)(iii) hereof.

(ll) "Stock Acquisition Date" shall mean the first date of public announcement by the Company that an Acquiring Person has become such.

(mm) "Subsidiary" shall mean, with reference to any Person, any corporation or other entity of which securities or other ownership interest having ordinary voting power sufficient, in the absence of contingencies, to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly beneficially owned, or otherwise controlled, by such Person and any Affiliate of such Person.

(nn) "Substitution Period" shall have the meaning set forth in Section 11(a)(iii) hereof.

(oo) "Trading Day" shall mean a day on which the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading is open for the transaction of business or, if the shares of Common Stock are not listed or admitted to trading on any national securities exchange, a Business Day.

(pp) "Triggering Event" shall mean any Section 11(a)(ii) Event or any Section 13 Event.

(qq) "Voting Stock" shall mean all capital stock of the Company authorized to be issued from time to time under the Certificate of Incorporation of the Company which by its terms may be voted on all matters submitted to stockholders of the Company generally.

Section 2. Appointment of Rights Agent. The Company has appointed the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 hereof, shall prior to the Distribution Date also be the holders of the Common Stock of the Company) in accordance with the terms and conditions hereof, and the Rights Agent has accepted such appointment. The Company may from time to time act as Co-Rights Agent or appoint such Co-Rights Agents as it may deem necessary or desirable. Any actions which may be taken by and any deliveries which are to be made to the Rights Agent pursuant to the terms of this Agreement may be taken by and may be delivered to any such Co-Rights Agent. To the extent that any Co-Rights Agent takes any action pursuant to this Agreement, such Co-Rights Agent shall be entitled to all of the rights and protections, and subject to all of the applicable duties and obligations imposed upon the Rights Agent pursuant to the terms of this Agreement.

Section 3. Issue of Rights Certificates.

(a) Until the earlier of (i) the Close of Business on the tenth Business Day (or such specified or unspecified later date as may be determined by the Board before the occurrence of a Distribution Date) after the Stock Acquisition Date (or, if the tenth Business Day after the Stock Acquisition Date occurs before the Record Date, the Close of Business on the Record Date) or (ii) the Close of Business on the tenth Business Day (or such specified or unspecified later date as may be determined by the Board before the occurrence of a Distribution Date) after the date that a tender or exchange offer by any Person (other than an Exempt Person) is first published or sent or given within the meaning of Rule 14d-2(a) of the General Rules and Regulations under the Exchange Act, if upon consummation thereof, such Person would be the Beneficial Owner of 15% or more of the Voting Stock then outstanding (the earlier of (i) and (ii) being herein referred to as the "Distribution Date"), (x) the Rights will be evidenced (subject to the

provisions of paragraphs (b) and (c) of this Section 3) by the certificates for the Common Stock of the Company registered in the names of the holders of the Common Stock of the Company whether or not bearing the legend set forth in Section 3(c) hereof (which certificates for Common Stock of the Company shall be deemed also to be certificates for Rights) and not by separate certificates and (y) the Rights will be transferable only in connection with the transfer of the underlying shares of Common Stock of the Company (including a transfer to the Company). As soon as practicable after the Distribution Date, the Rights Agent will send by first-class, insured postage prepaid mail, to each record holder of the Common Stock of the Company as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, one or more rights certificates, in substantially the form of Exhibit A hereto (the "Rights Certificates"), evidencing one Right for each share of Common Stock of the Company so held, subject to adjustment as provided herein. At the time of distribution of the Rights Certificates, the Company may make the necessary and appropriate rounding adjustments (in accordance with Section 14(a) hereof) so that Rights Certificates representing only whole numbers of Rights are distributed and cash is paid in lieu of any fractional Rights. As of and after the Distribution Date, the Rights will be evidenced solely by such Rights Certificates.

(b) The Company will make available, as promptly as practicable following the Record Date, a copy of a Summary of Rights, in substantially the form attached hereto as Exhibit B (the "Summary of Rights") to any holder of Rights who may so request from time to time prior to the Expiration Date. With respect to certificates for the Common Stock of the Company outstanding as of the Record Date, as set forth in paragraph (a) above, until the earlier of the Distribution Date or the Expiration Date, the Rights will be evidenced by such certificates for the Common Stock of the Company whether or not bearing the legend set forth in Section 3(c) hereof and the registered holders of the Common Stock of the Company shall also be the registered holders of the associated Rights. Until the earlier of the Distribution Date or the Expiration Date, the transfer of any certificates representing shares of Common Stock of the Company in respect of which Rights have been issued shall also constitute the transfer of the Rights associated with such shares of Common Stock of the Company.

(c) Rights shall be issued in respect of all shares of Common Stock of the Company which are issued (whether originally issued or from the Company's treasury) after the Record Date but prior to the earlier of the Distribution Date or the Expiration Date, and to the extent provided in Section 22 hereof, in respect of shares of Common Stock of the Company issued after the Distribution Date and prior to the Expiration Date. Certificates representing such shares of Common Stock of the Company shall also be deemed to be certificates for Rights and shall, as promptly as possible following the Record Date, bear the following legend:

This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Renewed Rights Agreement between Boise Cascade Corporation (the "Company") and First Chicago Trust Company of New York (the "Rights Agent") dated as of September 25, 1997, as the same may be amended, restated, renewed or extended from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal offices of the Company. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this certificate. The Company will mail to the holder of this certificate a copy of the Rights Agreement, as in effect on the date of mailing, without charge promptly after receipt of a written request therefor. Under certain circumstances set forth in the Rights Agreement, Rights beneficially owned (as such term is defined in the Rights Agreement) by any Person who is, was or becomes an Acquiring Person or any Affiliate or Associate thereof (as such terms are defined in the Rights Agreement), whether currently held by or on behalf of such Person or by any subsequent holder, may become null and void. The Rights shall not be

exercisable, and shall be void so long as held, by a holder in any jurisdiction where the requisite qualification to the issuance to such holder, or the exercise by such holder, of the Rights in such jurisdiction shall not have been obtained or be obtainable.

In addition to the provisions of Section 3(b) above, with respect to such certificates containing the foregoing legend, and certificates containing the legends specified in the 1988 Agreement and the 1990 Agreement and with respect to previously issued certificates that contain no comparable legend, until the earlier of (i) the Distribution Date or (ii) the Expiration Date, the Rights associated with the Common Stock of the Company represented by such certificates shall be evidenced by such certificates alone, registered holders of Common Stock of the Company shall also be the registered holders of the associated Rights, and the transfer of any of such certificates shall also constitute the transfer of the Rights associated with the Common Stock of the Company represented by such certificates.

Section 4. Form of Rights Certificates.

(a) The Rights Certificates (and the forms of election to purchase, the forms of assignment and the accompanying certificates to be printed on the reverse thereof) shall each be substantially in the form set forth in Exhibit A hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Rights may from time to time be listed, or to conform to usage. Subject to the provisions of Section 11 and Section 22 hereof, the Rights Certificates, whenever distributed, shall be dated as of the Record Date and on their face shall entitle the holders thereof to purchase such number of shares of Common Stock as shall be set forth therein at the exercise price set forth therein (such exercise price per share, as adjusted from time to time hereunder, the "Purchase Price"), but the amount and type of securities purchasable upon the exercise of each Right and the Purchase Price thereof shall be subject to adjustment as provided herein.

(b) Any Rights Certificate issued pursuant to Section 3(a) or Section 22 hereof that represents Rights beneficially owned by: (i) an Acquiring Person or any Associate or Affiliate of an Acquiring Person, (ii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after the Acquiring Person becomes such, or (iii) a transferee of an Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with the Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from the Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom such Acquiring Person has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a transfer which the Board has determined is part of a plan, arrangement or understanding which has as a primary purpose or effect avoidance of Section 7(e) hereof, and any Rights Certificate issued pursuant to Section 6 or Section 11 hereof upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain (to the extent feasible) the following legend:

The Rights represented by this Rights Certificate are or were beneficially owned by a Person who was or became an Acquiring Person or an Affiliate or Associate of an Acquiring Person (as such terms are defined in the Renewed Rights Agreement). Accordingly, this Rights Certificate and the Rights represented hereby may become null and void in the circumstances specified in Section 7(e) of such Agreement.

Section 5. Countersignature and Registration.

(a) The Rights Certificates shall be executed on behalf of the Company by its Chairman of the Board, its President or any Vice President, either manually or by facsimile signature.

The Rights Certificates shall be countersigned by the Rights Agent and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Rights Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Rights Certificates, nevertheless, may be countersigned by the Rights Agent, and issued and delivered by the Company with the same force and effect as though the person who signed such Rights Certificates had not ceased to be such officer of the Company; and any Rights Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Rights Certificate, shall be a proper officer of the Company to sign such Rights Certificate, although at the date of the execution of this Rights Agreement any such person was not such an officer.

(b) Following the Distribution Date, the Rights Agent will keep or cause to be kept, at its principal office or offices designated as the appropriate place for surrender of Rights Certificates upon exercise or transfer, books for registration and transfer of the Rights Certificates issued hereunder. Such books shall show the names and addresses of the respective holders of the Rights Certificates, the number of Rights evidenced on its face by each of the Rights Certificates, the certificate number of each of the Rights Certificates and the date of each of the Rights Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Rights Certificates; Mutilated, Destroyed, Lost or Stolen Rights Certificates.

(a) Subject to the provisions of Section 4(b), Section 7(e) and Section 14 hereof, at any time after the Close of Business on the Distribution Date, and at or prior to the Close of Business on the Expiration Date, any Rights Certificate or Rights Certificates may be transferred, split up, combined or exchanged for another Rights Certificate or Rights Certificates, entitling the registered holder to purchase a like number of shares of Common Stock (or, following a Triggering Event, Common Stock, other securities, cash or other assets, as the case may be) as the Rights Certificate or Rights Certificates surrendered then entitled such holder (or former holder in the case of a transfer) to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Rights Certificate or Rights Certificates shall make such request in writing delivered to the Rights Agent, and shall surrender the Rights Certificate or Rights Certificates to be transferred, split up, combined or exchanged at the principal office or offices of the Rights Agent designated for such purpose. Neither the Rights Agent nor the Company shall be obligated to take any action whatsoever with respect to the transfer or exchange of any such surrendered Rights Certificate or Rights Certificates until the registered holder shall have completed and signed the certificate contained in the form of assignment on the reverse side of such Rights Certificate or Rights Certificates and shall have provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request. Thereupon, the Rights Agent shall, subject to Section 4(b), Section 7(e) and Section 14 hereof, countersign and deliver to the Person entitled thereto a Rights Certificate or Rights Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Rights Certificates.

(b) Upon receipt by the Company or the Rights Agent of evidence reasonably satisfactory to either of them of the loss, theft, destruction or mutilation of a valid Rights Certificate, and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to either of them and reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Rights Certificate if mutilated, the Company will execute and deliver a new Rights Certificate of like tenor to the Rights Agent for countersignature and delivery to the registered owner in lieu of the Rights Certificate so lost, stolen, destroyed or mutilated.

Section 7. Exercise of Rights; Purchase Price;

Expiration Date of Rights.

(a) Subject to Section 7(e) hereof, the registered holder of any Rights Certificate may exercise the Rights evidenced thereby (except as otherwise provided herein including, without limitation, the restrictions on exercisability set forth in Section 9(c), Section 11(a)(iii) and Section 23(a) hereof) in whole or in part at any time after the Distribution Date upon surrender of the Rights Certificate, with the form of election to purchase and the certificate on the reverse side thereof duly executed, to the Rights Agent at the principal office or offices of the Rights Agent designated for such purpose, together with payment of the aggregate Purchase Price with respect to the total number of shares of Common Stock (or other securities, cash or other assets, as the case may be) as to which such surrendered Rights are then exercisable, at or prior to the earliest of (i) the Final Expiration Date, (ii) the time at which the Rights are redeemed as provided in Section 23 hereof and (iii) the time at which the Rights expire pursuant to Section 13(d) hereof (the earliest of (i), (ii) and (iii) being herein referred to as the "Expiration Date").

(b) The Purchase Price for each share of Common Stock pursuant to the exercise of a Right shall initially be \$175, and shall be subject to adjustment from time to time as provided in Sections 11 and 13(a) hereof and shall be payable in accordance with paragraph (c) below.

(c) Upon receipt of a Rights Certificate representing exercisable Rights, with the form of election to purchase and the certificate on the reverse side of the Rights Certificate duly executed, accompanied by payment, with respect to each Right so exercised, of the Purchase Price, as such amount may be reduced pursuant to Section 11(a)(ii) hereof, per share of Common Stock (or other shares, securities, cash or other assets, as the case may be) to be purchased as set forth below and an amount equal to any applicable transfer tax, the Rights Agent shall, subject to Sections 7(f) and 20(k) hereof, thereupon promptly (i)(A) requisition from any transfer agent of the shares of Common Stock (or make available, if the Rights Agent is the transfer agent for such shares) certificates for the total number of shares of Common Stock to be purchased and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, or (B) if the Company shall have elected to deposit the total number of shares of Common Stock issuable upon exercise of the Rights hereunder with a depository agent, requisition from the depository agent depository receipts representing such number of shares of Common Stock as are to be purchased (in which case certificates for the shares of Common Stock represented by such receipts shall be deposited by the transfer agent with the depository agent) and the Company will direct the depository agent to comply with such request, (ii) requisition from the Company the amount of cash, if any, to be paid in lieu of fractional shares in accordance with Section 14 hereof, (iii) after receipt of such certificates or depository receipts, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder, and (iv) after receipt thereof, deliver such cash, if any, to or upon the order of the registered holder of such Rights Certificate. The payment of the Purchase Price (as such amount may be reduced pursuant to Section 11(a)(iii) hereof) shall be made in cash or by certified check, cashiers check or bank draft payable to the order of the Company. In the event that the Company is obligated to issue other securities (including Common Stock) of the Company, pay cash and/or distribute other assets pursuant to Section 11(a) hereof, the Company will make all arrangements necessary so that such other securities, cash and/or other property are available for distribution by the Rights Agent, if and when appropriate. The Company reserves the right to require prior to the occurrence of a Triggering Event that, upon any exercise of Rights, a number of Rights be exercised so that only whole shares of Common Stock would be issued.

(d) In case the registered holder of any Rights Certificate shall exercise less than all the Rights evidenced thereby, a new Rights Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent and delivered to, or upon the order of, the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder, subject to the

provisions of Section 14 hereof.

(e) Notwithstanding anything in this Agreement to the contrary, from and after the first occurrence of a Section 11(a)(ii) Event, any Rights beneficially owned by (i) an Acquiring Person or an Associate or Affiliate of an Acquiring Person which the Board in its sole discretion determines is or was involved in or caused or facilitated, directly or indirectly, such Section 11(a)(ii) Event, (ii) a transferee of any such Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after such Acquiring Person becomes such, or (iii) a transferee of any such Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee prior to or concurrently with such Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from such Acquiring Person to holders of equity interests in such Acquiring Person or to any Person with whom such Acquiring Person has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a transfer which the Board has determined is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 7(e), shall become null and void without any further action, and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to ensure that the provisions of this Section 7(e) and Section 4(b) hereof are complied with, but the Company and the Rights Agent shall have no liability to any holder of Rights Certificates or other Person as a result of the Company's failure to make any determinations with respect to an Acquiring Person or any of its Affiliates, Associates or transferees hereunder.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder of any Rights Certificate upon the occurrence of any purported assignment or exercise as set forth in this Section 7 unless such registered holder shall have (i) completed and signed the certificate contained in the form of assignment or election to purchase set forth on the reverse side of the Rights Certificate surrendered for such assignment or exercise, and (ii) provided such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Rights Certificates. All Rights Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or any of its agents, be delivered to the Rights Agent for cancellation or in cancelled form, or, if surrendered to the Rights Agent, shall be cancelled by it, and no Rights Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Rights Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all cancelled Rights Certificates to the Company, or shall, at the written request of the Company, destroy such cancelled Rights Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

Section 9. Reservation and Availability of Capital Stock.

(a) The Company covenants and agrees that following the later of (i) the Distribution Date and (ii) the termination of any period during which the exercisability of the Rights are suspended, it will cause to be reserved and kept available out of its authorized and unissued shares of Common Stock or other securities (or out of its authorized and issued shares held in its treasury), the number of shares of Common Stock or other securities that, as provided in this Agreement (including Section 11(a)(iii) hereof), will be sufficient to permit the exercise in full of all outstanding Rights.

(b) Following the later of (i) the Distribution Date and (ii) the termination of any period during which the exercisability of the Rights is suspended, and for so long as the shares of Common Stock or other securities issuable and

deliverable upon the exercise of the Rights may be listed on any national securities exchange, the Company shall use its reasonable efforts to cause, from and after such time as the Rights become exercisable, all shares reserved for such issuance to be listed on such exchange upon official notice of issuance upon such exercise.

(c) The Company shall use all reasonable efforts to (i) file, as soon as practicable following the earliest date after the first occurrence of a Triggering Event in which the consideration to be delivered by the Company upon exercise of the Rights has been determined in accordance with this Agreement, or as soon as required by law following the Distribution Date, as the case may be, a registration statement under the Act with respect to the securities purchasable upon exercise of the Rights on an appropriate form, (ii) cause such registration statement to become effective as soon as practicable after such filing, and (iii) cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities and (B) the Expiration Date. The Company will also take such action as may be appropriate under, or to ensure compliance with, the securities or "blue sky" laws of the various states in connection with the exercisability of the Rights. The Company may, acting by resolution of the Board temporarily suspend, for a period of time not to exceed ninety days after the date set forth in clause (i) of the first sentence of this Section 9(c), the exercisability of the Rights in order to prepare and file such registration statement and permit it to become effective. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, and shall issue a public announcement at such time as the suspension is no longer in effect. In addition, if the Company shall determine that a registration statement is required in other circumstances following the Distribution Date, the Company may similarly temporarily suspend the exercisability of the Rights until such time as a registration statement has been declared effective. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction if the requisite qualification in such jurisdiction shall not have been obtained, the exercise thereof shall not otherwise be permitted under applicable law or a registration statement shall not have been declared effective.

(d) The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Common Stock (and, following the occurrence of a Triggering Event other securities) delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Purchase Price), be duly and validly authorized and issued and fully paid and nonassessable.

(e) The Company further covenants and agrees that, except as set forth in Section 6(a) hereof, it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Rights Certificates and of any certificates for a number of shares of Common Stock (or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Rights Certificates to a Person other than, or the issuance or delivery of a number of shares of Common Stock (or other securities, as the case may be) in respect of a name other than that of, the registered holder of the Rights Certificates evidencing Rights surrendered for exercise, nor shall the Company be required to issue or deliver any certificates for a number of shares of Common Stock (or other securities, as the case may be) in a name other than that of the registered holder upon the exercise of any Rights until such tax shall have been paid (any such tax being payable by the holder of such Rights Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

Section 10. Common Stock Record Date. Each person in whose name any certificate for shares of Common Stock (or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of such shares of Common Stock (or other securities, as

the case may be) represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered and payment of the Purchase Price (and all applicable transfer taxes) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Stock (or other securities, as the case may be) transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares (fractional or otherwise) on, and such certificate shall be dated, the next succeeding Business Day on which the Common Stock (or other securities, as the case may be) transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a Rights Certificate, as such, shall not be entitled to any rights of a stockholder of the Company with respect to shares for which the Rights shall be exercisable, including, without limitation, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights, and shall not be entitled to receive any notice of any proceedings of the Company, except as provided herein.

Section 11. Adjustment of Purchase Price, Number and Kind of Shares or Number of Rights. The Purchase Price, the number and kind of shares, or fractions thereof, purchasable upon the exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Common Stock payable in shares of Common Stock, (B) subdivide or split the outstanding Common Stock, (C) combine or consolidate the outstanding Common Stock into a smaller number of shares or (D) issue any shares of its capital stock in a reclassification of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a) and Section 7(e) hereof, the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, split, combination, consolidation or reclassification, and the number and kind of shares of Common Stock (or other capital stock, as the case may be) issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive, upon payment of the Purchase Price then in effect, the aggregate number and kind of shares of Common Stock or capital stock, as the case may be, which, if such Right had been exercised immediately prior to such date and at a time when the Common Stock (or other capital stock, as the case may be) transfer books of the Company were open, the holder of such Right would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, split, combination, consolidation or reclassification. If an event occurs which would require an adjustment under both this Section 11(a)(i) and Section 11(a)(ii) hereof, the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to, Section 11(a)(ii) hereof.

(ii) In the event (a "Section 11(a)(ii) Event") that any Person (other than an Exempt Person), alone or together with its Affiliates and Associates, shall, at any time after the Rights Dividend Declaration Date, become an Acquiring Person, unless the event causing such Person to become an Acquiring Person is (A) a Section 13 Event or (B) an acquisition of shares of Common Stock of the Company pursuant to a tender offer or an exchange offer for all outstanding shares of Common Stock of the Company determined by at least a majority of the members of the Board, which majority shall include a majority of the members of the Board who are not officers of the Company and who are not representatives, nominees, Affiliates or Associates of an Acquiring Person, after receiving advice from one or more investment banking firms, to be (1) at a price which is fair to the Company's stockholders and not inadequate (taking into account all factors which such members of the Board deem relevant including, without limitation, prices which could reasonably be achieved if the Company or its assets were sold on an orderly basis designed to realize maximum value) and (2) otherwise in the best interests of the Company and its stockholders (a "Qualified Offer"), then,

promptly after the date of occurrence of a Section 11(a)(ii) Event, proper provision shall be made so that each holder of a Right (except as provided below and in Section 7(e) hereof) shall thereafter have the right to receive, upon exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of shares of Common Stock of the Company as shall equal the result obtained by (x) multiplying the then current Purchase Price by the then number of shares of Common Stock for which a Right was exercisable immediately prior to the first occurrence of a Section 11(a)(ii) Event (whether or not such Right was then exercisable) and (y) dividing that product (which, following such first occurrence, shall thereafter be referred to as the "Purchase Price" for each Right and for all purposes of this Agreement) by 50% of the Current Market Price per share of Common Stock of the Company on the date of such first occurrence (such number of shares, the "Adjustment Shares").

(iii) In lieu of issuing only shares of Common Stock of the Company in accordance with Section 11(a)(ii) hereof, the Company, acting by resolution of the Board, may, and in the event that the number of shares of Common Stock of the Company which are authorized by the Company's Certificate of Incorporation but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights is not sufficient to permit the exercise in full of the Rights in accordance with the foregoing subparagraph (ii) of this Section 11(a), the Company, acting by resolution of the Board, shall (A) determine the excess of (1) the value of the Adjustment Shares issuable upon the exercise of a Right (the "Current Value") over (2) the Purchase Price attributable to each Right (such excess, the "Spread") and (B) with respect to each Right (subject to Section 7(e) hereof), make adequate provision to substitute for all or a portion of the Adjustment Shares, upon payment of the applicable Purchase Price, (1) cash, (2) a reduction in the Purchase Price, (3) equity securities of the Company other than Common Stock of the Company (including, without limitation, shares, or units of shares, of preferred stock which the Board which, when added to any shares of Common Stock issued upon such exercise, has deemed to have the same value as shares of Common Stock of the Company (such shares of preferred stock, "Common Stock Equivalents")), (4) debt securities of the Company, (5) other assets or (6) any combination of the foregoing which, when added to any shares of Common Stock issued upon such exercise, has an aggregate value equal to the Current Value, where such aggregate value has been determined by the Board based upon the advice of a nationally recognized investment banking firm selected by the Board; provided, however, if the Company shall not have made adequate provision to deliver value pursuant to clause (B) above within thirty days following the later of (x) the first occurrence of a Section 11(a)(ii) Event and (y) the date on which the Company's right of redemption pursuant to Section 23(a) hereof, as such date may be amended pursuant to Section 26 hereof, expires (the later of (x) and (y) being referred to herein as the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, upon the surrender for exercise of a Right and without requiring payment of the Purchase Price, shares of Common Stock of the Company (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If the Board shall determine in good faith that it is likely that sufficient additional shares of Common Stock of the Company could be authorized for issuance upon exercise in full of the Rights, the thirty day period set forth above may be extended to the extent necessary, but not more than ninety days following the Section 11(a)(ii) Trigger Date, in order that the Company may seek stockholder approval for the authorization of such additional shares (such period, as it may be extended, the "Substitution Period"). To the extent that the Company determines that some action need be taken pursuant to the first and/or second sentences of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 7(e) hereof, that such action shall apply uniformly to all outstanding Rights and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such

first sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended, as well as a public announcement at such time as the suspension is no longer in effect. For purposes of this Section 11(a)(iii), the value of the Common Stock of the Company shall be the Current Market Price per share of the Common Stock of the Company on the Section 11(a)(ii) Trigger Date and the value of any Common Stock Equivalent shall be deemed to have the same value as the Common Stock of the Company on such date.

(b) In case the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Common Stock entitling them to subscribe for or purchase (for a period expiring within forty-five calendar days after such record date) Common Stock (or shares having the same rights, privileges and preferences as the shares of Common Stock ("Equivalent Common Stock")) or securities convertible into Common Stock or Equivalent Common Stock at a price per share of Common Stock or per share of Equivalent Common Stock (or having a conversion price per share, if a security convertible into Common Stock or Equivalent Common Stock) less than the Current Market Price per share of Common Stock on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on such record date, plus the number of shares of Common Stock and/or Equivalent Common Stock which the aggregate subscription or purchase price of the total number of shares of Common Stock and/or Equivalent Common Stock so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Current Market Price, and the denominator of which shall be the number of shares of Common Stock outstanding on such record date, plus the number of additional shares of Common Stock and/or Equivalent Common Stock to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid by delivery of consideration part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes. Shares of Common Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, the Purchase Price shall be adjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) In case the Company shall fix a record date for a distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing or surviving corporation) of evidences of indebtedness, cash (other than a regular periodic cash dividend out of the earnings or retained earnings of the Company), assets (other than a dividend payable in Common Stock, but including any dividend payable in stock other than Common Stock) or subscription rights or warrants (excluding those referred to in Section 11(b) hereof), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Current Market Price per share of Common Stock on such record date, less the fair market value (as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable to a share of Common Stock and the denominator of which shall be such Current Market Price per share of Common Stock. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such distribution is not so made, the Purchase Price shall be adjusted to be the Purchase Price which would have been in effect if such record date had not been fixed.

(d) For the purpose of any computation hereunder,

other than computations made pursuant to Section 11(a)(iii) hereof, the Current Market Price per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the thirty consecutive Trading Days immediately prior to such date, and for purposes of computations made pursuant to Section 11(a)(iii) hereof, the Current Market Price per share of Common Stock on any date shall be deemed to be the average of the daily closing prices per share of such Common Stock for the ten consecutive Trading Days immediately following such date; provided, however, that in the event that the Current Market Price per share of the Common Stock is determined during a period following the announcement by the issuer of such Common Stock of (A) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities convertible into shares of such Common Stock (other than the Rights) or (B) any subdivision, combination, consolidation, reverse stock split or reclassification of such Common Stock, and prior to the expiration of the requisite thirty Trading Day or ten Trading Day period, as set forth above, after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, combination, consolidation, reverse stock split or reclassification, then, and in each such case, the Current Market Price shall be properly adjusted to take into account ex-dividend trading. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of Common Stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system or by the Nasdaq National Market with respect to securities listed or admitted to trading on another national securities exchange or quoted by the Nasdaq National Market, respectively, or, if the shares of Common Stock are not listed or admitted to trading on any national securities exchange or quoted by the Nasdaq National Market, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The Nasdaq Stock Market or such other quotation system then in use, or, if on any such date the shares of Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board. If on any such date the Common Stock is not publicly held or not so listed, traded or quoted, and no market maker is making a market in the Common Stock, Current Market Price per share shall mean the fair value per share as determined in good faith by the Board, whose determination shall be described in a statement filed with the Rights Agent and shall be conclusive for all purposes.

(e) Anything herein to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth of a share of Common Stock or other share, as the case may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment or (ii) the Expiration Date.

(f) If as a result of an adjustment made pursuant to Section 11(a)(ii) or Section 13(a) hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock other than Common Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof (or the number of Rights) shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Sections 11(a), (b), (c), (e), (g), (h), (i), (j), (k), (l) and (m), and the provisions of Sections 7, 9, 10, 13 and 14 hereof with respect to the Common Stock shall apply on like terms to any such other shares provided, however, that the Company shall not be liable for its inability to reserve and keep available for issuance upon

exercise of the Rights pursuant to Section 11(a)(ii) a number of shares of Common Stock of the Company greater than the number then authorized by the Certificate of Incorporation of the Company but not outstanding or reserved for any other purpose.

(g) All Rights originally issued by the Company subsequent to any adjustment made to the Purchase Price hereunder shall evidence the right to purchase, at the adjusted Purchase Price, the number of shares of Common Stock purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Sections 11(b) and (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of shares of Common Stock (calculated to the nearest ten-thousandth of a share) obtained by (i) multiplying (x) the number of shares covered by a Right immediately prior to this adjustment by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the Purchase Price to adjust the number of Rights, in lieu of any adjustment in the number of shares of Common Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of shares of Common Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Purchase Price in effect immediately prior to adjustment of the Purchase Price by the Purchase Price in effect immediately after adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least ten days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date Rights Certificates evidencing, subject to Section 14 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment and upon surrender thereof, if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein (and may bear, at the option of the Company, the adjusted Purchase Price) and shall be registered in the names of the holders of record of Rights Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of shares of Common Stock issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Rights Certificates issued hereunder.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the then stated value, if any, of the number of shares of Common Stock issuable upon exercise of the Rights, the Company shall use reasonable efforts to take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue, fully paid and nonassessable, such number of shares of Common Stock at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment in the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of shares of Common Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the number of shares of Common Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.

(m) Anything in this Section 11 to the contrary notwithstanding, the Company shall be entitled to make such adjustments in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that in its good faith judgment the Board shall determine to be advisable in order that any (i) consolidation or subdivision of the Common Stock, (ii) issuance wholly for cash of any shares of Common Stock at less than the Current Market Price, (iii) issuance wholly for cash of shares of Common Stock or securities which by their terms are convertible into or exchangeable for shares of Common Stock, (iv) stock dividends or (v) issuance of rights, options or warrants referred to in this Section 11, hereafter made by the Company to holders of its Common Stock shall not be taxable to such stockholders.

(n) The Company covenants and agrees that it shall not, at any time after the Distribution Date, (i) consolidate with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof), (ii) merge with or into any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof) or (iii) sell or transfer (or permit any Subsidiary to sell or transfer), in one transaction or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(o) hereof) if (x) at the time of or immediately after such consolidation, merger, sale or transfer there are any rights, warrants or other instruments or securities outstanding or agreements in effect which would substantially diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such consolidation, merger, sale or transfer, the stockholders of the Person who constitutes, or would constitute, the "Principal Party" for purposes of Section 13(a) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates.

(o) The Company covenants and agrees that, after the Distribution Date, it will not, except as permitted by Section 23 or Section 26 hereof, take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

(p) Anything in this Agreement to the contrary notwithstanding, in the event that the Company shall at any time after the Rights Dividend Declaration Date and prior to the Distribution Date (i) declare a dividend on the outstanding shares of Common Stock of the Company payable in shares of Common Stock of the Company, (ii) subdivide or split the outstanding shares of Common Stock of the Company in a manner not covered in clause (i) of this Section 11(p) or (iii) combine or consolidate the outstanding shares of Common Stock of the Company into a smaller number of shares, the number of Rights associated with each share of Common Stock of the Company then outstanding, or issued or delivered thereafter but prior to the Distribution Date, shall be proportionately adjusted so that the number of Rights thereafter associated with each share of Common Stock of the Company following any such event shall equal the result obtained by multiplying the number of Rights associated with each share of Common Stock of the Company immediately prior to such

event by a fraction the numerator of which shall be the total number of shares of Common Stock of the Company outstanding immediately prior to the occurrence of the event and the denominator of which shall be the total number of shares of Common Stock of the Company outstanding immediately following the occurrence of such event.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Section 11 or Section 13 hereof, the Company shall (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) promptly file with the Rights Agent, and with each transfer agent for the Common Stock, a copy of such certificate and (c) mail a brief summary thereof to each holder of a Rights Certificate (or, if prior to the Distribution Date, to each holder of a certificate representing shares of Common Stock) in accordance with Section 25 hereof. Notwithstanding the foregoing sentence, the failure of the Company to prepare such certificate or statement or make such filings or mailing shall not affect the validity of, or the force or effect of, the requirement for such adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) In the event (a "Section 13 Event") that, on or after the Stock Acquisition Date, directly or indirectly, (x) the Company shall consolidate or otherwise combine with, or merge with or into, any other Person or Persons (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof), and the Company shall not be the continuing or surviving corporation of such consolidation, combination or merger, (y) any Person or Persons (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof) shall consolidate or combine with, or merge with or into, the Company, and the Company shall be the continuing or surviving corporation of such consolidation, combination or merger and, in connection with such consolidation, combination or merger, all or part of the outstanding shares of Common Stock of the Company shall be changed into or exchanged for stock or other securities of any other Person or Persons or cash or any other property or (z) the Company shall sell or otherwise transfer (or one or more of its Subsidiaries shall sell or otherwise transfer), in one transaction or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any Person or Persons (other than the Company or any Subsidiary of the Company in one or more transactions each of which complies with Section 11(o) hereof); provided, however, that this clause (z) of Section 13(a) shall not apply to the pro rata distribution by the Company of assets (including securities) of the Company or any of its Subsidiaries to all holders of the Company's Common Stock; then, and in each such case (except as may be contemplated by Section 13(d) hereof), proper provision shall be made so that: (i) each holder of a Right, except as provided in Section 7(e) hereof shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of validly authorized and issued, fully paid, nonassessable and freely tradeable shares of Common Stock of the Principal Party, not subject to any liens, encumbrances, rights of first refusal or other adverse claims, as shall be equal to the result obtained by (1) multiplying the then current Purchase Price by the number of shares of Common Stock for which a Right is exercisable immediately prior to the first occurrence of a Section 13 Event (or, if a Section 11(a)(ii) Event has occurred prior to the first occurrence of a Section 13 Event, multiplying the number of shares of Common Stock for which a Right was exercisable immediately prior to the first occurrence of a Section 11(a)(ii) Event by the Purchase Price in effect immediately prior to such first occurrence), and (2) dividing that product (which, following the first occurrence of a Section 13 Event, shall be referred to as the "Purchase Price" for each Right and for all purposes of this Agreement) by 50% of the Current Market Price per share of the Common Stock of such Principal Party on the date of consummation of such Section 13 Event; (ii) such Principal Party shall thereafter be liable for, and shall assume, by virtue of such Section 13 Event, all the obligations and duties of the Company pursuant to this Agreement;

(iii) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 hereof shall apply only to such Principal Party following the first occurrence of a Section 13 Event; (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock) in connection with the consummation of any such transaction as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to its shares of Common Stock thereafter deliverable upon the exercise of the Rights; and (v) the provisions of Section 11(a)(ii) hereof shall be of no effect following the first occurrence of any Section 13 Event.

(b) "Principal Party" shall mean

(i) in the case of any transaction described in clause (x) or (y) of the first sentence of Section 13(a) hereof, (A) the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted, changed or exchanged in such merger, consolidation or combination, or if there is more than one such issuer, the issuer the Common Stock of which has the greatest market value or (B) if no securities are so issued, the Person that is the other party to such merger (and survives the merger), consolidation or combination (or if there is more than one such Person, the Person the Common Stock of which has the greatest value), or if the other party to the merger does not survive the merger, the Person that does survive the merger (including the Company if it survives); and

(ii) in the case of any transaction described in clause (z) of the first sentence of Section 13(a), the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot be determined, whichever of such Persons as is the issuer of Common Stock having the greatest market value;

provided, however, that in any such case, (1) if the Common Stock of such Person is not at such time and has not been continuously over the preceding twelve-month period registered under Section 12 of the Exchange Act, and such Person is a direct or indirect Subsidiary of another Person the Common Stock of which is and has been so registered, "Principal Party" shall refer to such other Person; (2) if the Common Stock of such Person is not and has not been so registered and such Person is a Subsidiary, directly or indirectly, of more than one Person, the Common Stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such Persons is the issuer of the Common Stock having the greatest aggregate market value; and (3) if the Common Stock of such Person is not and has not been so registered and such Person is owned, directly or indirectly, by a joint venture formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth in (1) and (2) above shall apply to each of the chains of ownership having an interest in such joint venture as if such party were a Subsidiary of both or all of such joint venturers and the Principal Parties in each such chain shall bear the obligations set forth in this Section 13 in the same ratio as their direct or indirect interests in such Person bear to the total of such interests.

(c) The Company shall not consummate any Section 13 Event unless the Principal Party shall have a sufficient number of authorized shares of its Common Stock which have not been issued or reserved for issuance to permit the exercise in full of the Rights in accordance with this Section 13 and unless prior thereto the Company and such Principal Party shall have executed and delivered to the Rights Agent a supplemental agreement confirming that the requirements of Sections 13(a) and (b) hereof shall promptly be performed in accordance with their terms and that such Section 13 Event shall not result in a default by the Principal Party under this Agreement as the same

shall have been assumed by the Principal Party pursuant to Sections 13(a) and (b) hereof and further providing that, as soon as practicable after the date of such Section 13 Event, the Principal Party will:

(i) prepare and file a registration statement under the Act, with respect to the Rights and the securities purchasable upon exercise of the Rights on an appropriate form, and will use its best efforts to cause such registration statement to (A) become effective as soon as practicable after such filing and (B) remain effective (with a prospectus at all times meeting the requirements of the Act) until the Expiration Date and to similarly comply with applicable state securities laws;

(ii) use its best efforts to list or obtain quotation of (or continue the listing or quotation of) the Rights and the securities purchasable upon exercise of the Rights on a national securities exchange or automated quotation service;

(iii) deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act; and

(iv) use its best efforts to obtain waivers of any rights of first refusal or preemptive rights in respect of the shares of Common Stock of the Principal Party subject to purchase upon exercise of outstanding Rights.

The provisions of this Section 13 shall similarly apply to successive mergers, consolidations, combinations or sales or other transfers. In the event that a Section 13 Event shall occur at any time after the occurrence of a Section 11(a)(ii) Event, the Rights which have not theretofore been exercised shall thereafter become exercisable in the manner described in Section 13(a).

(d) Notwithstanding anything in this Agreement to the contrary, Section 13 shall not be applicable to a transaction described in subparagraph (x) or (y) of Section 13(a) if (i) such transaction is consummated with a Person or Persons (or a wholly owned Subsidiary of any such Person or Persons) who acquired shares of Common Stock of the Company pursuant to a Qualified Offer, (ii) the price per share of Common Stock of the Company offered in such transaction is not less than the price per share of Common Stock of the Company paid to all holders of shares of Common Stock of the Company whose shares were purchased pursuant to such tender offer or exchange offer and (iii) the form of consideration being offered to the remaining holders of shares of Common Stock of the Company pursuant to such transaction is the same as the form of consideration paid pursuant to such tender offer or exchange offer. Upon consummation of any such transaction contemplated by this Section 13(d), all Rights hereunder shall expire.

Section 14. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights, except prior to the Distribution Date as provided in Section 11(p) hereof, or to distribute Rights Certificates which evidence fractional Rights. In lieu of any such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For purposes of this Section 14(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price of the Rights for any Trading Day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system or the Nasdaq National

Market with respect to securities listed on another national securities exchange or quoted by the Nasdaq National Market, respectively, or if the Rights are not listed or admitted to trading on any national securities exchange or quoted on the Nasdaq National Market, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The Nasdaq Stock Market or such other quotation system then in use or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board. If on any such date no such market maker is making a market in the Rights, the fair value of the Rights on such date as determined in good faith by the Board shall be used.

(b) The Company shall not be required to issue fractions of shares of Common Stock of the Company upon exercise of the Rights or to distribute certificates which evidence fractional shares of Common Stock of the Company. In lieu of fractional shares of Common Stock of the Company, the Company may pay to the registered holders of Rights Certificates at the time such Rights are exercised as herein provided an amount in cash equal to the same fraction of the current market value of one share of Common Stock of the Company. For purposes of this Section 14(b), the current market value of one share of Common Stock shall be the closing price of one share of Common Stock or, if unavailable, the appropriate alternative price (in each case as determined pursuant to Section 11(d)(i) hereof) for the Trading Day immediately prior to the date of such exercise.

(c) The holder of a Right by the acceptance of that Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right, except as permitted by this Section 14.

Section 15. Rights of Action. All rights of action in respect of this Agreement, except any rights of action vested in the Rights Agent pursuant to Section 18 hereof, are vested in the respective registered holders of the Rights Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock of the Company); and any registered holder of any Rights Certificate (or, prior to the Distribution Date, of the Common Stock of the Company), without the consent of the Rights Agent or of the holder of any other Rights Certificate (or, prior to the Distribution Date, of the Common Stock of the Company), may, in such holder's own behalf and for such holder's own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise the Rights evidenced by such Rights Certificate in the manner provided in such Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and shall be entitled to specific performance of the obligations hereunder and injunctive relief against actual or threatened violations of the obligations hereunder of any Person subject to this Agreement.

Section 16. Agreement of Rights Holders. Every holder of a Right by accepting the same consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

(a) prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of Common Stock of the Company;

(b) after the Distribution Date, the Rights Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal office or offices of the Rights Agent designated for such purposes, duly endorsed or accompanied by a proper instrument of transfer and with the appropriate forms and certificates fully executed;

(c) subject to Section 6(a) and Section 7(f) hereof, the Company and the Rights Agent may deem and treat the person in whose name a Rights Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or

writing on the Rights Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent, subject to the last sentence of Section 7(e) hereof, shall be required to be affected by any notice to the contrary; and

(d) notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use reasonable efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

Section 17. Rights Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the number of shares of Common Stock or any other securities of the Company which may at any time be issuable upon the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 24 hereof), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by such Rights Certificate shall have been exercised in accordance with the provisions hereof.

Section 18. Concerning the Rights Agent.

(a) The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and disbursements and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability, or expense, incurred without negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability in the premises.

(b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Rights Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document reasonably believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

Section 19. Merger or Consolidation or Change of Name of Rights Agent.

(a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the corporate trust or stock transfer business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto; provided, however, that such corporation would be

eligible for appointment as a successor Rights Agent under the provisions of Section 21 hereof. If at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Rights Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of a predecessor Rights Agent and deliver such Rights Certificates so countersigned; and if at that time any of the Rights Certificates shall not have been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

(b) If at any time the name of the Rights Agent shall be changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and if at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

Section 20. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) The Rights Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person and the determination of the Current Market Price) be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by the Chairman of the Board, the President, or any Vice President of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable hereunder only for its own negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Rights Certificates, nor shall it be required to verify the same (except as to its countersignature on such Rights Certificates), but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution hereof by the Rights Agent) or in respect of the validity or execution of any Rights Certificate (except its countersignature thereon); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any adjustment required under the provisions of Section 11 or Section 13 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Rights Certificates after actual notice of any such adjustment); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Rights Certificate or as to whether any shares of Common Stock will, when so issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from the Chairman of the Board, the President, or any Vice President of the Company, and to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer.

(h) The Rights Agent and any stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct; provided, however, reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been completed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

Section 21. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon thirty days' notice in writing mailed to the Company, and to each transfer agent of the Common Stock, by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock, by registered or certified mail, and to the holders of the Rights Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company shall fail to make such appointment within a period of thirty days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Rights Certificate (who shall, with such notice, submit his Rights Certificate for inspection by the Company), then any registered holder of any Rights Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. If no successor Rights Agent shall have been appointed within thirty days from effectiveness of such removal or resignation, and no registered holder of any Rights Certificates have applied pursuant to this Agreement for the appointment of a new Rights Agent, the Company shall be automatically designated as successor Rights Agent. Any

successor Rights Agent, whether appointed by the Company or by such a court, shall be (a) a corporation organized and doing business under the laws of the United States or of any state of the United States so long as such corporation, if other than the Company, is authorized to do business as a banking institution in such state, is in good standing, is authorized under such laws to exercise corporate trust powers, is subject to supervision or examination by federal or state authority and has at the time of its appointment as Rights Agent a combined capital and surplus of at least \$100,000,000 or (b) an Affiliate of a corporation described in clause (a) of this sentence. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and shall execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock, and shall mail a notice thereof in writing to the registered holders of the Rights Certificates. Failure to give any notice provided for in this Section 21, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 22. Issuance of New Rights Certificates.

Notwithstanding any of the provisions of this Agreement or of the Rights Certificates to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board to reflect any adjustment or change in the Purchase Price and the number or kind or class of shares or other securities or property purchasable under the Rights Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of shares of Common Stock of the Company following the Distribution Date and prior to the redemption or expiration of the Rights, the Company (a) shall, with respect to shares of Common Stock of the Company so issued or sold pursuant to the exercise of stock options or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities hereafter issued by the Company and (b) may, in any other case, if deemed necessary or appropriate by the Board, issue Rights Certificates representing the appropriate number of Rights in connection with such issuance or sale; provided, however, that (i) no such Rights Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Rights Certificate would be issued and (ii) no such Rights Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 23. Redemption and Termination.

(a) The Board may, at its option, at any time prior to the earlier of (i) the Close of Business on the tenth Business Day following the Stock Acquisition Date (or, if the Stock Acquisition Date shall have occurred prior to the Record Date, the Close of Business on the tenth Business Day following the Record Date), as such period may be extended pursuant to Section 26 hereof, or (ii) the Final Expiration Date, direct the Company to, and if so directed, the Company shall, redeem all but not less than all of the then outstanding Rights at a redemption price of \$.01 per Right, as such amount may be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such redemption price being hereinafter referred to as the "Redemption Price"). Notwithstanding anything contained in this Agreement to the contrary, the Rights shall not be exercisable after the first occurrence of a Section 11(a)(ii) Event until such time as the Company's right of redemption hereunder has expired. The Company may, at its option, pay the Redemption Price in cash, shares of Common Stock of the Company (based on the Current Market Price of the Common Stock at the time of redemption) or any other form of consideration deemed appropriate by the Board.

(b) Immediately upon the action of the Board

ordering the redemption of the Rights, evidence of which shall have been filed with the Rights Agent and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price for each Right so held. Promptly after the action of the Board ordering the redemption of the Rights, the Company shall give notice of such redemption to the Rights Agent and the holders of the then outstanding Rights by mailing such notice to all such holders at each holder's last address as it appears upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made.

(c) Notwithstanding the provisions of Section 23(a) hereof, in the event that a majority of the Board of Directors of the Company is comprised of persons elected at a meeting of stockholders who were not nominated by the Board of Directors of the Company in office immediately prior to such meeting, then for a period of one hundred and eighty (180) days following the effectiveness of such election the Rights shall not be redeemed if such redemption is reasonably likely to have the purpose or effect of allowing any Person to become an Acquiring Person or otherwise facilitating the occurrence of a Triggering Event or a transaction with an Acquiring Person.

Section 24. Exchange.

(a) The Board of Directors of the Company may, at its option, at any time after any Person becomes an Acquiring Person, exchange all or part of the then outstanding and exercisable Rights (which shall not include Rights that have become void pursuant to the provisions of Section 7(e) hereof) for Common Stock at an exchange ratio of one share of Common Stock per Right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date hereof (such exchange ratio being hereinafter referred to as the "Exchange Ratio"). Notwithstanding the foregoing, the Board of Directors of the Company shall not be empowered to effect such exchange at any time after any Person (other than the Company, any Subsidiary of the Company, any employee benefit plan of the Company or any such Subsidiary, or any entity holding Voting Stock for or pursuant to the terms of any such plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner of 50% or more of the Voting Stock then outstanding.

(b) Immediately upon the action of the Board of Directors of the Company ordering the exchange of any Rights pursuant to subsection (a) of this Section 24 and without any further action and without any notice, the right to exercise such Rights shall terminate and the only right thereafter of a holder of such Rights shall be to receive that number of shares of Common Stock equal to the number of such Rights held by such holder multiplied by the Exchange Ratio. The Company shall promptly give public notice of any such exchange; provided, however, that the failure to give, or any defect in, such notice shall not affect the validity of such exchange. The Company promptly shall mail a notice of any such exchange to all of the holders of such Rights at their last addresses as they appear upon the registry books of the Rights Agent. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of exchange will state the method by which the exchange of the Common Stock for Rights will be effected and, in the event of any partial exchange, the number of Rights which will be exchanged. Any partial exchange shall be effected pro rata based on the number of Rights (other than Rights which have become void pursuant to the provisions of Section 7(e) hereof) held by each holder of Rights.

(c) In the event that there shall not be sufficient shares of Common Stock issued but not outstanding or authorized but unissued to permit any exchange of Rights as contemplated in accordance with this Section 24, the Company shall take all such action as may be necessary to authorize additional shares of Common Stock for issuance upon exchange of the Rights.

Section 25. Notice of Certain Events.

(a) In case the Company shall propose, at any time after the Distribution Date, (i) to pay any dividend payable in stock of any class to the holders of Common Stock or to make any other distribution to the holders of Common Stock (other than a regular periodic cash dividend out of earnings or retained earnings of the Company) or (ii) to offer to the holders of Common Stock rights or warrants to subscribe for or to purchase any additional shares of Common Stock or shares of stock of any class or any other securities, rights or options, or (iii) to effect any reclassification of its Common Stock (other than a reclassification involving only the subdivision of outstanding shares of Common Stock), or (iv) to effect any consolidation, combination or merger into or with any other Person (other than a Subsidiary of the Company in a transaction which complies with Section 11(o) hereof), or to effect any sale or other transfer (or to permit one or more of its Subsidiaries to effect any sale or other transfer), in one transaction or a series of related transactions, of more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any other Person or Persons (other than the Company and/or any of its Subsidiaries in one or more transactions each of which complies with Section 11(o) hereof), or (v) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Rights Certificate, to the extent feasible and in accordance with Section 26 hereof, a notice of such proposed action, which shall specify the record date for the purposes of such stock dividend or distribution of rights or warrants, or the date on which such reclassification, consolidation, combination, merger, sale, transfer, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of the shares of Common Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action covered by clause (i) or (ii) above at least twenty days prior to the record date for determining holders of the shares of Common Stock for purposes of such action, and in the case of any such other action, at least twenty days prior to the date of the taking of such proposed action or the date of participation therein by the holders of the shares of Common Stock whichever shall be the earlier.

(b) In case any Section 11(a)(ii) Event shall occur, then, in any such case, (i) the Company shall as soon as practicable thereafter give to each holder of a Rights Certificate, to the extent feasible and in accordance with Section 26 hereof, a notice of the occurrence of such event, which shall specify the event and the consequences of the event to holders of Rights under Section 11(a)(ii) hereof and (ii) all references in the preceding paragraph to Common Stock shall be deemed thereafter to refer to Common Stock of the Company and/or, if appropriate, other securities.

Section 26. Notices. Notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Rights Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Boise Cascade Corporation
P.O. Box 50
Boise, Idaho 83728-0001
Attention: General Counsel

Subject to the provisions of Section 21, any notice or demand authorized by this Agreement to be given or made by the Company or by the holder of any Rights Certificate to or on the Rights Agent shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Company) as follows:

First Chicago Trust Company of New York
525 Washington Boulevard
Suite 4660
Jersey City, New Jersey 07310
Attention: Tenders and Exchanges
Administration

Notices or demands authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Rights Certificate (or, if prior to the Distribution Date, to the holder of certificates representing shares of Common Stock of the Company) shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

Section 27. Supplements and Amendments. Prior to the Distribution Date and subject to the penultimate sentence of this Section 27, the Company and the Rights Agent shall, if the Board so directs, supplement or amend any provision of this Agreement without the approval of any holders of certificates representing shares of Common Stock of the Company. From and after the Distribution Date and subject to the penultimate sentence of this Section 27, the Company and the Rights Agent shall, if the Board so directs, supplement or amend this Agreement without the approval of any holders of Rights Certificates in order (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein, (iii) to shorten or lengthen any time period hereunder or (iv) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable and which shall not adversely affect the interests of the holders of Rights Certificates (other than an Acquiring Person or any Affiliate or Associate of any Acquiring Person), provided, this Agreement may not be supplemented or amended to lengthen, pursuant to clause (iii) of this sentence, (A) a time period relating to when the Rights may be redeemed at such time as the Rights are not then redeemable or (B) any other time period unless such lengthening is for the purpose of protecting, enhancing or clarifying the rights of, and/or the benefits to, the holders of Rights (other than an Acquiring Person or an Affiliate or Associate of an Acquiring Person). Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 27, the Rights Agent shall execute such supplement or amendment. Notwithstanding anything contained in this Agreement to the contrary, no supplement or amendment shall be made which changes the Redemption Price, the Final Expiration Date, the Purchase Price or the number of shares of Common Stock for which a Right is exercisable; provided, however, that at any time prior to (x) the existence of an Acquiring Person or (y) the date that a tender or exchange offer by any Person (other than an Exempt Person) is first published or sent or given within the meaning of Rule 14d-2(a) of the General Rules and Regulations under the Exchange Act if upon consummation thereof such Person would be an Acquiring Person, the Board may amend this Agreement to increase the Purchase Price or extend the Final Expiration Date. Prior to the Distribution Date, the interests of the holders of Rights shall be deemed coincident with the interests of the holders of Common Stock of the Company.

Section 28. Successors. All the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Determinations and Actions by the Board, etc. For all purposes of this Agreement, any calculation of the number of shares of Common Stock of the Company outstanding at any particular time, including for purposes of determining the particular percentage of such outstanding shares of Common Stock of the Company of which any Person is the Beneficial Owner, shall be made in accordance with the last sentence of Rule 13d-3(d)(1)(i) of the General Rules and Regulations under the Exchange Act. The Board shall have the exclusive power and authority to administer this Agreement and to exercise all rights and powers specifically granted to the Board, or to the Company, or as may be necessary or advisable in the administration of this Agreement, including, without limitation, the right and power to (a) interpret the provisions of this Agreement, and (b) make all determinations deemed necessary or advisable for the administration of this Agreement (including a determination to redeem or not redeem the Rights or to amend the Agreement). All such actions, calculations, interpretations and determinations (including, for purposes of clause (y) below, all omissions with respect to the foregoing) which are done or made by the Board, the Outside Directors or the Company in good faith, shall (x) be

final, conclusive and binding on the Company, the Rights Agent, the holders of the Rights and all other parties, and (y) not subject the Board to any liability to the holders of the Rights.

Section 30. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, registered holders of the Common Stock of the Company) any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, registered holders of the Common Stock of the Company).

Section 31. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect the purpose or effect of this Agreement, the right of redemption set forth in Section 23 hereof shall be reinstated and shall not expire until the Close of Business on the tenth Business Day following the date of such determination by the Board. Without limiting the foregoing, if any provision of this Agreement requiring that a determination be made by the Board or by the Outside Directors is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, such determination shall then be made by the Board in accordance with applicable law and the Company's Certificate of Incorporation and By-laws.

Section 32. Governing Law. This Agreement, each Right and each Rights Certificate issued hereunder shall be deemed to be a contract made under the laws of the State of Delaware, and the laws of the State of Delaware shall govern the rights and duties of the Rights Agent hereunder, and for all purposes this Agreement shall be governed by and construed in accordance with the laws of such State applicable to contracts made and to be performed entirely within such State.

Section 33. Counterparts. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 34. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of September 25, 1997.

Attest: BOISE CASCADE CORPORATION

By /s/ Karen E. Gowland	By /s/ J. W. Holleran
Name: Karen E. Gowland	Name: J. W. Holleran
Title: Vice President, Associate General Counsel, and Corporate Secretary	Title: Sr. Vice President and General Counsel

Attest: FIRST CHICAGO TRUST COMPANY
OF NEW YORK

By /s/ George Dalton	By /s/ James Kuzmich
Name: George Dalton	Name: James Kuzmich
Title: Assistant Vice President	Title: Assistant Vice President

Exhibit A

[Form of Rights Certificate]

Certificate No. R- _____ Rights

NOT EXERCISABLE AFTER DECEMBER 13, 2008 OR EARLIER REDEMPTION BY THE COMPANY OR EXPIRATION PURSUANT TO THE RENEWED RIGHTS AGREEMENT. THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT \$.01 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. THE RIGHTS SHALL NOT BE EXERCISABLE, AND SHALL BE VOID SO LONG AS HELD, BY A HOLDER IN ANY JURISDICTION WHERE THE REQUISITE QUALIFICATION FOR THE ISSUANCE TO SUCH HOLDER, OR THE EXERCISE BY SUCH HOLDER, OF THE RIGHTS IN SUCH JURISDICTION SHALL NOT HAVE BEEN OBTAINED OR BE OBTAINABLE. UNDER CERTAIN CIRCUMSTANCES, RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RENEWED RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHTS CERTIFICATE ARE OR WERE BENEFICIALLY OWNED BY A PERSON WHO WAS OR BECAME AN ACQUIRING PERSON OR AN AFFILIATE OR ASSOCIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RENEWED RIGHTS AGREEMENT). ACCORDINGLY, THIS RIGHTS CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME NULL AND VOID IN THE CIRCUMSTANCES SPECIFIED IN SECTION 7(e) OF SUCH AGREEMENT.]*

* The portion of the legend in brackets shall be inserted only if applicable and shall replace the preceding sentence.

Rights Certificate

BOISE CASCADE CORPORATION

This certifies that _____, or _____ registered assigns, is the registered owner of the number of Rights set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Renewed Rights Agreement, dated as of September _____, 1997, as amended, restated, renewed or extended from time to time (the "Rights Agreement"), between Boise Cascade Corporation, a Delaware corporation (the "Company"), and First Chicago Trust Company of New York, a New York corporation (the "Rights Agent"), to purchase from the Company at any time prior to 5:00 p.m. (New York City time) on December 13, 2008 at the office or offices of the Rights Agent, designated for such purpose, one fully paid, nonassessable share of the Common Stock \$2.50 par value, (the "Common Stock") of the Company, at a purchase price of \$175 per share (the "Purchase Price"), upon presentation and surrender of this Rights Certificate with the Election to Purchase and related Certificate duly executed. The number of Rights evidenced by this Rights Certificate (and the number of shares which may be purchased upon exercise thereof) set forth above, and the Purchase Price per share set forth above, are the number and Purchase Price as of September 25, 1997, based on the Common Stock as constituted at such date. The Company reserves the right to require prior to the occurrence of a Triggering Event (as such term is defined in the Rights Agreement) that a number of Rights be exercised so that only whole shares of Common Stock will be issued.

As more fully set forth in the Rights Agreement, from and after the first occurrence of a Section 11(a)(ii) Event (as such term is defined in the Rights Agreement), if the Rights evidenced by this Rights Certificate are beneficially owned by (i) an Acquiring Person or an Associate or Affiliate of an Acquiring Person (as such terms are defined in the Rights Agreement), which the Board (as defined in the Rights Agreement) in its sole discretion determines is or was involved in or caused or facilitated directly or indirectly, such Section 11(a)(ii) Event, (ii) a transferee of any such Acquiring Person (or of any such Associate or Affiliate) who becomes a transferee after such Acquiring Person becomes such or (iii) under certain circumstances specified in the Rights Agreement, a transferee of such Acquiring Person (or of any such Associate or Affiliate), who becomes a transferee prior to or concurrently with such Acquiring Person becoming such, such Rights shall become null and void and no holder hereof shall have any right with respect to such Rights

from and after the occurrence of such Section 11(a)(ii) Event.

As provided in the Rights Agreement, the Purchase Price and the number and kind of shares of Common Stock or other securities which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events, including Triggering Events.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates, which limitations of rights include the temporary suspension of the exercisability of such Rights under the specific circumstances set forth in the Rights Agreement. Reference is also made to the Rights Agreement for definitions of capitalized terms used and not defined herein. Copies of the Rights Agreement are on file at the principal offices of the Company and are available upon written request to the Rights Agent.

This Rights Certificate, with or without other Rights Certificates, upon surrender at the principal office or offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Common Stock as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered shall have entitled such holder to purchase. If this Rights Certificate shall be exercised in part, the holder shall be entitled to receive upon surrender hereof another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Company at its option at a redemption price of \$.01 per Right at any time prior to the earlier of (i) the Close of Business on the tenth Business Day following the Stock Acquisition Date (or if the Stock Acquisition Date shall have occurred prior to the Record Date, the Close of Business on the tenth Business Day following the Record Date), as such time period may be extended pursuant to the Rights Agreement, and (ii) the Final Expiration Date (as defined in the Rights Agreement).

If the Company so determines, no fractional shares of Common Stock will be issued upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of shares of Common Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividend or subscription rights, or otherwise, until the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Company and its corporate seal.

Dated as of _____, 19__

ATTEST:

BOISE CASCADE CORPORATION.

Secretary

By
Name:
Title:

Countersigned:

FIRST CHICAGO TRUST
COMPANY OF NEW YORK

By _____
Authorized Signature

ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED

hereby sells, assigns and transfers unto

(Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____, Attorney, to transfer the within Rights Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, 19__

Signature

Signature Guaranteed:

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) this Rights Certificate [] is [] is not being sold, assigned and transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement); and

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned [] did [] did not acquire the Rights evidenced by this Rights Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of any such Acquiring Person.

Dated: _____, 19__

Signature

Signature Guaranteed:

NOTICE

The signatures to the foregoing Assignment and Certificate must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

ELECTION TO PURCHASE

(To be executed if holder desires to exercise Rights represented by the Rights Certificate.)

To: BOISE CASCADE CORPORATION:

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Rights Certificate to purchase the shares of Common Stock issuable upon the exercise of the Rights (or such other securities of the Company or of any other Person which may be issuable upon the exercise of the Rights) and requests that certificates for such shares be issued in the name of and delivered to:

Please insert social security or other identifying number

(Please print name and address)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Please insert social security or other identifying number

(Please print name and address)

Dated: _____, 19__

Signature

Signature Guaranteed:

Certificate

The undersigned hereby certifies by checking the appropriate boxes that:

(1) the Rights evidenced by this Rights Certificate [] are [] are not being exercised by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement); and

(2) after due inquiry and to the best knowledge of the undersigned, the undersigned [] did [] did not acquire the Rights evidenced by this Rights Certificate from any Person who is, was or became an Acquiring Person or an Affiliate or Associate of any such Acquiring Person.

Dated: _____, 19__

Signature

Signature Guaranteed:

NOTICE

The signatures to the foregoing Election to Purchase and Certificate must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

Exhibit B

SUMMARY OF RIGHTS TO PURCHASE
COMMON STOCK

On September 25, 1997, the Board of Directors of Boise Cascade Corporation (the "Company") declared a dividend distribution of one Right for each outstanding share of Company Common Stock to stockholders of record upon the "Expiration Date" under the Company's Rights Agreement dated December 13, 1988 and Amended and Restated September 25, 1990 (the "Record Date"). The Rights Agreement (hereinafter defined) also contemplates the issuance of one Right for each share of Common Stock which is issued between the Record Date and the Distribution Date. Each Right entitles the registered holder to purchase from the Company one share of Common Stock, par value \$2.50 per share, of the Company (the "Common Stock") at a Purchase Price of \$175 per share, subject to anti-dilutive adjustments. The description and terms of the Rights are set forth in a Renewed Rights Agreement dated as of September 25, 1997 (the "Rights Agreement") between the Company and First Chicago Trust Company of New York, as Rights Agent.

Initially, the Rights will be attached to all Common Stock certificates representing shares then outstanding, and no separate Rights Certificates will be distributed. Subject to certain exceptions specified in the Rights Agreement, the Rights will be represented by the Common Stock certificates and will not be exercisable or transferable apart from the Common Stock until the earlier to occur of (i) 10 business days (or such later date as the Board shall determine) following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 15% or more of the outstanding shares of capital stock of the Company which may be voted on all matters submitted to stockholders of the Company generally (the "Voting Stock", and such date being referred to as the "Stock Acquisition Date"), other than as a result of repurchases of stock by the Company or certain inadvertent actions by institutional or certain other stockholders or (ii) 10 business days (or such later date as the Board shall determine) following the commencement of a tender offer or exchange offer that would result in a person or group becoming an Acquiring Person (the earlier of such dates being called the "Distribution Date"). Until the Distribution Date, (i) the Rights will be evidenced by the Common Stock certificates and will be transferred with and only with such Common Stock certificates, (ii) new Common Stock certificates issued after the Record Date will contain a notation incorporating the Rights Agreement by reference and (iii) the surrender for transfer of any certificates for Common Stock outstanding will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. Pursuant to the Rights Agreement, the Company reserves the right to require prior to the occurrence of a Triggering Event (as defined below) that, upon any exercise of Rights, a number of Rights be exercised so that only whole shares of Common Stock will be issued.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on December 13, 2008, unless such date is extended or the Rights are earlier redeemed or exchanged by the Company as described below.

As soon as practicable after the Distribution Date, Rights Certificates will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and, thereafter, the separate Rights Certificates alone will represent the Rights. Except as otherwise determined by the Board of Directors, only shares of Common Stock issued prior to the Distribution Date will be issued with Rights.

In the event that a Person becomes an Acquiring Person, except pursuant to an offer for all outstanding shares of Common Stock determined by at least a majority of the independent directors to be at a price which is fair and not inadequate and to otherwise be in the best interests of the Company and its stockholders, after receiving advice from one or more investment banking firms (a "Qualified Offer"), each holder of a Right will

thereafter have the right to receive, upon exercise, Common Stock (or, in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. Notwithstanding any of the foregoing, following the occurrence of the event set forth in this paragraph, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person will be null and void. However, Rights are not exercisable following the occurrence of the event set forth above until such time as the Rights are no longer redeemable by the Company as set forth below.

For example, at an exercise price of \$175 per Right, each Right not owned by an Acquiring Person (or by certain related parties) following an event set forth in the preceding paragraph would entitle its holder to purchase \$350 worth of Common Stock (or other consideration, as noted above) for \$175. Assuming that the Common Stock had a per share value of \$50 at such time, the holder of each valid Right would be entitled to purchase 7 shares (\$350 divided by \$50) of Common Stock for \$175.

If at any time following the Stock Acquisition Date, (i) the Company engages in a merger or other business combination transaction in which the Company is not the surviving corporation (other than with an entity which acquired the shares pursuant to a Qualified Offer), (ii) the Company engages in a merger or other business combination transaction in which the Company is the surviving corporation and the Common Stock of the Company is changed or exchanged, or (iii) 50% or more of the Company's assets, cash flow or earning power is sold or transferred, each holder of a Right (except Rights which have previously been voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The events set forth in this paragraph and in the second preceding paragraph are referred to as the "Triggering Events."

At any time after a person becomes an Acquiring Person and prior to the acquisition by such person or group of fifty percent (50%) or more of the outstanding Voting Stock, the Board may exchange the Rights (other than Rights owned by such person or group which have become void), in whole or in part, at an exchange ratio of one share of Common Stock per Right (subject to adjustment).

At any time prior to the earlier of (i) the Close of Business on the tenth business day following the Stock Acquisition Date (or, if the Stock Acquisition Date shall have occurred prior to the Record Date, the Close of Business on the tenth Business Day following the Record Date), or (ii) Final Expiration Date, the Board of Directors may, at its option, redeem the Rights in whole, but not in part, at a price of \$.01 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors). Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the \$.01 redemption price. The foregoing notwithstanding, in the event that a majority of the Board of Directors of the Company is comprised of persons elected at a meeting of stockholders who were not nominated by the Board of Directors in office immediately prior to such meeting, then the Rights shall not be redeemed if such redemption is reasonably likely to have the purpose or effect of allowing any person to become an Acquiring Person or otherwise facilitating the occurrence of Triggering Event or a transaction with an Acquiring Person, for a period of one hundred eighty (180) days following the effectiveness of such election.

Until a holder exercises a Right, the holder may not vote or receive dividends and will have no other rights as a stockholder of the Company. While the distribution of the Rights will not be taxable to stockholders or to the Company, stockholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Common Stock (or other consideration) of the Company or for common stock of the acquiring company or in the event of the redemption of the Rights as set forth above.

Any of the provisions of the Rights Agreement may be amended by the Board of Directors of the Company prior to the

Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board to cure any ambiguity, to make changes which do not adversely affect the interests of holders of Rights, or to shorten or lengthen any time period under the Rights Agreement with a few exceptions. The foregoing notwithstanding, no amendment may be made at such time as the Rights are not redeemable.

A copy of the Rights Agreement will be filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is incorporated herein by reference.

Boise Cascade Corporation
Computation of Per Share Earnings

	Three Months Ended September 30		Nine Months Ended September 30	
	1997	1996	1997	1996
	(expressed in thousands, except per share amounts)			
Net income (loss) as reported	\$ (6,200)	\$ (1,650)	\$(37,640)	\$ 6,910
Preferred dividends	(6,249)	(9,839)	(25,546)	(29,479)
Primary loss	<u>(12,449)</u>	<u>(11,489)</u>	<u>(63,186)</u>	<u>(22,569)</u>
Assumed conversions:				
Preferred dividends eliminated	3,546	7,136	17,438	21,371
Supplemental ESOP contribution	(3,031)	(3,188)	(9,098)	(9,531)
Fully diluted loss	<u>\$(11,934)</u>	<u>\$ (7,541)</u>	<u>\$(54,846)</u>	<u>\$ (10,729)</u>
Average number of common shares				
Primary	54,814	48,469	50,658	48,211
Fully diluted	60,733	60,591	60,556	60,526
Net loss per common share				
Primary	\$ (.23)	\$ (.24)	\$ (1.25)	\$ (.47)
Fully diluted(1)	\$ (.20)	\$ (.12)	\$ (.91)	\$ (.18)

(1) Because the computation of fully diluted loss per common share was antidilutive, the fully diluted loss per common share reported for the three and nine months ended September 30, 1997 and 1996, was the same as primary loss per common share.

BOISE CASCADE CORPORATION AND SUBSIDIARIES
Ratio of Earnings to Fixed Charges

	Year Ended December 31					Nine Months Ended September 30	
	1992	1993	1994	1995	1996	1996	1997
	(dollar amounts expressed in thousands)						
Interest costs	\$ 191,026	\$ 172,170	\$ 169,170	\$ 154,469	\$ 146,234	\$111,162	\$ 110,491
Interest capitalized during the period	3,972	2,036	1,630	3,549	17,778	12,094	10,435
Interest factor related to noncapitalized leases(1)	7,150	7,485	9,161	8,600	12,982	9,598	9,031
Total fixed charges	<u>\$ 202,148</u>	<u>\$ 181,691</u>	<u>\$ 179,961</u>	<u>\$ 166,618</u>	<u>\$ 176,994</u>	<u>\$ 132,854</u>	<u>\$ 129,957</u>
Income (loss) before income taxes and minority interest	\$(252,510)	\$(125,590)	\$ (64,750)	\$ 589,410	\$ 31,340	\$ 22,240	\$ (47,900)
Undistributed (earnings) losses of less than 50% owned persons, net of distributions received	(2,119)	(922)	(1,110)	(36,861)	(1,290)	(1,150)	3,361
Total fixed charges	202,148	181,691	179,961	166,618	176,994	132,854	129,957
Less: Interest capitalized	(3,972)	(2,036)	(1,630)	(3,549)	(17,778)	(12,094)	(10,435)
Guarantee of interest on ESOP debt	(23,380)	(22,208)	(20,717)	(19,339)	(17,874)	(13,442)	(12,301)
Total earnings (losses) before fixed charges	\$ (79,833)	\$ 30,935	\$ 91,754	\$ 696,279	\$ 171,392	\$ 128,408	\$ 62,682
Ratio of earnings to fixed charges(2)	-	-	-	4.18	-	-	-

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

(2) Earnings before fixed charges were inadequate to cover total fixed charges by \$281,981,000, \$150,756,000, \$88,207,000, and \$5,602,000 for the years ended December 31, 1992, 1993, 1994, and 1996 and \$4,446,000 and \$67,275,000 for the nine months ended September 30, 1996 and 1997.

The data schedule contains summary financial information extracted from Boise Cascade Corporation's Balance Sheet at September 30, 1997, and from its Statement of Income for the nine months ended September 30, 1997. The information presented is qualified in its entirety by reference to such financial statements.

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9-MOS	DEC-31-1997	
	SEP-30-1997	
		59,918
		7,132
		592,472
		9,245
		565,092
	1,323,767	
		4,879,942
	1,974,291	
	4,930,482	
930,222		
		1,831,586
0		
		363,379
		139,870
4,930,482		1,103,266
		4,048,960
	4,048,130	
		3,481,530
	3,999,720	
	0	
	0	
	98,190	
	(47,900)	
	(17,720)	
(37,640)		
	0	
	0	
		0
	(37,640)	
	(1.25)	
	(1.25)	